

INTEROFFICE CORRESPONDENCE
Los Angeles Unified School District

TO: Members, Bond Oversight Committee
Roy Romer

DATE: March 10, 2004

FROM: Joseph Mehula 
Deputy Chief Executive Officer, New Construction

SUBJECT: Responses to the July 29 (rev.) BOC Report
Item J – Housing & Item E Question #5 – Management

This memo is in response to the following questions from the Bond Oversight Committee's July 29th Healthy Schools letter.

Item J – Housing

1. The same land is potentially available for schools, parks and housing. Is there a strategic plan for LAUSD to address housing issues? What is it? What housing entities or non-profit organizations or non-profit organizations have been contacted?

Item E – Management

5. What have been the successes/missed opportunities in the real estate relocation program in phase I? Since the next phase will most likely impact a significantly larger number of residences, what is the plan for phase 2 relocation? Are there funding opportunities for replacement housing stock?

While the Los Angeles Unified School District and the Facilities Division in particular acknowledge the critical need for housing in the Los Angeles basin, in no direct fashion do state or local bonds provide funding for housing.

That is not to say that in Phase I the District did not respond creatively with the cooperation and support of many public and private housing providers to address the issue with the limited resources available. Several strategies were employed.

The District made it a top priority in Phase I, as it set out to provide 79,000 new school seats in its most overcrowded and underserved areas, to minimize the displacement of residents and businesses. In the end, while approximately 1,200 families and 250 businesses had to be relocated, citywide the average density is 8 units per acre¹; during Phase I school related displacement of housing occurred at a rate of 2.95 units per acre.² This difference reflects the efforts of the District to minimize displacement of housing units.

¹ Source: City of L.A., City Planning Dept Demographic Research Unit. Information available online under "Census 2000" at www.lacity.org/PLN.

² Total number of displaced households, as of February 4, 2004 is 1,327, according to the Office of Housing & Relocation. Total number of acres acquired as part of Phase I is approximately 450, according to LAUSD's Facilities Division Web site, www.laschools.org.

Residential and business occupants displaced by school construction are guaranteed relocation assistance by California Government Code Section 7260 et seq. and Title 25 of the California Code of regulations. As such, the State treats relocation assistance as a required cost of site acquisition in its facilities grants to school districts, administered by the State Allocation Board. But while the state will fund school district efforts to relocate families displaced by school construction, there is no state funding to replace the housing that those families had lived in prior to displacement.

Building on the Success of Phase I

Recognizing the importance of these issues in 2001, the District convened more than 50 of L.A.'s housing leaders to ask how together we could support the region's affordable housing agenda. These representatives of other government agencies, nonprofits, advocacy organizations, housing experts and financial providers – collectively the "Schools-Housing Working Group" – collaborated with the Real Estate Branch to craft a pilot project that came to be known as the "Enhanced Relocation Program." (The October, 2001 recommendations of the Working Group were incorporated in the District's Phase I Relocation Plan³ and are included with this memo as an attachment.)

The Working Group made several key recommendations for the Enhanced Relocation Program, which are paraphrased below:

- Assist relocated low-income renters to become first-time homebuyers;
- Assist other relocated low-income renters to secure long-term affordable rental housing;
- Utilize relocation savings from partnerships with housing providers to fund new affordable housing development;
- Empower those displacees to make informed choices and take advantage of opportunities afforded to them by the Enhanced Relocation Program;
- Track and evaluate the results of the program; and
- Begin partnering early for the next phase of school construction.

Following are highlights of the steps LAUSD has taken to implement the recommendations of the Working Group.

- Enhanced Rental Opportunities
LAUSD entered into a memorandum of understanding (MOU) with the Housing Authority of the City of Los Angeles (HACLA) in January 2002, to provide otherwise qualified low-income displacees the option of accepting a Section 8 voucher in lieu of the standard cash relocation benefits. The Section 8 voucher provides potential life-long housing affordability to the family, while the cash benefits, per State law and regulation, provide only 42 months of assistance.

³ "2002" Relocation Plan for the Proposed Priority and Escutia Plan Schools"

For every displaced family who successfully found new housing with Section 8, LAUSD transferred the estimated cash savings to HACLA for development of new affordable housing resources. 121 families have chosen Section 8 and secured new housing, making over \$2 million available for new development. The first units made possible by this program, the Imperial Highway Apartments, will break ground in November, 2004.

□ Financial Literacy/First-time Home Purchases

With the guidance of Fannie Mae's Los Angeles Partnership office, LAUSD engaged seven local and regional nonprofits to provide financial literacy, homebuyer training and renters' rights information to displacees. Approximately 1,000 people attended at least one session related to this program. Numerous displacees received their first introduction to the U.S. banking system and opened their first checking accounts (in large part due to assistance from the Bank of America and the Consulate of Mexico). And over 125 families have purchased their first homes, with the help of Fannie Mae, the Enterprise Homeownership Program, the Los Angeles Housing Department, HACLA and their LAUSD benefits. The Enhanced Relocation Program also created the forum for launching the new Section 8 Homeownership Program in L.A., where an LAUSD Enhanced Relocation Program family completed the city's first Section 8 home purchase.

□ Program Evaluation

The firm of Hamilton, Rabinovitz & Alschuler is currently surveying Phase I displacees to assess how they were affected by relocation, how they were aided by the Enhanced Relocation Program's services, and how they were served in general by District representatives. The results will be made available to the Board and the BOC when they are complete in the coming months.

A Plan for Phase II

In Phase II, the District will continue to prioritize potential school sites that can serve the most overcrowded areas while minimizing the displacement to the greatest extent possible. It is also committed to building on the success of the Phase I Enhanced Relocation Program, incorporating lessons learned from the Hamilton, Rabinovitz & Alschuler survey and other sources. The Real Estate Branch also plans to reconvene members of the Schools-Housing Working Group to discuss program improvements for Phase II.

In addition, the District is pursuing the following initiatives:

□ Joint-Development of Housing and Schools

A group convened by the Southern California Association of Nonprofit Housing is working with LAUSD to explore how shared facilities and/or property at school sites could contribute to the development of affordable housing. Project concepts are currently being developed to establish the potential feasibility of a joint project or projects.

□ Joint-Planning of Schools and Neighborhood Housing (AB 1309)

The District supported and participated in efforts by Assemblymember Jackie Goldberg to give cities an important tool for development of replacement housing around new school

sites. AB 1309, signed into law by Gray Davis, now gives cities the power to assemble properties near new school sites for the purpose of building affordable housing to replace units lost from new school construction in overcrowded areas. The new law encourages districts and cities to plan together, protects new school sites from being condemned by cities and keeps school bond monies dedicated to school projects.

There certainly have been those in the community that have indicated that the reason there is no bond funding for replacement housing available to the District is that we should adhere closely to our mission to build schools. While the Facilities Division acknowledges our mission, we also understand the housing issues in the communities where we build schools, and will continue to innovatively and cooperatively engage them.

Attachment

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Schools-Housing Working Group
Joint Findings and Recommendations
for LAUSD Relocation Program

Finance & Development Working Group Co-Chairs

Tony Salazar, MacCormack Baron Salazar
Lou Bernardy, Los Angeles Housing Partnership

Opportunity Working Group Co-Chairs

Barbara Zeidman, Fannie Mae Los Angeles Partnership Office
Barbara Sandoval, Fannie Mae Los Angeles Partnership Office

I. Introduction

At the invitation of the LAUSD, the Los Angeles Housing Department (LAHD) and the Southern California Association of Nonprofit Housing (SCANPH), housing experts, advocates and providers convened working groups, beginning in August 2001, to advise the LAUSD on strategies for pursuing its residential tenant relocation program so as to provide the highest level of service to displacees while advancing the region's affordable housing agenda to the greatest extent possible. This document, prepared by LAUSD staff in coordination with the working group members, summarizes the findings of those working groups. It is presented in the belief that continued close cooperation between the LAUSD and L.A.'s housing community will help ensure the greatest benefit to the greater L.A. communities in need of new schools as well as more affordable housing.

(Attached to this document are the names of those individuals and organizations that have served in the advisory working groups and helped shape these findings and recommendations.)

II. Background

- A. As part of its program to build 85 new schools by 2005-2006, the Los Angeles Unified School District (LAUSD) anticipates displacing approximately 1,000 tenant families. An estimated 90 percent of these families have incomes that fall below 80 percent of the Los Angeles County area median income. (80 percent of L.A. County area median income for a family of four is \$43,560 per year).
- B. State law requires the LAUSD to provide relocation assistance and benefits to any residents displaced by school projects. (Title 25, Division 1, Chapter 6)
- C. Displacees will find it difficult to secure affordable replacement housing due to the lack of sufficient affordable housing in the greater Los Angeles market. Thus, additional "housing of last resort" assistance, whether in the form of cash benefits or other housing subsidies, will be required to enable them to house themselves within their means. Although not specifically required to do so under California's relocation law, agencies such as the LAUSD typically

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offer housing of last resort benefits to displaced renters in the form of a lump-sum “super-payments,” which provide enough money to pay the difference between affordable rents and market rents for a period of 42 months. (The relocation law encourages agencies to pursue a variety of strategies for providing housing of last resort benefits to displacees.)

- D. The greater Los Angeles area needs an estimated 28,400 new affordable housing units by 2005 to meet years of unmet demand, according to Southern California Association of Governments (SCAG) figures cited in “In Short Supply,” the report of recommendations by the Los Angeles Housing Crisis Task Force. It is anticipated that the LAUSD’s new schools program will result in the demolition of between 900 and 1,000 rental units during within the same time frame.

III. Guiding Principles of Recommendations

- A. **New school construction must be a priority for the region.**
Existing LAUSD schools are terribly overcrowded and far too many children are forced to attend school outside of their home neighborhoods. This has direct, adverse impacts on education priorities including making it difficult for parents to become fully engaged in their children’s school lives. The 85 new schools in development will significantly help improve this situation even though they represent only the first third the region’s need for new schools.
- B. **Preserving and augmenting affordable housing stock must be a priority on equal footing with new schools.**
Los Angeles has one of the least affordable housing markets in the nation and has been unable to build new units fast enough to keep up with the growing need. As stated above, the Southern California Association of Governments has estimated that 8,000 new units per year will be needed through 2005 to make up the current shortfall.
- C. **Creatively uniting schools and housing through partnerships and resource sharing is the best way to ensure overall advancement in greater L.A.’s communities.**
By identifying and acting on synergies among schools and housing—and by leveraging resources available for both—we can achieve a whole that is greater than the sum of its parts for our communities. These partnerships are emblematic of the fact that schools—like housing—are simply one piece of a vital community fabric. The School District must be part of the broad discussion of community planning into the future, and all parties involved must accept responsibility for collaborating to achieve overall community health, above and beyond simply fulfilling single-purpose missions.

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- D. **Any resources made available to displacees through housing partnerships should expand upon, rather than limit, their options under standard public relocation programs.**

In forming housing partnerships, it is critical that the LAUSD expand upon the relocation options traditionally made available to its displacees (such as super-payments), not take options away. Successful partnerships will mean that displacees have more choices—not fewer—and are better educated about how best they may leverage them to help reach their personal housing goals.

- E. **Because LAUSD displacees are making personal sacrifices for the overall benefit of our communities, they deserve priority access to affordable housing resources. This priority must be granted, however, on the condition that others in need of affordable housing will not find their options unfairly limited.**

Displacees from public projects are typically given priority access to affordable housing resources such as Section 8 vouchers. That priority should be extended to displacees from the LAUSD's new school projects. However, in so doing, steps should be taken to ensure that others who need affordable housing will be protected from harm, and if possible, will benefit from increased resources made available through schools-housing partnerships.

IV. Recommended Actions

Catalog resources that displacees interested in becoming homeowners could use to augment or improve upon standard relocation payments to help them meet their housing objectives.

There are many resources available to low-income families who want to become homeowners. These include specialized loan products (such as those Fannie Mae's partner financial institutions offer), down payment assistance programs (such as those offered by the Los Angeles Housing Department) and other subsidy sources such as the new Section 8 Homeownership Program. Often these resources are more useful when combined with relocation benefits and/or each other. LAUSD should take steps to identify these resources, to assist displacees in gaining access to them on a priority basis, and to empower displacees to use them to reach their personal objectives. Displacees should have the option of choosing the combination of subsidies that best suits their housing goals, with as much or as little counseling as they want or need from professional advisors. This counseling should be available until displacees reach their primary goal, whether it be long-term affordable housing or homeownership.

- A. **Catalog resources that displacees interested in long-term rental (and/or eventual homeownership) could use to augment or improve upon standard relocation payments to help them meet their housing objectives.**

Long-term affordable rental resources include the Section 8 program, the tax credit program and other forms of rental subsidies. These subsidies should be made available to LAUSD displacees on a priority basis provided that it can

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be done without undue harm to others who need affordable housing. Displacees must be fully informed about the risks and benefits associated with each option available to them and must be able to choose for themselves the combination of subsidies that best suits their housing goals.

- B. Create partnerships to deliver housing resources to displacees on a priority basis, while taking steps to maintain or increase the availability of resources for others who need affordable housing.**

If public and private housing providers can partner with the LAUSD to provide Section 8 vouchers, tax credit rental units and/or homeownership assistance to displacees on a priority basis, displacees will be better able to use relocation as an opportunity to achieve their long-term goals. LAUSD's contributions to these partnerships must help augment the resources available to non-displacees in need of affordable housing. Examples of augmentation include increasing the number of landlords willing to accept Section 8 vouchers and increasing the number of dedicated affordable rental units available in the region.

- C. Inform and educate displacees as early as possible prior to displacement so they may best take advantage of the opportunities made available to them through relocation.**

Whether displacees wish to remain renters or become homeowners, the earlier in advance of displacement they can engage in financial literacy training, homeownership counseling, renters training, and education about the resource programs available to them, the better they will be able to use their relocation benefits to reach personal housing goals. LAUSD should work with community-based organizations (CBOs) that are experienced in financial literacy and housing training to provide this education to displacees. Displacees not proficient in English must be able to access foreign-language materials and staff who can provide counseling to them in their native language.

- D. Track the results of partnership efforts in helping displacees achieve long-term goals and in creating new affordable housing resources.**

The schools-housing partnership efforts must evolve and improve as new school site acquisition efforts proceed. Further, procedures must be implemented to enable planners of future projects involving displacement to document and model the successful aspects of the schools-housing partnerships and improve upon those that do not perform as well. A detailed tracking mechanism and supporting database will ensure that this is a possibility.

- E. Start now to explore further opportunities collaboration among the partners to work on the next phase of school construction.**

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V.

Conclusion

The schools-housing working group members urge the LAUSD to incorporate the above recommendations into its evolving relocation and housing program.

It is the intention of all of us that the schools-housing partnerships improve the outcome of the relocation process for displacees and create new resources for affordable housing development. As importantly, we hope that we have laid a new foundation of cooperation among housing and schools advocates for future efforts in school construction and housing development to proceed collaboratively, with overall community health as the primary—if not only—measure of success.

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Exhibit A
Partial List of Schools-Housing Working Group Members

Enrique Aranda, *Inquilinos Unidos*
Neelura Bell, *Local Initiatives Support Corporation (LISC)*
Lou Bernardy, *Los Angeles Housing Partnership—Co-Chair, Finance & Development*
Malcolm Bennett, *Minority Apartment Owners Association*
Jan Breidenbach, *Southern California Association of Nonprofit Housing (SCANPH)*
Nichole Bryant, *Concerned Citizens of South Central Los Angeles*
Philip De Lao, *Housing Authority of the City of Los Angeles (HACLA)*
Margarita de Escontrias, *Los Angeles Community Redevelopment Agency*
Ralph Esparza, *Los Angeles Housing Department (LAHD)*
Beth Hamby, *Los Angeles Unified School District (LAUSD)*
Ann Marie Hickambottom, *Century Housing*
Robin Hughes, *L.A. Community Design Center*
Michael Lambert, *Apartment Association of Greater Los Angeles*
Anita Landecker, *EXED*
Mary Lee, *Community Coalition*
Louise Manuel, *Local Initiatives Support Corporation*
Mercedes Marquez, *MacCormack, Baron, Salazar*
Steve Oliver, *Pacific Relocation*
Jose de Paz, *LAUSD*
Ray Pearl, *California Building Industry Association*
Esther Portillo, *Coalition for Economic Survival*
Kevin Reed, *Strumwasser & Woocher, LLP*
Steve Renahan, *HACLA*
Syed Rushdie, *LACDC*
Sally Richman, *LAHD*
Tony Salazar, *MacCormack, Baron, Salazar—Co-chair, Finance & Development*
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