

Statement of Intent

The United States Department of Justice and the Housing Authority of the County of Los Angeles ("HACoLA") agree to work together to protect the fair housing rights of participants of the Department of Housing and Urban Development's Section 8 Housing Choice Voucher Program ("voucher program") in a manner consistent with the Fair Housing Act, 42 U.S.C. §§ 3601 et seq. The United States has engaged in a thorough investigation of HACoLA's practices with respect to participants in the voucher program in the cities of Lancaster and Palmdale. The investigation focused on allegations that enforcement actions related to the voucher program in the cities of Lancaster and Palmdale (together, the "Antelope Valley") were intentionally discriminatory towards and had a disparate impact on African-American voucher holders. As a result of the Department's findings, the Assistant Attorney General for Civil Rights has authorized the filing of a complaint in federal district court against the County of Los Angeles, HACoLA, LASD, and the Cities of Lancaster and Palmdale for alleged violations of federal law.

The HACoLA contends that it did not violate the federal fair housing rights of African-Americans in the Antelope Valley, but agrees that the findings identified by the United States are issues of great importance to the HACoLA and the Antelope Valley community. The Parties agree that, in order to avoid contested litigation and to help the community move forward, they will continue negotiations in an attempt to reach a comprehensive Final Settlement Agreement to be entered as an order of the federal district court to resolve findings and legal claims identified by the Department's investigation. The Parties will be cognizant of costs as well as federal statutory obligations in negotiating the Final Settlement Agreement.

HACoLA has already implemented significant measures to address the alleged discrimination against African-American voucher holders in Lancaster and Palmdale, including but not limited to revision of HACoLA's non-discrimination policy to provide for annual notice to voucher holders of their rights to file discrimination complaints; the establishment of an anti-discrimination hotline; revision of the Program Compliance and Enforcement Unit's Investigation Protocol; implementation of alternative methods for detecting criminal and/or other unauthorized activity by voucher holders other than unannounced field compliance checks; and institution a moratorium on entering into agreements with the cities of Lancaster and Palmdale for the provision of additional investigative services until March 2015). The Parties intend through the Final Settlement Agreement to build on these efforts.

While the Parties recognize that none of the matters herein are binding or enforceable until a Final Settlement Agreement is reached, the Statement of Intent identifies provisions the Parties believe should be included in the Final Settlement Agreement, including at least the following:

1. Compliance with Fair Housing Act.

HACoLA agrees that its employees, officers, agents, and persons or entities working with or in participation with it, shall not violate the Fair Housing Act's provisions 42 U.S.C. §§ 3604(a), (b), (c), and 42 U.S.C. § 3617.

2. Housing Choice Voucher Program Enforcement.

a. *Non-Discrimination Policy.* HACoLA will review and revise its nondiscrimination policy to reinforce its commitment to the underlying purpose of the voucher program, which is to enable participants to be able to choose where they live, and make clear that discrimination on the basis of race is unlawful. HACoLA will distribute the revised policy to all HACoLA voucher holders, employees and agents. The policy will build on the procedures HACoLA has already recently implemented for how individual voucher holders can file complaints of discrimination. HACoLA also will adopt internal procedures for how it will investigate discrimination complaints.

b. *Investigation Protocol.* HACoLA will review and revise its Investigation Protocol for the Program Compliance and Enforcement Unit ("PCU"), which was issued in 2012, to include additional substantive provisions that will provide further protections to voucher holders and will ensure accountability and compliance with the protocol. These revised procedures will be appended to the Final Settlement Agreement and will be included in HACoLA's Administrative Plan. HACoLA will consolidate all guidance about compliance check protocols into one document that can be readily distributed to all PCU investigators and PCU analysts and can be used as a training document. HACoLA will develop guidance on the substance of the training and will routinely train PCU investigators on the protocols, as revised, potentially as part of HACoLA's annual training.

The revised Investigative Protocol will include or augment existing provisions addressing the following:

i. Record-keeping provisions to ensure that all activities related to fraud investigations are documented, including by ensuring that complete notes are kept regarding each compliance investigation conducted and that fraud investigator files are electronically scanned and saved. HACoLA will also improve the Fraud Case Management system to link that system more closely to its tenant database to, among other things, allow for better tracking of its enforcement activities.

ii. A commitment to enforce the administrative rules of the voucher program uniformly throughout the entire County, and processes by which to ensure such uniformity.

iii. Clear guidance on the evidence required to substantiate allegations of unauthorized occupants and unreported income and what types of evidence can be provided to dispute such allegations.

iv. Clear guidance on what remedial measures HACoLA may take in response to substantiated violations of the HAP contract that do not include violent crimes and drug offenses, with a strong preference for counseling and other remedial measures before voucher termination.

v. More specific guidance on when and to what extent law enforcement may be involved in HACoLA's enforcement of the voucher program.

vi. Clear guidance on when and to what extent employees and staff from cities or other public entities within HACoLA's jurisdiction may be involved in HACoLA's enforcement of the voucher program.

vii. Policies and procedures that describe the circumstances that may warrant a referral by HACoLA to the District Attorney's office for criminal prosecution of voucher holders who have violated the HAP contract, the approval process within HACoLA for making such referrals, and other procedures for how those referrals should be made. Guidance on the job qualifications required for the position of PCU investigator.

c. *Field Compliance Checks.* HACoLA has taken steps to augment the use of unannounced field compliance checks with alternative methods of detecting criminal or other unauthorized activity by voucher holders which are consistent with the rules and regulations governing the voucher program, including using a race-neutral information system that cross-references arrest records for violent crimes and drug offenses with addresses of voucher holders. To the extent HACoLA continues to utilize unannounced compliance checks, HACoLA will develop and/or revise and implement a policy that governs the use of unannounced field compliance checks. HACoLA will develop clear guidance on the goals of those compliance checks, the circumstances that warrant their use, and a description of administrative investigation tools that should be used in advance of compliance checks. HACoLA will adopt a policy that reserves compliance checks as an investigative tool to be used only in appropriate circumstances.

d. *Memoranda of Understanding.* HACoLA has already agreed, as part of another settlement, not to enter into any Memoranda of Understanding ("MOUs") with the cities of Lancaster and Palmdale for the provision of additional investigative services with respect to the voucher program until March 2015. Consistent with that agreement, HACoLA will extend that moratorium to include all other cities and public entities and to last until at least September 2018, or later if the Final Settlement Agreement terminates at a later date. Further, HACoLA's priorities with regard to the enforcement of the voucher program will not be directed or controlled by the Los Angeles County Sheriff's Department ("LASD") or any city or public entity within HACoLA's jurisdiction.

3. Mandatory Training.

HACoLA will incorporate within its existing training programs the requirements of the Final Settlement Agreement and the Fair Housing Act. The training programs, as modified, will continue to be provided to all of HACoLA's current employees and agents, and to each new employee or agent shortly after he/she is hired. The training will be conducted by a qualified third party subject to the approval of the United States, and HACoLA will require each trainee to certify his/her attendance at the training and receipt and comprehension of the Final Settlement Agreement.

4. Fair Housing Compliance Officer.

HACoLA will designate a Fair Housing Compliance Officer, who shall have the responsibility of receiving complaints of alleged discrimination against HACoLA employees and agents, serve as a resource to HACoLA on fair housing rights, and coordinate HACoLA's compliance with the Final Settlement Agreement. The responsibilities of the Fair Housing Compliance Officer may be placed with the HACoLA position currently assigned to receive and monitor complaints of alleged discrimination against HACoLA employees and agents.

5. Monetary Compensation and Other Relief to Aggrieved Parties.

HACoLA will pay monetary damages to persons whose fair housing rights were violated in the course of HACoLA's enforcement of the voucher program in the Antelope Valley from 2004 to at least 2011. The Parties will negotiate the exact amount of monetary damages.

In addition to monetary compensation, HACoLA will continue to explore the circumstances of individual voucher holders whose vouchers were terminated between 2004 to at least 2011 in the Antelope Valley, and determine whether, where appropriate, such individuals can practically and feasibly have their vouchers reinstated and/or have their record of termination deleted from their file so that their future eligibility for a voucher is not impacted.

6. Civil Penalty.

HACoLA will pay a civil penalty to the United States to vindicate the public interest. The Parties will negotiate the exact amount of the civil penalty.

7. Reporting and Record-Keeping Requirements.

HACoLA will provide the United States with periodic reports that evidence HACoLA's compliance with the specific requirements of the Final Settlement Agreement, including evidence of training, evidence of the revision of the non-discrimination policy, and evidence of the adoption and implementation of revised Investigation Protocols. HACoLA also will retain all records relating to any provision of the Final Settlement Agreement, for the duration of the agreement, and the United States shall have the opportunity to inspect and copy these records after giving reasonable notice to HACoLA.

8. Timing.

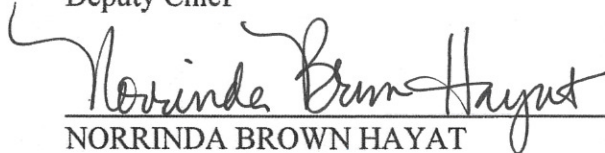
The Parties both agree that they are committed to working together to reach a Final Settlement Agreement and seek court approval in as expeditious manner as possible, so that the important work of implementing reforms can begin. The Parties intend to have completed negotiations, including securing approval by the Los Angeles County Board of Supervisors, on the Final Settlement Agreement by August 30, 2013, or such later date as may be agreed to by the Parties.

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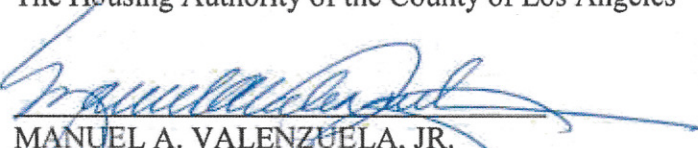


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