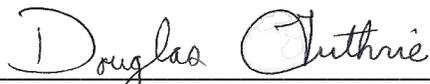


Report of the President & CEO

March 31, 2022

RESOLUTION APPROVING THE ADDITION OF THREE NEW POSITION AUTHORITIES IN THE ASSET MANAGEMENT DEPARTMENT TO SUPPORT THE EXPANDING PORTFOLIO OF PROPERTIES, INCLUDING SERVICE-ENRICHED PERMANENT SUPPORTIVE HOUSING



Douglas Guthrie
President & Chief Executive Officer



Tina Booth
Director of Asset Management

Purpose: With this action, the Board of Commissioners is asked to approve the addition of three (3) new position authorities to support the Asset Management Department's expanded portfolio: a Deputy Director of Asset Management, an Asset Manager, and an Assistant Housing Manager.

Regarding: On December 16, 2021, the HACLA Board of Commissioners adopted the Fiscal Year 2022 Operating Budget (Resolution 9782), which included ongoing operating costs for the Asset Management Department.

Issues: As HACLA continues to move forward with its Vision Plan goals, which include expanding its portfolio to address the City's housing crisis, increasing expertise in both property management and asset management, and engaging in developing communities of care, the Asset Management department (the "Department") finds itself in a position of growth. Over the past two years, the Department has taken ownership of 214 additional housing units, primarily focused on serving persons who are homeless or at risk of homelessness. Additionally, the department continues to expand its partnerships with our public housing redevelopment partners, establishing active oversight processes as operations commence in redeveloped public housing communities.

This fiscal year, the Asset Management Department anticipates adding an additional 348 units of permanent supportive housing to its portfolio through Project Homekey, potentially acquiring single-family homes through Caltrans' disposition of properties along the 710 freeway, and preparing for continued lease-up and expansion opportunities for past Homekey acquisitions. Both the rapidity of this expansion and the increased focus on service-enriched housing require significant time and resources to ready properties for occupancy, rapidly lease up and secure resident services. Additionally, the populations most appropriate for many of these new housing units present with mental and physical challenges that require a novel and expert approach to both property management and service provision that differ from those required for the majority of Asset Management's portfolio. In order to ensure that the department, and the Authority, meet the short- and long-term needs of this expanding portfolio with appropriate strategic expertise, new permanent positions are necessary.

The Asset Management Department is requesting immediate authority to hire a Deputy Director of Asset Management, an Asset Manager, and an Assistant Housing Manager.

This will allow the portfolio, as it expands, to be divided between two Asset Managers, ensuring greater attention can be paid to each property and appropriate policies and procedures can be established for a variety of property types. Furthermore, the addition of an Assistant Housing Manager focused on developing service partnerships will help to address client concerns and create nurturing and productive living environments.

Over the past few years, the breadth of the Director of Asset Management's responsibilities has grown tremendously. This growth necessitates the addition of a Deputy Director position to provide additional bandwidth for department leadership to move projects and policies forward. The Deputy Director position is expected to lead complex projects in a hands-on manner, assist in policy generation, and manage staff. The Deputy Director will also assist with the absorption of properties from Project Homekey and help position that expanding section of the portfolio for success. In support of these goals, the Deputy Director will develop deep relationships with new management and service providers, as well as with LAHSA, DMH and DHS. The position will also help navigate the options for long-term management of properties and help with long-term portfolio stabilization.

Adding a second Asset Manager will allow the department to differentiate across various housing types and communities within the portfolio, encouraging the development of expert teams. The new Asset Manager's preferred background will incorporate service-enriched housing, including permanent supportive housing and senior housing.

Lastly, the new Assistant Housing Manager will improve service coordination for residents in our new permanent supportive housing portfolio and lead compliance and reporting efforts.

The Asset Management Department is moving quickly towards closing escrow on several Project Homekey sites over the next few weeks and months. Therefore, we are requesting Board approval for these positions ahead of the regularly scheduled mid-year budget modification to allow for immediate recruitment. Delaying this recruitment may adversely affect key program commitments and limit our capacity to offer supportive services appropriate to our properties' target populations.

Vision Plan: The key Vision Plan Strategies addressed by this action include:

PEOPLE

- *Strategy #4: Develop and implement onsite and offsite service linkages aligned with best practices to support broad resident needs*

PLACE

- *Strategy #2: Increase functionality and effectiveness of Asset Management portfolio; Action 2.6: Identify opportunities to construct temporary or permanent housing for homeless or recuperative care.*
- *Strategy #4: Steward efforts to reduce and alleviate homelessness*

PATHWAYS

- *Strategy #1: Build and scale HACLA's internal real estate development team*

- *Strategy #2 and 3: Adapt, enhance, and expand HACLA's property and asset management capacities*
- *Strategy #3, Action 3.2: Develop staff expertise and tools necessary to manage the new Acquisition Fund as defined in Strategy #2 of the Place Module*
- *Strategy #8, Action 8.2: Evaluate opportunities for new classifications that are better tailored to program realignments and new initiatives and engage in strategic hiring.*

Funding: The Chief Administrative Officer confirms the following:

Source of Funds: Pursuant to HACLA's agreement with the City of Los Angeles for the acquisition of Project Homekey properties on the City's behalf, HACLA is paid an administrative fee of 2% of the acquisition cost for each property. In 2020 for Homekey Round 1 projects, HACLA earned approximately \$3.5 million, and for Homekey Round 2 projects this year, HACLA is projected to earn approximately \$7.8 million in fee revenue.

Program and Budget Impact: In 2021, \$1.25 million of these proceeds were used for operating costs and staffing enhancements in the Development Services, Legal, and Finance Departments. In the Adopted 2022 Operating Budget, \$1.75 million of these proceeds are dedicated for those ongoing costs, leaving an unobligated balance of \$0.5 million. The annual cost for these three new positions is approximately \$650,000, increasing the annual obligation of these funds to \$2.4 million. As such, Round 2 Homekey proceeds will be used for this staffing expansion and are projected to fully fund these needs for three additional years, or through Fiscal Year 2025.

At this time, it is anticipated that HACLA's partnership with the City will continue and could potentially evolve to other programs, making it likely that ongoing and long-term funding sources from acquisition activities will be available for these positions. If those expectations do not materialize, other sources will be identified.

Attachments:

1. Resolution
2. 2022 Asset Management Department Organizational Chart

RESOLUTION NO. _____

RESOLUTION APPROVING THE ADDITION OF THREE NEW POSITION AUTHORITIES IN THE ASSET MANAGEMENT DEPARTMENT TO SUPPORT THE EXPANDING PORTFOLIO OF PROPERTIES, INCLUDING SERVICE-ENRICHED PERMANENT SUPPORTIVE HOUSING

WHEREAS, on December 16, 2021 the Board of Commissioners adopted the Fiscal Year 2022 Consolidated Operating Budget and Capital Project Budget;

WHEREAS, the Budget Policy of the Housing Authority of the City of Los Angeles includes a mid-year budget modification to address important budget revisions, such as position additions;

WHEREAS, the positions requested in this action are urgent in nature, and deferring recruitment until the formal mid-year budget modification would compromise program commitments and service delivery; and

WHEREAS, the creation of a new classification, Deputy Director of Asset Management, is needed to meet the program objectives of the Asset Management Department.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners approves the addition of three new positions authorities for the Asset Management Department: 1) Deputy Director of Asset Management, 2) Asset Manager, and 3) Assistant Housing Manager.

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately.

HOUSING AUTHORITY OF THE
CITY OF LOS ANGELES

By: _____
Cielo Castro, Chairperson

APPROVED AS TO FORM:

BY: _____
James Johnson, General Counsel

DATE ADOPTED: _____

ATTACHMENT 2

2022 Asset Management Department Organizational Chart

HACLA ASSET MANAGEMENT

Fiscal Year 2022

Jenny Scanlin
Chief Strategic
Development Officer

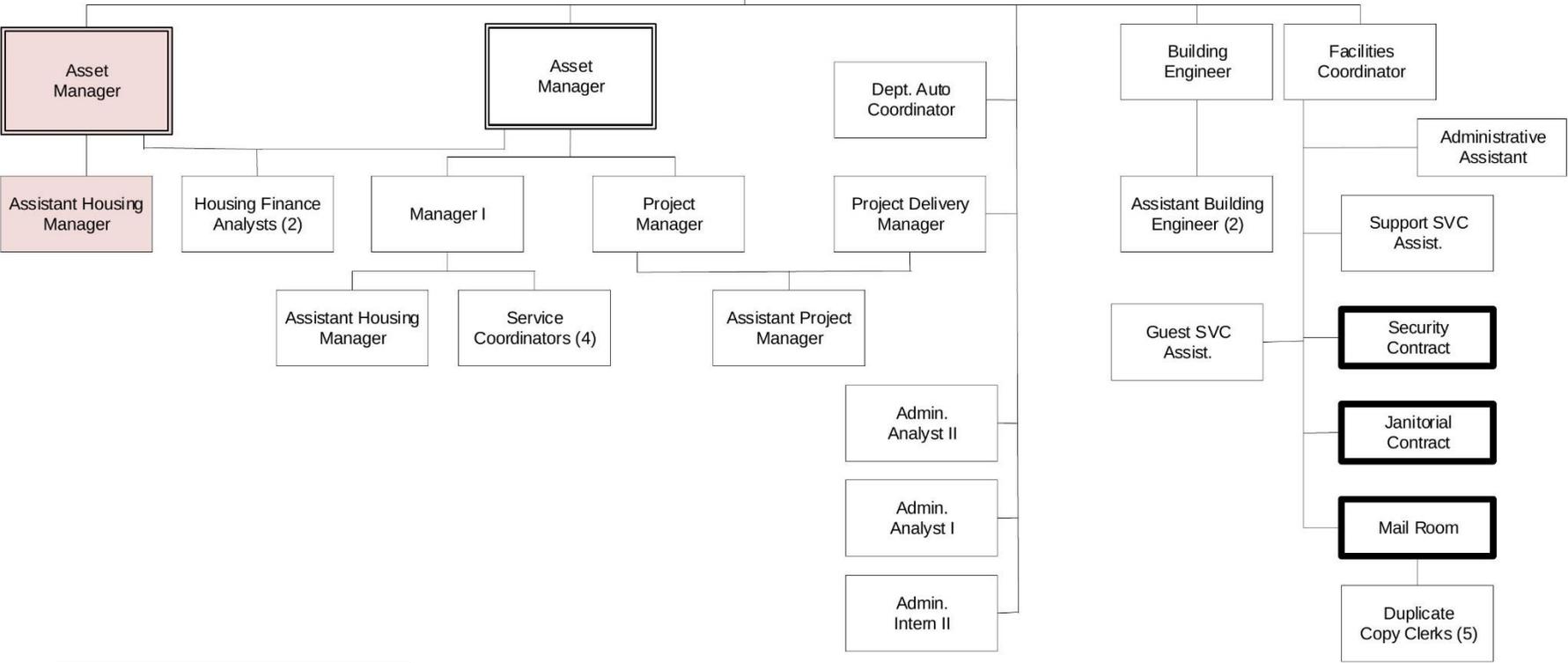
Tina Booth
Director of Asset
Management

Administrative
Assistant

**Deputy Director
Asset Management**

Asset Management

Facilities



 New Position