

The Building Homes and Jobs Trust Fund, established by SB 2 (2017) through a \$75 recording fee on all real estate documents, is the state's first permanent source of funding for housing. In 2020, the California Department of Housing and Community Development (HCD) released the inaugural Notice of Funding Availability (NOFA) for the Permanent Local Housing Allocation (PLHA), which is funded by SB 2 revenue. The SB2/PLHA Program's primary objective is to address the state's housing shortage and high housing costs. Entitlement jurisdictions such as the City of Los Angeles are required to submit a five-year plan application and an adopted Resolution for the 2019-2024 funding cycle. Each jurisdiction's annual allocation is determined by the amount of real estate transaction fees generated at the state level.

On July 1, 2020, the Mayor and City Council adopted the Los Angeles Housing Department's (LAHD) five-year SB 2/PLHA plan and Resolution. The percentage allocations for the City's approved activities are as follows: New Construction (44%), Preservation (22%), Homeownership Assistance (20%), Eviction Defense Program Rental Assistance (5%) and LA ADU Accelerator Program (4%), and a 5% cap towards administrative costs. Under Council File 19-0685 and 19-0685-S1, the City Council authorized encumbering Years 1 and 2. The State has expenditure deadlines for each year's SB2/PLHA spending plan. The deadline for expenditure under Year 1 is April 30, 2024. As such, LAHD must spend down all funds disbursed for that funding year by the deadline in order to be compliant with the legislative requirement and to remain eligible to receive funds in future years.

Due to market challenges, LAHD has prioritized new construction projects for the remainder of the Year 1 SB 2/PLHA funds, deviating from the original plan approved by City Council and HCD. The Department has determined this is the most cost effective and impactful path to creating new housing to address the City's homelessness crisis. LAHD anticipates funding more preservation projects in the City's next program year.

In order to spend down the state funds by the SB2/PLHA expenditure deadline, LAHD has notified the state of the allocation change and recommends that the remaining Year 1 SB2/PLHA program funds finance two projects with Affordable Housing Managed Pipeline commitments.

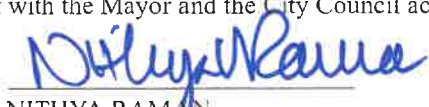
I THEREFORE MOVE that the City Council, subject to the approval of the Mayor,

1. AUTHORIZE the City Controller to:

- a. Deobligate \$5,570,831 for project Central Avenue Apartments from HOME/561 43V800-AHMP and \$5,570,832 for project The Carlton from HOME/561 43V800-AHMP as per Council File 22-0876.
- b. Deobligate \$5,252,761 in SB2/64R-43V726-Rental new construction and \$1,213,986 in SB2/64R 43V724-preservation funds from the PHK3 Council File 21-0112-S3.
- c. Obligate \$2,686,678 in SB2/64R-43V726-Rental new construction and \$2,884,153 in SB2/64R-43V724 preservation funds for project Central Ave Apartment.
- d. Obligate \$2,686,679 in SB2/64R-43V726-Rental new construction and \$2,884,153 in SB2/64R-43V724 preservation funds for project The Carlton.
- e. Obligate \$6,466,747 in HOME/561 43Y800-AHMP for PHK3.
- f. Disencumber \$120,596 FROM City Contract C-139995 with ONEgeneration funded by SB2 Permanent Local Housing Allocation Fund No. 64R account 43VB50-ADU Accelerator Program.
- g. Transfer \$120,596 from 43VB50-ADU Accelerator Program to 43V723-Rental New Construction within the SB 2 Permanent Local Housing Allocation Fund No.64R.

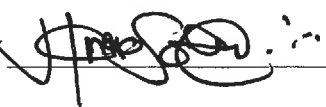
2. AUTHORIZE the General Manager of LAHD, or designee, to prepare the Controller instructions and any necessary technical adjustments consistent with the Mayor and the City Council actions and instruct the Controller to implement the instructions.

Presented by:


NITHYA RAMANI

Councilmember, 4th District

Seconded by:





FEB 14 2024

ORIGINAL

City of Los Angeles

AUTHORIZING RESOLUTION

The City Council of the City of Los Angeles and Mayor hereby designate the Los Angeles Housing Department ("LAHD") as the City of Los Angeles official applicant Agency for the State of California Permanent Local Housing Allocation Program. The City of Los Angeles hereby consents to, adopts and ratifies the following resolution:

WHEREAS, the State of California Department of Housing and Community Development ("HCD") is authorized to provide up to \$195 million under the SB 2 Permanent Local Housing Allocation Program Formula Component from the Building Homes and Jobs Trust Fund for assistance to Cities and Counties (as described in Health and Safety Code section 50470 et seq. (Chapter 364, Statutes of 2017 (SB 2))).

WHEREAS the State of California (the "State") and HCD issued a Notice of Funding Availability ("NOFA") dated 02/26/2020 under the Permanent Local Housing Allocation (PLHA) Program;

WHEREAS Applicant is an eligible Local government applying for the program to administer one or more eligible activities, or a Local or Regional Housing Trust Fund to whom an eligible Local government delegated its PLHA formula allocation.

WHEREAS the HCD approved funding allocations for the PLHA Program, based on the terms and conditions listed in the Guidelines, NOFA, Program requirements, the Standard Agreement and other contracts between the HCD and PLHA grant recipients;

WHEREAS Applicant recognized an immediate need to fill the permanent housing gap by amending the 5-year plan, so LAHD sought and obtained consent from HCD to amend the funding amounts stated in the 5-year plan to fulfill a more pressing need;

WHEREAS the LAHD has recommended funding allocations outside of the originally adopted Los Angeles City Council 5-year plan for the PLHA Program by amending the original amount dedicated to the preservation set aside and increasing the rental new construction program category from 44 percent to 66 percent for the 2019 (Year 1) allocation.

NOW THEREFORE BE IT RESOLVED THAT:

1. The Applicant reallocates \$5,768,306 of Year 1 SB 2 PLHA funds from the Preservation category of the 5-year plan to the Rental New Construction category for projects currently admitted to the Affordable Housing Managed Pipeline.

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately upon its passage

PASSED AND ADOPTED at a regular meeting of the City of Los Angeles this
_____ day of _____, _____ by the following vote:

AYES: _____ ABSTENTIONS: _____ NOES: _____
ABSENT: _____

CERTIFICATE OF THE ATTESTING OFFICER

The undersigned, City Clerk does hereby attest and certify that the attached Resolution is a true, full and correct copy of a Resolution duly adopted at a meeting of said City Council which was duly convened and held on the date stated thereon, and that said document has not been amended, modified, repealed or rescinded since its date of adoption and is in full force and effect as of the date hereof.

City of Los Angeles

DATE: _____

Clerk's Signature

Type or Print Clerk's Name