



Housing Authority of the City of Los Angeles

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Tunua Thrash

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Contact: Annie Kim
Public Information Officer
Office: (213) 252-1864, Cell: (213)880-4745
E-mail: Annie.Kim@hacla.org

CITY AUDIT FINDS HOUSING AUTHORITY ACTED APPROPRIATELY IN DENYING SECTION 8 VOUCHERS TO DEVELOPER

LOS ANGELES – An audit released by the City Controller’s office regarding Bonnie Brae Village Partners (BBVP), an affordable housing developer, shows the Housing Authority of the City of Los Angeles (HACLA) followed HUD regulations on issuance of Section 8 rental subsidy vouchers and helped safeguard taxpayer dollars by denying rental subsidy to BBVP after findings of developer irregularities.

The BBVP’s partner, David Rubin, was recently indicted by the U.S. Department of Justice on charges of fraud and participating in bid-rigging practices related to municipal finance contracts.

In November 2009, HACLA notified the developer that it would not be entering into an agreement to provide Housing Assistance Payment as a result of multiple discoveries including the indictment of the company’s partner, irregularities with ownership and financial structure of the project.

In 2008, the BBVP was awarded \$10.3 million in federal HOME funds through the Los Angeles Housing Department (LAHD) to develop a Permanent Supportive Housing Program (PSHP) complex for serving homeless and disable seniors. According to HUD regulations, construction can begin once an “Agreement to enter into a Housing Assistance Payment (HAP) contract” is signed and executed. In this case, the previous administration of LAHD knowingly issued a “Notice to Proceed” to BBVP, allowing the developer to start construction. The city audit states of the LAHD’s management, “This callous disregard for Federal law is appalling.”

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“HACLA is committed to PSH program that provides our most vulnerable population with homes and supportive services,” said Rudolf C. Montiel, President and CEO of HACLA. “But public agencies and public servants all have the responsibility to be good stewards of taxpayer dollars and to make sure the funds are spent in a responsible manner. HACLA has a Zero Tolerance Policy when it comes to misuse of public funds and will continue to scrutinize all project partners and hold them to a high ethical standard.”

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