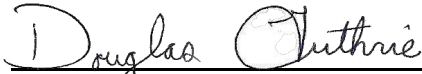


**RESOLUTION AUTHORIZING THE PRESIDENT AND CEO, OR DESIGNEE, TO WRITE OFF
UNCOLLECTIBLE ACCOUNTS RECEIVABLE INCLUDING \$123,691 FOR PUBLIC
HOUSING RENTAL UNITS, \$42,932 FOR NON-PUBLIC HOUSING RENTAL UNITS, AND
\$659,672 for SECTION 8 PROGRAMS**



Douglas Guthrie
President and CEO



Patricia Kataura
Director of Finance

Purpose: To comply with federal regulations and Generally Accepted Accounting Principles (GAAP), the Housing Authority of the City of Los Angeles (“Housing Authority”) writes off unpaid accounts receivable deemed uncollectible from vacated tenants and former program participants on a semi-annual basis.

Issues: The Department of Housing and Urban Development’s (HUD) *Management Handbook* and Generally Accepted Accounting Principles (GAAP) dictate that as a matter of good business practice, the Board of Commissioners, on the recommendation of the President and CEO, should periodically write off receivables due the Housing Authority when they are deemed uncollectible.

From an accounting standpoint, the write-off reflects receivables that are from vacated tenants that are not likely to be collected. Therefore, these aged receivables should not continue to be recorded as assets in the agency’s books.

The Housing Authority takes extensive steps in collection efforts before determining if amounts owed by tenants, participants and landlords are deemed uncollectible. Monthly rent statements are sent and follow up actions are taken before the Final notices are sent out. Additionally, Section 8 Collection unit determines probability of collection rate for Section 8 tenants and landlords on a case by case basis. For cases with high probability of collection based on internal research, including but not limited to, identifying landlord assets from public databases, the Housing Authority takes appropriate legal actions to recapture amounts owed.

Amounts written off are still owed to the Housing Authority and the write-off does not in any way hinder collection activities. The Housing Authority continues to pursue past-due funds in the ordinary course of business whenever possible. The Housing Authority is required to enter into HUD’s Enterprise Income Verification Module the debts owed and termination information of Residents who leave the program. This system is used by all Housing Authorities as part of the application process to identify if a family owes money to any Housing Authority. In order to qualify for any of the Housing Authority’s programs, the Housing Authority performs an internal clearance on any applicants 18 years of age and older to verify whether they have any debts owed to the Housing Authority, including any debts already written off. Should an applicant have a past receivable that was written off, the applicant must repay the amount owed before being reconsidered eligible for any program.

Public Housing

The Housing Authority collects tenant rents and other tenant charges of approximately \$37 million annually on 6,322 units owned and managed by the Housing Authority.

The Housing Authority proposes to write off \$123,691 for the period from September 1, 2021 through March 31, 2022. This represents 0.54% of total rents charged for the same period.

Since the COVID-19 pandemic, staff is closely monitoring rent collections; the rent collection rate from March 2020 to March 2022 averaged 98%. To support our tenants during these challenging times, the sites have engaged in additional efforts to remind tenants to pay their outstanding rent, encourage tenants to apply for the State's Emergency Rental Assistance Program (ERAP), offering repayment agreements, and sending reminders to tenants to request for interim rent reviews if there has been a loss of income.

Non-Public Housing (Rent Subsidy)

The Housing Authority collects non-public housing unit tenant rents and other tenant charges of approximately \$50.9 million annually on 2,840 units owned during the write-off period by the Housing Authority and/or its non-profit instrumentalities.

The Housing Authority proposes to write off \$42,932 for the period from November 1, 2021 through May 31, 2022. This represents 0.14% of total rents charged for the same period.

The rent collection rate from November 2021 through May 2022 averaged 92.7%. Since the Covid-19 pandemic, the property management firms are working within applicable guidelines (federal, state, and city) to collect outstanding rents. For the affordable side, the collections are near pre-Covid-19 levels. On the market side, which is much more impacted by pandemic-related business closures and tenant protections, Property management is sending regular reminders of outstanding rent; accepting partial payments; and offering payment plans to support our residents during these challenging times. The market units are also receiving ERAP payments to repay outstanding rent where awarded.

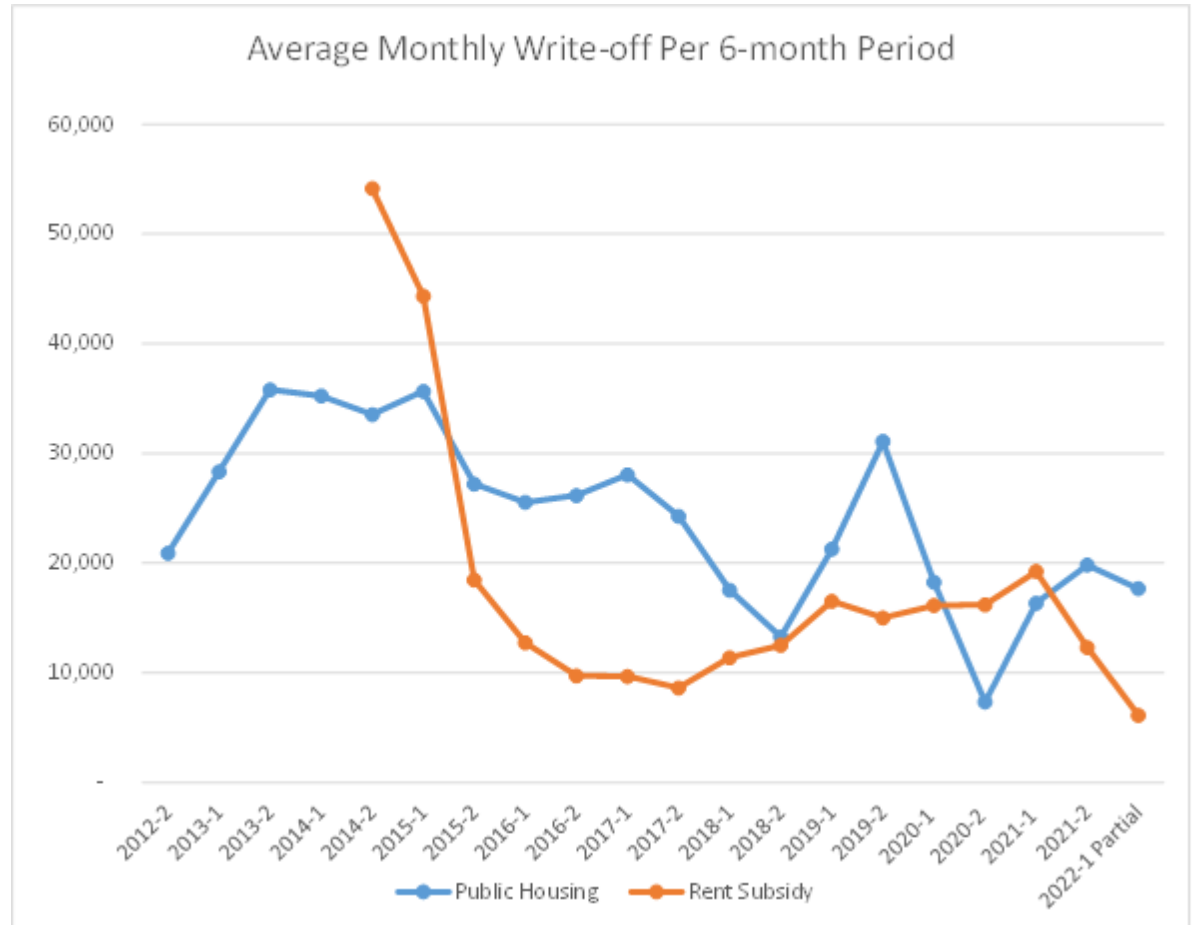
Section 8 Programs

For Calendar Year 2021, the Housing Authority paid approximately \$655.8 million to more than 13,200 private landlords on behalf of approximately 49,200 participant families.

The Authority proposes to write off \$659,672 or 0.10% of total housing assistance payments of a one-year period. However, this write-off amount includes receivables dating back to 2008, and as a percent of total funding for this comprehensive period, the amount written off is 0.01%.

Write-Off Trend

Summarized below are the average monthly write-offs for Public Housing and Rent Subsidy. The steady downward trend through December 2018 is reflective of collection efforts and repayment agreements which helps ensure fewer tenants develop significant delinquent rent balances leading to program termination.



Public Housing

The increase noted in 2019 is primarily attributed to tenants who were terminated from the program and developed significant delinquent rent balances while going through the legal process. In some cases, the legal process can take in excess of six months. During this time the delinquent balances can rapidly build up; particularly for tenants with higher rents. The decrease noted in 2020 is primarily attributed to the eviction moratoria enacted on the local, state, and federal levels as well as the court closures during the COVID-19 pandemic. There have been no unlawful detainer actions filed for non-payment of rent that has been due since early March 2020. The increase noted in 2021 and through the first quarter of 2022 is primarily due to tenants who were recently terminated from the program. These tenants were in eviction status, going through the legal process since prior to the COVID-19 pandemic, and during the process developed significant delinquent balances.

In an effort to minimize potential future write-offs, staff closely monitors rent collections and continues to engage with the tenants regarding delinquent balances. As stated above, tenants are encouraged to apply for the State's Emergency Rental Assistance Program (ERAP). ERAP will pay 100% of delinquent rent up to 18 months for each tenant. The funding for the State's ERAP

is available until September 2027 or when the funding is fully exhausted, whichever comes to first. At this point, HUD has not waived tenant's responsibility to pay the delinquent rent and tenants will continue to be responsible for the outstanding balance until it's fully paid off.

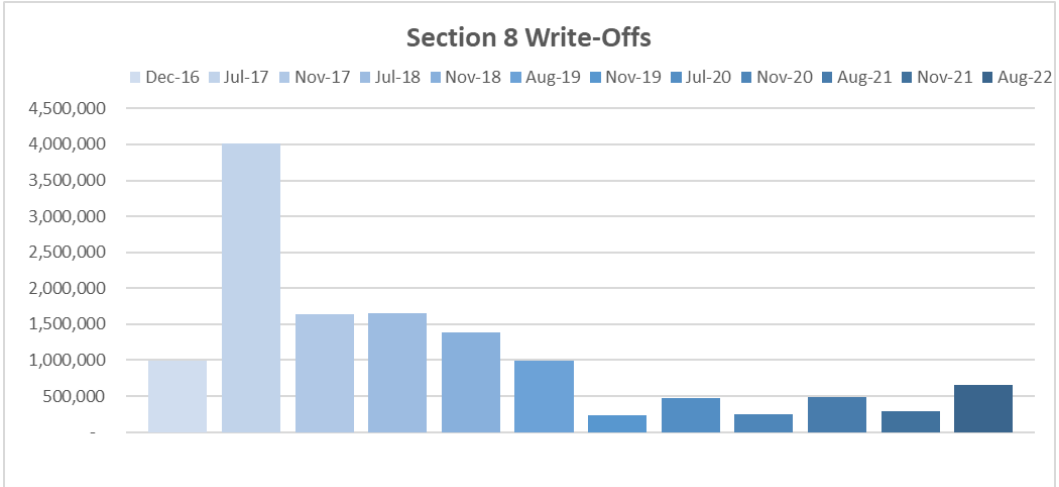
Non-Public Housing (Rent Subsidy)

The slight increase noted in 2018 is primarily attributed to a more focused effort in evaluating and assessing probability of collection for delinquent balances while pursuing more focused collection efforts. The slight decrease noted the first half of 2019 and maintaining at a steady level through the first half of 2020, is reflective of the focused efforts applied in the two prior periods. The upward trend in collection losses noted in the second half of 2020 is a direct result of the increase we have seen over the past year in the courts deferring all unlawful detainer actions based on non-payment of rent until after the emergency period. The steady decrease noted since 2021 is primarily attributed to the collection of emergency rental assistance payments of approximately \$1.2 million for payment of outstanding tenant rent balances through May 2022.

There have been no unlawful actions filed for non-payment of rent due since the pandemic began in early March 2020. Although tenant protections are in place via the eviction moratorium through December 31, 2022 and may be extended, the property management firms are actively reaching out and reminding tenants of past due balances and will work to reach some type of repayment agreement once the moratorium is lifted, and repayment can be pursued.

Section 8 Programs

As shown in the chart below, the collectible debt requiring write-off has diminished significantly over the past several years.



The \$4 million write-off in the second half of 2017 represents the culmination of an extensive data reconciliation project. This multi-year project consisted of researching and reconciling data from various systems resulting from several years of process issues, data migration and mapping from the transition to Elite and integration between Elite and Oracle. Prior to completion of this project, the aforementioned issues prevented the Housing Authority from conducting write-offs more periodically. As anticipated at the completion of the data reconciliation project, the write-offs have diminished significantly since 2017 and have maintained at a steady level since the latter part of 2019.

Vision Plan: PATHWAYS Strategy #7: Identify opportunities to reduce operating and administrative costs so that scarce resources are maximized

Consistent collection efforts are critical to ensure that the Housing Authority maximizes HUD resources. Timely collection of outstanding debt and timely handling of uncollectible receivables are key factors in optimizing the Authority's cash in-flows.

Funding: The Chief Administrative Officer confirms the following:

Source of Funds: In order to write off uncollectible debt, an allowance for doubtful accounts must be established which is reflected as an operating expense for both Public Housing and Rent Subsidy.

Budget and Program Impact: The cost of writing off the uncollectible receivables is included in the 2022 annual operating budget.

Environmental Review: Not applicable

Section 3: Not Applicable.

Attachments:

1. Resolution
2. Public Housing Proposed Write-off for Periods 09/01/2021 – 03/31/2022
3. Non-Public Housing Proposed Write-off for Periods 11/01/2021 - 05/31/2022
4. Section 8 Programs Proposed Write-off as of June 30, 2022

RESOLUTION NO. _____

RESOLUTION AUTHORIZING THE PRESIDENT AND CEO, OR DESIGNEE, TO WRITE OFF UNCOLLECTIBLE ACCOUNTS RECEIVABLE INCLUDING \$123,691 FOR PUBLIC HOUSING RENTAL UNITS, \$42,932 FOR NON-PUBLIC HOUSING RENTAL UNITS, AND \$659,672 for SECTION 8 PROGRAMS

WHEREAS, the President and CEO has furnished a schedule reflecting delinquent accounts receivables deemed uncollectible with the recommendation that these accounts be written off;

WHEREAS, it is in the best interest of the Housing Authority of the City of Los Angeles to follow Generally Accepted Accounting Principles (GAAP) and periodically write off uncollectible accounts receivable so as not to overstate assets and income;

WHEREAS, the Code of Federal Regulations (24 CFR 902.33), as further defined by the Department of Housing and Urban Development in supplementary guidance, requires that financial reports shall be prepared in accordance with GAAP, which dictate that Accounts Receivables be stated at the net realizable value; which is the gross receivable less the allowance for doubtful accounts, and that bad debts are to be written off if accounts are deemed to be uncollectible;

WHEREAS, the uncollectible accounts receivables of vacated tenants for Public Housing rental units for the period beginning September 1, 2021 through March 31, 2022, totaled \$123,961;

WHEREAS, the uncollectible accounts receivables of vacated tenants for Non-Public Housing rental units for the period beginning November 1, 2021 through May 31, 2022, totaled \$42,932;

WHEREAS, the uncollectible accounts receivables for the Section 8 Programs through June 30, 2022 totaled \$659,672; and

WHEREAS, the removal from the books of accounts of such uncollectible accounts receivables shall not constitute a waiver by the Housing Authority of the City of Los Angeles of any of its rights to collect such amounts.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Housing Authority of the City of Los Angeles that all accounts receivables on the attached schedules totaling \$123,961 for Public Housing, \$42,932 for Non-Public Housing and \$659,672 for Section 8 Programs are hereby deemed to be uncollectible, and the President and CEO, or designee, is authorized to reduce the allowance for doubtful accounts to the applicable developments and programs affected thereby.

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

APPROVED AS TO FORM:
JAMES JOHNSON

HOUSING AUTHORITY OF THE
CITY OF LOS ANGELES

BY: _____
General Counsel

BY: _____
Chairperson Cielo Castro

DATE ADOPTED: _____

**Attachment 2 - Public Housing Proposed Write-off for Periods
09/01/21 - 03/31/22 (Detail by Property)**

| Property | Site Name | Resident ID | Tenant AR | Property | Site Name | Resident ID | Tenant AR | | |
|--------------------------------|-------------------|---------------|------------------------------|-----------------------------------|--------------------|---------------------------------|--------------|---------------------------|--------------|
| 4001 | Ramona Gardens | t0031115 | 181 | 4015 | Pueblo del Rio Ext | t0002054 | 2,138 | | |
| | | t0001430 | 704 | | | t0004492 | 168 | | |
| | | t0010766 | 22,304 | | | t0004374 | 418 | | |
| | | t0001092 | 61 | | | Pueblo del Rio Ext Total | 2,724 | | |
| | | t0046807 | 112 | | | 4016 | Jordan Downs | t0004608 | 3,533 |
| | | t0005189 | 2 | | | | | t0004562 | 247 |
| | | t0019982 | 13,722 | | | | | t0027391 | 638 |
| | | t0057462 | 10,087 | | | | | Jordan Downs Total | 4,418 |
| Ramona Gardens Total | | 47,174 | 4017 | Rancho San Pedro Ext | t0005253 | 25,448 | | | |
| 4003 | Pueblo del Rio | t0110841 | 245 | Rancho San Pedro Ext Total | | 25,448 | | | |
| Pueblo del Rio Total | | 245 | 4019 | Imperial Courts | t0005467 | 1,847 | | | |
| 4004 | Rancho San Pedro | t0036040 | | | 52 | t0005630 | 350 | | |
| | | t0002004 | | | 817 | t0005668 | 28 | | |
| | | t0008868 | | | 7,919 | t0046347 | 312 | | |
| | | t0036574 | | | 2,110 | t0005704 | 1,789 | | |
| Rancho San Pedro Total | | 10,899 | | | t0045124 | 93 | | | |
| 4006 | William Mead | t0002498 | | | 629 | t0018599 | 76 | | |
| | | t0002292 | | | 121 | t0036237 | 41 | | |
| William Mead Total | | 751 | Imperial Courts Total | | 4,536 | | | | |
| 4008 | Rose Hills | t0002793 | 157 | 4021 | Mar Vista Gardens | t0006288 | 2,256 | | |
| Rose Hills Total | | 157 | t0037804 | | | 696 | | | |
| 4009 | Avalon Gardens | t0002999 | 522 | | | t0006384 | 3,173 | | |
| | | t0002917 | 1,038 | Mar Vista Gardens Total | 6,126 | | | | |
| | | t0002987 | 955 | 4022 | San Fernando | t0062572 | 246 | | |
| Avalon Gardens Total | | 2,515 | San Fernando Total | | 246 | | | | |
| 4010 | Gonzague Village | t0003084 | 488 | 4023 | Las Casitas | t0007765 | 642 | | |
| | | g0006878 | 2 | Las Casitas Total | | 642 | | | |
| | | t0001952 | 36 | 4224 | Pico Gardens | t0007731 | 1,338 | | |
| | | t0003160 | 114 | | | Pico Gardens Total | 1,338 | | |
| Gonzague Village Total | | 639 | Grand Total | | 123,691 | | | | |
| 4013 | Nickerson Gardens | t0031543 | 174 | | | | | | |
| | | t0003438 | 65 | | | | | | |
| | | t0003335 | 607 | | | | | | |
| | | t0003344 | 3,300 | | | | | | |
| | | t0003696 | 312 | | | | | | |
| | | b0001835 | 83 | | | | | | |
| | | t0082915 | 4,613 | | | | | | |
| | | t0003731 | 411 | | | | | | |
| | | t0057115 | 3,162 | | | | | | |
| | | t0022656 | 1,454 | | | | | | |
| | | t0003901 | 130 | | | | | | |
| | | t0004036 | 230 | | | | | | |
| | | a0030733 | 386 | | | | | | |
| | | t0017459 | 904 | | | | | | |
| Nickerson Gardens Total | | 15,832 | | | | | | | |

**Attachment 3 - Non-Public Housing Proposed Write-off for Periods
11/1/2021 - 5/31/2022 (Detail by Property)**

| Fund # | Property | Tenant ID | Amount |
|------------|---------------------------|-----------|--------|
| 8014 | Owensmouth | t0098384 | 688 |
| 8014 | Owensmouth | t0000475 | 519 |
| 8053 | Simpson Saticoy | t0064650 | 13,609 |
| 8054 | Gibson Manor | t0111244 | 259 |
| 8054 | Gibson Manor | t8054322 | 1,442 |
| 8065 | Union Tower | t0122396 | 139 |
| 8067 | Bella Vista | t0109077 | 2,950 |
| 8073 | Reflections @ Barbara Ann | t0143170 | 9,065 |
| 8075 | Reflections @ Glenalbyn | t0129874 | 189 |
| 8078 | Reflections @ Yosemite | t0143430 | 1,960 |
| 8090 | Martel Apts | t0133589 | 149 |
| 8201 | Lankerhsim | t0007795 | 1,472 |
| 8201 | Lankerhsim | t0007799 | 114 |
| 8029 (OLD) | Reflections @ Yosemite | t8029125 | 229 |
| 8049-12 | 6910 Morella | t0000019 | 702 |
| 8051-04 | 205 & 207 Opp St | t0073892 | 4,679 |
| 8052-11 | 1059 E 48th St | t0113647 | 4,767 |

42,932

Attachment 4 - Section 8 Programs Proposed Write-off as of June 30, 2022

| Year | Debtor ID | AR | Year | Debtor ID | AR | Year | Debtor ID | AR | Year | Debtor ID | AR |
|-------------------|-----------|---------------|-------------------|-----------|----------------|-------------------|-----------|----------------|--------------------|-----------|----------------|
| 2008 | 5186 | 42 | 2016 Total | | 39,047 | 2020 | 1536 | 2,160 | | 0470 | 1,726 |
| 2008 Total | | 42 | 2017 | 2789 | 1,752 | | 6246 | 4,848 | | 7820 | 894 |
| 2010 | 4393 | 223 | | 5592 | 1,042 | | 2758 | 31,876 | | 3979 | 2,010 |
| | 9976 | 1,832 | | 0939 | 1,128 | | 8898 | 129,204 | | 3297 | 1,459 |
| | 7688 | 2,806 | | 3044 | 574 | | 7073 | 557 | | 4519 | 2,060 |
| | 8533 | 2,728 | | 4158 | 639 | | 7615 | 1,559 | | 4251 | 389 |
| | 5525 | 568 | | 2501 | 6,684 | | 2595 | 716 | | 9629 | 1,232 |
| | 0783 | 104 | | 5042 | 1,206 | | 8426 | 269 | | 7983 | 2,203 |
| | 7709 | 20 | | 8328 | 1 | | 8190 | 870 | | 0628 | 1,301 |
| 2010 Total | | 8,281 | | 9900 | 31 | | 2522 | 2,346 | | 3028 | 1,280 |
| 2011 | 8120 | 1,111 | 2017 Total | | 13,057 | | 9080 | 1,155 | | 1455 | 1,239 |
| | 0395 | 1,701 | 2018 | 9098 | 236 | | 9743 | 1,202 | | 8863 | 1,294 |
| 2011 Total | | 2,812 | | 9598 | 91,444 | | 4641 | 1,004 | | 0087 | 1,790 |
| 2013 | 8665 | 2,113 | | 2649 | 654 | | 9134 | 754 | | 3786 | 1,604 |
| 2013 Total | | 2,113 | | 9882 | 674 | | 2910 | 537 | | 8579 | 332 |
| 2014 | 0085 | 456 | | 7752 | 8,848 | | 7424 | 634 | | 5208 | 1,412 |
| | 2183 | 700 | | 6600 | 681 | | 9329 | 2,852 | | 2182 | 969 |
| 2014 Total | | 1,156 | | 4327 | 1,173 | | 2115 | 2,310 | | 6585 | 1,918 |
| 2015 | 4535 | 4,226 | | 4416 | 359 | | 5830 | 938 | | 7834 | 2,024 |
| | 3843 | 2,028 | | 4458 | 31 | | 2126 | 1,716 | | 8206 | 3,654 |
| | 7075 | 420 | | 4255 | 1,849 | | 6322 | 1,148 | | 4120 | 6,308 |
| | 4244 | 140 | | 6224 | 1,375 | | 9153 | 8,731 | | 9569 | 2,684 |
| | 6123 | 92 | | 9336 | 56 | | 8403 | 1,283 | | 0280 | 1,163 |
| | 5539 | 9,694 | | 2227 | 22,104 | | 1273 | 1,797 | | 3381 | 4,545 |
| | 5345 | 74 | | 4677 | 2,054 | | 6846 | 1,281 | | 2602 | 130 |
| | 2358 | 3,024 | | 8266 | 11,760 | | 5003 | 1,520 | | 7756 | 5,008 |
| | 3037 | 486 | | 2511 | 555 | | 4547 | 554 | | 7804 | 992 |
| | 4918 | 1,344 | | 4190 | 2,668 | | 9019 | 1,108 | | 4213 | 2,302 |
| | 3192 | 3,210 | | 5553 | 40 | | 7436 | 5,178 | | 2414 | 1,168 |
| 2015 Total | | 24,738 | | 1464 | 72 | | 4540 | 1,156 | | 0121 | 1,755 |
| 2016 | 4939 | 1,555 | 2018 Total | | 146,633 | | 6914 | 1,217 | | 3890 | 1,491 |
| | 7280 | 50 | 2019 | 8526 | 3,015 | | 4250 | 141 | | 3521 | 2,036 |
| | 2719 | 2,217 | | 6887 | 7,760 | | 6710 | 886 | | 8200 | 1,952 |
| | 1984 | 1,858 | | 7920 | 80 | | 6567 | 649 | | 7289 | 3,220 |
| | 0271 | 617 | | 2135 | 1,144 | | 0128 | 1,547 | | 6323 | 928 |
| | 2738 | 1,144 | | 9308 | 2,016 | | 2222 | 3,514 | | 6342 | 1,142 |
| | 3007 | 1,306 | | 5549 | 2,748 | | 5910 | 1,503 | | 6182 | 818 |
| | 7662 | 899 | | 8097 | 805 | | 0617 | 30 | | 1432 | 1,109 |
| | 0788 | 30 | | 8203 | 1,149 | | 3694 | 366 | | 4764 | 912 |
| | 8244 | 893 | | 7339 | 664 | | 9582 | 79 | | 3237 | 1,633 |
| | 1499 | 1,002 | | 8827 | 476 | | 0805 | 1,932 | | 4974 | 233 |
| | 5401 | 816 | | 2340 | 964 | | 3327 | 386 | | 9926 | 804 |
| | 0436 | 958 | | 6650 | 997 | | 0033 | 47 | | 8786 | 1,271 |
| | 7031 | 564 | | 5635 | 727 | | 1342 | 78 | | 7143 | 1,911 |
| | 6585 | 342 | | 7190 | 1,773 | | 2011 | 6 | | 4298 | 3,260 |
| | 4244 | 77 | | 1525 | 1,146 | | 5112 | 13 | | 2880 | 935 |
| | 6123 | 1,380 | | 7853 | 900 | | 5541 | 70 | | 3245 | 2,446 |
| | 6775 | 1,232 | | 6850 | 1,644 | | 5582 | 29 | | 2444 | 1,480 |
| | 4451 | 2,247 | | 3272 | 1,007 | | 9299 | 33 | | 2341 | 691 |
| | 4694 | 929 | | 2057 | 2,722 | | 0500 | 8 | | 1111 | 2,652 |
| | 1232 | 426 | | 5426 | 1,278 | | 4659 | 80 | | 7908 | 2,700 |
| | 6312 | 564 | | 7133 | 972 | | 9949 | 20 | | 3749 | 25 |
| | 2497 | 689 | | 3645 | 2,428 | | 3480 | 10 | | 7282 | 216 |
| | 5344 | 14 | | 4394 | 1,127 | | 8163 | 27 | | 1410 | 10 |
| | 6829 | 270 | | 5400 | 1,448 | | 3418 | 24 | | 7575 | 80 |
| | 5044 | 226 | | 2165 | 1,912 | | 2305 | 3 | | 9273 | 26 |
| | 5455 | 6,276 | | 1527 | 9,615 | | 5926 | 1 | | 1171 | 27 |
| | 3385 | 2,520 | | 5649 | 15,916 | | 8765 | 3 | | 5083 | 378 |
| | 2016 | 502 | | 8192 | 15,704 | | 8372 | 84 | | 8683 | 894 |
| | 0899 | 23 | | 7602 | 223 | | 0079 | 14 | | 0997 | 59 |
| | 4787 | 1,462 | | 0617 | 507 | | 6455 | 41 | | 1968 | 10 |
| | 1873 | 5,109 | | 2328 | 3 | | 4191 | 54 | | 1821 | 27 |
| | 6332 | 339 | | 8123 | 6,281 | 2020 Total | | 224,158 | 2021 Total | | 98,577 |
| | 5754 | 16 | | 1751 | 796 | 2021 | 4513 | 477 | Grand Total | | 659,672 |
| | 2790 | 1 | | 2334 | 164 | | 8883 | 23 | | | |
| | 9211 | 9 | | 0961 | 291 | | 4242 | 390 | | | |
| | 1156 | 440 | | 5024 | 8,292 | | 6450 | 7 | | | |
| | 2549 | 34 | | 1802 | 118 | | 8762 | 1,648 | | | |
| | 3689 | 10 | | 0497 | 246 | | 2581 | 1,237 | | | |
| | 9350 | 1 | 2019 Total | | 99,058 | | 9880 | 2,574 | | | |