

Ann Sewill, General Manager  
Tricia Keane, Executive Officer

**City of Los Angeles**



LOS ANGELES HOUSING DEPARTMENT  
1910 Sunset Blvd, Ste 300  
Los Angeles, CA 90026  
Tel: 213.808.8808

housing.lacity.org

Daniel Huynh, Assistant General Manager  
Anna E. Ortega, Assistant General Manager  
Luz C. Santiago, Assistant General Manager

**Karen Bass, Mayor**

April 23, 2024

Honorable Members of the City Council Budget, Finance, and Innovation Committee  
% Holly L. Wolcott, City Clerk  
200 North Spring Street, Room 395  
Los Angeles, CA 90012

**RE: LAHD COMMENTS ON THE FISCAL YEAR 2024-2025 PROPOSED BUDGET**

The Los Angeles Housing Department (LAHD) appreciates the opportunity to comment on the Mayor's Fiscal Year 2024-2025 Proposed Budget (Proposed Budget). LAHD's core mission is to produce and preserve affordable housing in Los Angeles and to ensure that such housing is maintained in a safe, healthy, and financially viable manner. Every part of our work is focused on serving the most vulnerable, the underserved, and underrepresented parts of Los Angeles. We appreciate that LAHD received significant new resources in the Proposed Budget, but as explained in more detail below, we would like to highlight some challenges that the Department will face and request some changes to the budget as proposed.

**New Resources Provided in the Proposed Budget**

We appreciate that the Proposed Budget provides new staff positions in several programs throughout the Department. LAHD requested additional positions to augment existing teams with currently unsustainable or increasing workloads and to implement new and expanded programs adopted by City Council and prioritized by the Mayor's Office. The Proposed Budget provides 44 of the requested positions, which will enable LAHD to, among other things, maintain the Systematic Code Enforcement Program (SCEP) inspection cycle, better coordinate with City departments and outside agencies on complex enforcement matters, and renew the City's focus on enforcement of the Residential Hotels Ordinance. The Proposed Budget also provides positions for LAHD's Asset Management Division to improve lease up coordination of supportive housing units and to better manage potentially troubled assets in the City's aging affordable and supportive housing portfolio.

**Deleted Positions and Impacts on LAHD Programs**

The Proposed Budget deletes a total of 48 positions, including 27 resolutions and 21 regular authorities. This is nearly double the number of positions proposed for deletion in the City Administrative Officer's (CAO's) *Proposal to Eliminate Vacant Positions* report dated March 28, 2024. LAHD was not previously made aware of these additional deletions or consulted regarding how to distribute deletions throughout the Department to minimize disruption to services. The majority of the deleted positions have not even been vacant for a year, with the challenges around filling many of them related to the lack of active approved hiring lists. Only eight of the 48 have been vacant for two or more years, and of those, only one would result in General Fund (GF) savings (with 5% of its funding coming from GF).

If deleted, these 48 positions would impact LAHD's ability to deliver necessary services, meet legally mandated settlement obligations, and put compliance with our grant funding requirements at risk. Additionally, these

deletions would result in a total GF savings of \$1.4 million for FY25, with all of the savings coming from only 14 of the 48 positions. Deletion of the special and grant funded positions, including those that monitor and administer the grants and programs that fund them, severely impacts LAHD's ability to fulfill its fiduciary responsibilities under our various funding sources. LAHD administers 45 special funds and grants, many of which are governed by State and Federal law. Failure to meet our ongoing fiduciary responsibilities by deleting positions necessary to perform the work and to administer the grants increases the risk of the City losing grant funds for noncompliance and incurring disallowed costs or reduced related cost reimbursement to the GF.

### ***Limited General Fund Savings from Deletions***

As shown in the table below, 34 of the 48 positions (68%) are entirely special or fee funded, and do not rely on the GF. Of the remaining 14 positions, two are entirely GF supported, six are GF supported to meet the City's legal obligations under the Accessible Housing Program (AcHP) settlement and compliance agreements, and the remaining six are funded through a mix of special funds and GF. As described in more detail below, the deletions affect LAHD's ability to deliver the services we are asked to provide, and the majority of the deletions do not result in any GF savings. On the contrary, not filling 40 of the positions results in a reduction of LAHD's contribution of over \$620,000 to the GF through reduced payment of Central Services for unfilled special and fee-funded positions, which increases the City's GF obligations.

<b>Funding Source</b>		<b>Savings</b>	<b>#</b>	<b>%</b>
100% Special Fund/Fee-Funded		\$3,043,880	34	68%
AcHP Legal Mandate		\$622,622	6	14%
General Fund		\$264,602	2	6%
Mixed Sources (GF + Special Fund)		\$533,633	6	12%
<b>Total Savings by Source</b>				
	<b>GF (incl. mixed)</b>	<b>\$1,420,857</b>	<b>14</b>	<b>32%</b>
	<b>All Sources</b>	<b>\$4,464,737</b>	<b>48</b>	<b>100%</b>

### ***Specific Challenges Related to Position Deletions***

#### **Existing Staff in Acting Roles**

Five of the deleted positions currently have employees receiving acting pay to perform those roles. The three Senior Management Analyst I (SMA I) positions to be deleted perform critical management functions within AcHP, and are the acting leads for the policy and monitoring teams. They oversee a total of 51 positions, report directly to the SMA II overseeing the AcHP Policy Team, and regularly interact with the Court Monitor and private plaintiffs regarding operations and compliance of AcHP. Two of the Senior Administrative Clerks (Sr. Admin Clerks) to be deleted have existing Admin Clerks acting in those roles, and we propose that the Admin Clerk positions be deleted instead. The Admin Clerk positions have 5% of their funding from GF, which is the same GF percentage as the positions proposed to be deleted.

#### **Accounting and Technology Support - Administration Bureau**

LAHD's Administration Bureau has the largest concentration of deletions in the Department, with 16 of the 48 deleted positions (33%) in the Accounting and Technology Support teams. All of the deleted Accounting positions

and six of the eight Technology Support positions are entirely special or fee funded, with two of the Technology Support positions relying on the GF for 5% of their funding.

LAHD's budget is more complex than most departmental budgets, as it includes 45 special funds all subject to specific regulations and restrictions. The Accounting deletions, along with the denial of new staff requests for Accounting are particularly problematic given the City's complex payment procedures and the increased frequency of expedited payment requests. Without sufficient Accounting staff, it is unlikely that LAHD will be able to process invoices and payments within desired time frames given the need to follow all proper accounting procedures for invoicing and payments under the contracts and grants LAHD manages.

The Proposed Budget deletes Programmer Analyst positions intended to implement important upgrades to LAHD systems supporting work, like SCEP, that is prioritized in the budget. All of these positions are special or fee-funded. LAHD's existing billing system is in need of upgrades to modernize outdated technology, make the payment system easier to use, and expand the ability to collect new fees as they are adopted. LAHD currently collects \$82 million annually through these systems, and the Programmer Analyst positions were slated to perform needed upgrades on this system and on applications enabling the implementation and reporting on programs such as Emergency Rental Assistance, Tenant Anti-Harassment, and Eviction Defense. Additionally, two of the four Systems Analyst positions are entirely fee funded, and their work is critical to ensure that LAHD's applications and websites comply with all accessibility standards.

#### *Tenant Protections - Regulatory Code and Compliance Bureau*

While we appreciate that the Proposed Budget provides additional positions for the Regulatory Code and Compliance Bureau, including to support LAHD's eviction defense work, the budget also deletes five Housing Investigator I and one Housing Investigator II positions. Housing Investigators are distinct from Housing Inspectors, and are the LAHD employees who investigate tenant complaints and grievances, gathering information that can assist in the resolution of landlord/tenant disputes or provide information to prevent potential evictions. LAHD has been unable to fill the existing vacancies because there was not an active hiring list until January 30, 2024. At the time the City implemented the Prioritized Critical Hiring Process, LAHD had begun the process of filling the Housing Investigator vacancies. Interviews were conducted in February 2024, with 12 candidates identified for job offers. While waiting for the hiring list to be promulgated, LAHD has contracted with paralegals to perform the duties of Housing Investigators, and with the increase in tenant protections adopted by the City Council, the need for permanent staff has increased as well.

#### *Management of Troubled Assets - Housing Development Bureau*

LAHD's loan portfolio now exceeds 55,000 units. Many of these, particularly in the supportive housing portfolio, are experiencing significant stressors, as we saw from the Skid Row Housing Trust collapse this past year. The Proposed Budget provides two Finance Development Officer (FiDO) positions to double the team assigned to monitor and resolve troubled asset issues. However, two other FiDO positions were deleted from the Housing Development Bureau, both of which are entirely special funded and intended to support this work as the needs of asset management evolve with the age and operational conditions of any given building.

#### *Accessible Housing Settlement*

As explained above, the Proposed Budget deletes positions in ACHP that are required for compliance with the City's obligations under the 2016 settlement agreement with private disability rights plaintiffs (ACSA) and the 2019 compliance agreement with the U.S. Department of Housing and Urban Development (VCA). These agreements mandate that the City ensure property owners and operators of covered housing projects follow accessible housing policies and conduct their building operations in a way that is accessible to persons with

disabilities. On-going internal and external monitoring of the City's progress in achieving policy compliance is a key component of the ACSA and the VCA, and AcHP currently has a 93% compliance rate with policy requirements. The three SMA I positions noted above provide necessary management structure in the AcHP Policy Team to perform the required compliance monitoring.

The ACSA and VCA also mandate that the City produce 4,000 and 4,031 accessible units, respectively, through a combination of new construction and retrofitting. The budget deletes two existing AcHP Retrofit positions, and denies the request for additional Retrofit Team staff. The Retrofit Team is responsible for reviewing and approving accessibility plans for the construction and retrofitting of covered housing developments, as well as the inspection of projects while under construction. These are highly trained positions, and because the City's Rehabilitation Construction Specialist (RCS) classification does not require experience with accessibility laws and regulations, hiring qualified RCS candidates has been challenging. Therefore, two years ago AcHP launched an internal training and retention program to ensure that the Retrofit Team has qualified staff. The Assistant Inspector IV and the RCS I positions are part of that training and retention pipeline. The Assistant Inspector positions are filled through the Bridge to Jobs program, and when the candidates have enough training and experience to qualify as RCSs, the RCS positions allow them to promote within AcHP to apply their training within the program. This pipeline program has been successful in the two years since it has been established, and if not for the challenge of how long it takes for the City to complete the hiring process for external candidates, there would not be vacancies within that classification. Because the job market in construction is so competitive at this time, we continue to lose qualified candidates to jobs that can complete the hiring process faster.

AcHP also requires resources to retrofit existing buildings to produce accessible units. The VCA requires that 3,100 of the accessible units be produced through retrofits. LAHD recently transmitted a report for the approval loans for retrofit projects totaling \$3,471,000 for three projects on four sites. These projects will result in the remediation of 256 total units with all common areas, parking, paths of travel, and similar development-wide facilities being brought into compliance with accessibility standards. This will include the certification of 40 accessible units and 216 adaptable units, which can be easily converted to provide accessibility if requested by a tenant. AcHP's retrofit budget for FY24 totaled \$6 million in the Accessible Housing Trust Fund and an additional \$6 million in the Unallocated Balance to be utilized if sufficient projects were ready this fiscal year for retrofitting. There are currently nine additional retrofit projects in the pipeline. Of those, five projects can be ready for Council consideration before the end of the fiscal year. Those projects would result in a total of 347 remediated units, including 58 certified accessible units, and would require loans totaling approximately \$8.5 million, which is the remaining balance of the FY24 retrofit allocation. Because the Proposed Budget assumes a carryover of retrofit savings for projects in FY25, there is insufficient funding for the other projects in the pipeline as well as the additional projects necessary to keep the City on track for compliance with the VCA and ACSA.

### **Recommendations for Organizational Efficiencies**

This budget year also represents an opportunity for improving organizational efficiencies. As noted above, the City's existing process for reviewing invoices and making payments for grants and contracts is cumbersome. Some of that delay results from the segmentation of work across multiple departments and offices that should be consolidated to improve services.

For example, LAHD manages the seven contracts totaling \$880 million for the services provided by the Los Angeles Homelessness Authority (LAHSA). However, it is actually the CAO that negotiates the contracts, metrics, and scopes of work with LAHSA, and then reviews the invoices submitted by LAHSA for payment on behalf of service providers, negotiating any necessary changes to those invoices directly with LAHSA before approving payment. LAHD's role is to process the payments once the invoices are approved by the CAO. LAHD has six positions to perform this work, with the LAHSA and HOPWA (Housing Opportunities for Persons with

AIDS) work managed in the same unit and supported by the allowed administration fee from the annual ESG grant, and by administrative funding from the Community Development Block Grant (CDBG). Without the CDBG funding, LAHD would need additional GF resources for its existing positions. However, the process could be streamlined, reducing delays in payments and removing redundancies if the contracts and related staff positions were consolidated under one department or office. Therefore, LAHD recommends that the contracts and the positions supported by those contracts be transferred to CAO where the majority of the LAHSA contracting responsibilities are already located.

Similarly, the contract management for the \$7 million USC Street Medicine program is located within LAHD, however, the two positions to monitor and implement that program were placed in the CAO when they were created. LAHD did not receive any positions or funding to administer the contract when it was assigned, and therefore, recommends that the contract and the positions be consolidated in a single department or office. As the staffing currently exists in the CAO, we would recommend that the contract be transferred there as well.

### **Conclusion and Requested Changes**

We understand that this is a challenging and complicated budget year, and we understand that each department must do its part to achieve GF savings. However, for the reasons explained above, we respectfully request the following:

- Restoration of the 34 deleted positions that are entirely special or fee funded given that there is no GF savings for FY25 resulting from these deletions, but the deletions would have significant operational impacts.
- Restoration of the two Senior Administrative Clerk positions in the Administration Bureau, which rely on the GF for 5% of their funding, and the deletion of the underlying Administrative Clerk positions instead, which rely on the same GF percentage.
- Restoration of five of the six deleted ACHP positions and allocation of sufficient funding for retrofit projects to meet the legally mandated requirements in the ACSA and VCA.
- For positions that are entirely special or fee funded that may still be proposed for deletion, the flexibility for LAHD to determine, based on operational need, which position within a classification or a team would be deleted, provided the GF savings is unchanged and the special or fee funding source can support the retained position.

We appreciate the chance to bring these matters to your attention, and welcome the opportunity for further discussion about these or any other aspects of the Department's FY25 budget. Please do not hesitate to contact me at [ann.sewill@lacity.org](mailto:ann.sewill@lacity.org) if you have any questions.

Sincerely,



Ann Sewill  
General Manager