

OTHER NARRATIVE

Include any CAPER information that was not covered by narratives in any other section.

Program Year 2 CAPER Other Narrative response:**Los Angeles Housing Department – Description of Reorganization (2004-2005)**

When the Housing Department's new General Manager, Mercedes Márquez, was appointed in January 2004, she promised to conduct a comprehensive assessment of the Department in response to concerns from the Mayor, the City Council, and public stakeholders about the state of affairs at the Housing Department.

The goal was to take affirmative steps to conduct program assessments and implement needed program redesign on our own initiative. Over 20 Housing Department staff members were involved with the assessment, assisted by outside experts. LAHD posed the following critical questions as LAHD assessed our programs:

- Are LAHD working as part of the housing market, as public-sector entrepreneurs rather than being reactive to the market;
- Are LAHD leveraging dollars and momentum through our development projects;
- Are LAHD adequately assessing community needs and adjusting our programs to best meet those needs;
- Are LAHD providing excellent customer service; and
- Are LAHD maintaining a balance between the production of affordable rental units and the creation of new homeownership opportunities?

The program assessments started immediately, and shaped the Housing Department's application for the 31st Consolidated Plan Program Year. LAHD looked for ways to create synergies between our housing development and housing preservation programs, to increase both rental and homeownership opportunities while at the same time preserving through diligent code enforcement and targeted rehabilitation our existing housing stock.

Due to retirements, several senior positions in the Department's Housing Production Branch became vacant. The General Manager seized this opportunity to hire new managers with extensive lending experience in major American financial institutions, bringing new perspectives to the program assessment process. In particular, under their leadership, new policies, procedures, record retention and information systems typical of the banking industry are being incorporated into Housing Department operations, replacing older, out-of-date practices.

A series of roundtable discussions was held with over 20 of the Housing Department's homeownership program partners, including lenders and real estate professionals, which led us to propose two new homeownership programs. One will increase the Housing

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Department's future resources for new first time homebuyers by requiring those assisted to share their equity appreciation when they refinance or sell their home. Another new effort, recognizing the reality of today's high-priced housing market, will offer a critically needed moderate-income homebuyer loan program.

Similarly, LAHD developed a comprehensive array of redesigned and new rehabilitation programs for low-income property owners to allow them to make needed repairs in order to maintain the existing housing stock. This includes two new loan programs for owners of small rental properties, which will start taking applications in Summer 2005.

To ensure that LAHD leverage the City's physical assets with Consolidated Plan funds, LAHD started a new program in September 2004, called Housing Development Central (HDC). HDC's objective is to evaluate City-owned surplus properties to determine their suitability for affordable housing development. Additionally, HDC will review the Housing Department's foreclosed projects as well as other problem properties.

HDC's first priority is to identify and evaluate City surplus sites that could be used for either Home Ownership or Multi-family developments. Once it is determined that housing development is feasible on such sites, LAHD will package these sites by (a) determining their highest and best use; (b) securing all entitlements; and (c) offering the sites through requests for proposals to pre-qualified developers.

Investment in surplus and infill properties will, in some cases, remove blight and magnets for trash and crime. It also will typically spur additional investment by neighboring property owners. The cumulative positive impact on neighborhoods can be quite dramatic. So far, over 500 properties have been evaluated.