

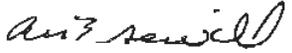
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

C.F. 23-0038
0220-00540-1650

Date: March 17, 2023

To: Mayor
City Council

From: Matthew W. Szabo, City Administrative Officer 

Ann Sewill, General Manager, Los Angeles Housing Department 

Subject: **COUNCIL MOTION (C.F. 23-0038) – REPORT FROM THE LOS ANGELES HOUSING DEPARTMENT AND CITY ADMINISTRATIVE OFFICER REGARDING IMPLEMENTATION OF UNITED TO HOUSE LA (MEASURE ULA)**

SUMMARY

The General Manager of the Los Angeles Housing Department (LAHD) and the City Administrative Officer (CAO) respectfully submit this report in response to the Raman-Hernandez-Harris-Dawson Motion (C.F. No. 23-0038) regarding the implementation of the ballot measure United to House LA (Measure ULA). Measure ULA was adopted by voters in November 2022. In particular, the motion, which was approved by City Council on February 22, 2023, directs LAHD and CAO, with the assistance of other relevant departments, to report on:

1. Foundational guidelines and resources needed to effectively implement Measure ULA, including an analysis of how to utilize existing vacant positions and any new positions required, alongside a robust recruitment and hiring strategy to fill all positions;
2. Strategies for continued consultation with community-based organizations, advocacy groups, and experts in the field, including the authors of the ballot measure;
3. Plans to begin collecting ULA revenue beginning April 1, 2023,
4. A plan for the expenditure of up to \$500,000 (as detailed in Measure ULA and to be paid back in full from future Measure ULA revenue) to establish the House LA Fund and House LA Program, including establishment of the Oversight Committee, as soon as possible, prior to April 1, 2023; and
5. Existing City, County, State, or federal funds – including the City's General Fund or Reserve Fund – that could be utilized to effectively and expeditiously support rent relief, homelessness prevention, and affordable housing programs prior to Measure ULA revenue becoming available.

This report outlines the steps required by Measure ULA for implementation as well as the related strategy for such implementation in light of the recent legal challenges to the measure.

BACKGROUND

In November 2022, Los Angeles City voters approved Measure ULA, a ballot measure intended to provide ongoing revenue dedicated to addressing – and ultimately ending – housing insecurity and homelessness in the City. Measure ULA mandates a number of programs intended to increase the production and preservation of affordable housing, and to expand homelessness prevention programs throughout Los Angeles. To do so, Measure ULA establishes a transfer tax of 4 percent on the sale of property valued over \$5 million and 5.5 percent on property sales valued over \$10 million. According to Measure ULA, the tax will be collected beginning on April 1, 2023, and unlike other sources of funding for affordable or supportive housing and homelessness services, the tax will remain in effect unless Measure ULA is repealed. The most recent estimate from the CAO is that Measure ULA may generate up to \$672 million in Fiscal Year (FY) 2023-24.

Measure ULA took effect on January 1, 2023, and as described in more detail in this report, it includes several required actions to be taken by the City within the current fiscal year and in advance of the expenditure of Measure ULA funds. Since its effective date, two lawsuits have been filed challenging the legality of Measure ULA, one in Los Angeles Superior Court and one in Federal District Court. Additionally, a California statewide ballot measure, called the Taxpayer Protection and Government Accountability Act, recently qualified for the 2024 ballot. This measure would invalidate Measure ULA and other similar local measures passed in California between January 2022 and November 2024, and it would apply to future taxes.

Because the Taxpayer Protection and Government Accountability Act applies prospectively, it is anticipated that the taxes collected under Measure ULA beginning April 1, 2023, would not need to be refunded as a result of this measure. However, the collected taxes would need to be refunded regardless of the measure passing if the City loses in the pending litigation and Measure ULA is invalidated. Until there is a court order to stay implementation or a decision that invalidates the measure, the City is mandated to implement Measure ULA in accordance with its provisions. The Mayor and City Council, however, would need to decide if they are willing to risk expending an amount of the tax collected on priority projects before the court cases are resolved.

This report provides an overview of Measure ULA, describes the programs that the measure establishes, and includes the strict timelines and detailed requirements contained in the measure for both LAHD and the City. Given the pending litigation and uncertainty surrounding the future ballot measure, the City must balance the need for immediate action to comply with the provisions of Measure ULA with the need to carefully plan for its long-term implementation. Therefore, the immediate staffing recommendations in this report only include positions that can be supported by existing LAHD funding resources that will be available to support these positions even if the City does not prevail in the litigation.

LAHD is requesting a total of six positions, to be authorized and funded this fiscal year, and immediately filled through existing hiring processes. These positions, if approved, will support the launch of Measure ULA and also help to support LAHD's expanded obligations under the tenant protection and landlord support ordinances and the recent Mayoral Executive Directives.

Future reports will include the proposed program design and guidelines, the first Measure ULA expenditure plan, which will inform the development of a full implementation hiring plan, and staffing and resources needed for the operation of the Citizens Oversight Committee (COC) established by Measure ULA.

RECOMMENDATIONS

That the City Council, subject to the approval by the Mayor:

1. AUTHORIZE the Controller to:

- a. Establish a new interest-bearing fund entitled “United to House LA” for the receipt and disbursement of Measure ULA (United to House LA) funds, to be administered by LAHD.
- b. Establish a new appropriation account 43WC83 - United to House LA (ULA) Administration Reserve within the Affordable Housing Trust Fund No. 44G/43.
- c. Transfer \$500,000.00 within the Affordable Housing Trust Fund No. 44G/43 from Account No. 43W411 - Unallocated to the following accounts, which will be reimbursed to the Affordable Housing Trust Fund by Measure ULA funding as part of the Fiscal Year 2023-24 expenditure plan:

Account No.	Account Title	Amount
43W143	Housing Department	\$132,701.25
43W299	Reimbursement of General Fund Cost	\$53,169.61
43WC83	United to House LA (ULA) Administration Reserve	\$314,129.14
	Total	\$500,000.00

- d. Increase appropriations in the amount of \$132,701.25 for the following accounts within the LAHD Fund 100/43:

Account No.	Account Title	Amount
001010	Salaries General	\$80,609.78
001070	Salaries, As-Needed	\$10,000.00
006010	Office and Administrative	\$30,000.00
006030	Leasing	\$12,091.47
	Total	\$132,701.25

- e. Expend funds not to exceed \$500,000 upon proper demand of the LAHD General Manager or designee.
2. AUTHORIZE LAHD General Manager, or designee, to prepare Controller instructions and make necessary technical adjustments consistent with the Mayor and Council actions, subject to the approval of the CAO and instruct Controller to implement these instructions.
3. AUTHORIZE by resolution, subject to allocation by the Board of Civil Service Commissioners, the addition of the following positions: one Senior Housing Planning and Economic Analyst (8505-0), one Public Information Director I (1800-1), one Housing Planning and Economic Analyst (8504-0), one Data Analyst I (1779-1), one Public Relations Specialist I (1785-1), and one Graphics Designer I (1670-1), subject to pay grade determination by the City Administrative Officer (CAO), Employee Relations Division (ERD), for the purpose of initiating the creation and implementation process of the House LA Programs, including the establishment of the House LA Citizens Oversight Committee and Tenant Council.
4. INSTRUCT LAHD to coordinate with the Personnel Department and the CAO's ERD to establish the appropriate classification and related actions for the Inspector General role/position.

OVERVIEW OF MEASURE ULA

Measure ULA establishes specific programs on which the collected revenues must be spent, as well as the percentage of annual revenue that may be used to administer the various programs. These programs, referred to in the measure as "House LA Programs" are primarily an expansion of work that LAHD and other City Departments are already implementing. However, as noted below, Measure ULA does establish some programs that are new to the City or that require different departmental organization or staffing.

While Measure ULA contains very detailed directives regarding how it shall be implemented and what programs shall receive funding, the ordinance does contain a provision to allow the City Council to amend the ordinance if certain requirements are met. Any amendments: (1) shall further the intent and purpose of the measure, (2) shall not increase the tax, and (3) shall not diminish the prevailing wage or Project Labor Agreement requirements. Pursuant to the measure's language, the City Council must provide the COC an opportunity to review the proposed amendments before an amendment can be adopted. If the COC determines that an amendment does not meet the intent or purpose of the measure or is not consistent with the expenditure plan, the City Council shall make written findings supported by substantial evidence to justify moving forward.

Scope and Impact of Measure ULA

Measure ULA creates a funding source that will be transformative in the affordable housing and homelessness prevention work that the City will be able to accomplish because it is a significant increase in resources that are currently available for such work. Based on recent CAO projections, it is estimated that Measure ULA will generate approximately \$672 million in the next fiscal year. According to the measure, up to 8 percent of the revenue collected shall be used to

administer the House LA Programs and related requirements of Measure ULA, including the COC. Of the remaining revenue, 70 percent shall be spent on Affordable Housing programs and 30 percent shall be spent on Homelessness Prevention Programs. These programs are specifically set forth in the measure, including the percentage of revenue to be dedicated to each, and are described below.

Assuming \$672 million in revenue in the first fiscal year, Measure ULA would generate approximately \$433 million for Affordable Housing Programs, \$185 million for Homelessness Prevention Programs, and \$53.7 million for administration of all Measure ULA requirements, which includes a minimum of \$1.6 million (3 percent of the administrative funding) dedicated to the operation of the COC.

For context, LAHD currently administers a budget of \$100 million per year in capital for production of affordable and supportive housing, none of which is from the General Fund or otherwise unrestricted funding. Proposition HHH funding doubled that for the past six years, but is now almost all committed. As projected, Measure ULA will quadruple the capital budget, resulting in a significant increase in production. Measure ULA will also establish an ongoing, permanent source of funding for homelessness prevention programs, including short-term rental assistance, eviction defense, and tenant anti-harassment, to replace one-time, emergency federal funding to address the COVID-19 pandemic as well as unfunded City mandates.

For example, funding for Eviction Prevention will increase eightfold from \$10 million to an estimated \$82.8 million in the first fiscal year, allowing expansion of the existing pilot program to a permanent program with resources to assist eligible renters citywide. Additionally, Measure ULA provides approximately \$52.1 million for implementation of the measure's requirements. For scale, LAHD's current annual operating budget is approximately \$89 million. With an additional approximately \$52.1 million in operating and administrative revenue, it is clear that Measure ULA contemplated an increased workload for the City with a corresponding need for additional staffing and implementation resources. After the program guidelines are developed, LAHD, in coordination with other departments, will report to City Council with the staffing plans necessary for implementation of that House LA Programs.

House LA Programs

Measure ULA establishes a total of 11 programs, within nine funding categories specified in the measure. Of the 11 programs, six programs are focused on the production and preservation of affordable housing, and five programs are focused on the prevention of homelessness. Measure ULA requires that guidelines for each program be approved by the COC, the City Council, and Mayor, and that streamlining measures are implemented within the framework of the guidelines. Measure ULA specifies the percentage of revenue that shall be dedicated to each funding category, with the majority of funding dedicated to the production and acquisition of affordable housing.

Measure ULA also specifies the requirements for projects to qualify for House LA Program funding. The House LA Program funding eligibility and other applicable funding provisions are detailed in **Attachment A**.

The majority of the House LA Programs are expansions of existing work that LAHD and other City departments are currently doing. A few of House LA Programs are new and will need additional staffing or structural resources within LAHD and/or in other City departments to effectively implement Measure ULA.

Affordable Housing Programs

Measure ULA establishes six Affordable Housing Programs, within four funding categories, and allocates 70 percent of the funding to these programs. The Affordable Housing Program categories are listed below, along with the percentage allocations, and whether they are new programs for the City or expansions of existing LAHD work. The programs are described in more detail in **Attachment B**.

1. Multifamily Affordable Housing – expansion of existing LAHD programs.
2. Alternative Models for Permanent Affordable Housing – LAHD has funded several innovate housing models, but this would be the first time the Department would have a flexible source of funding for alternative and innovative housing programs.
3. Acquisition and Rehabilitation of Affordable Housing – expansion of existing LAHD programs.
4. Homeownership Opportunities – expansion of existing LAHD program.
5. Capacity-Building for Land Trusts, Tenant, and Nonprofit Owners – new program.
6. Operating Assistance – new program.

The Multifamily Affordable Housing and Alternative Models for Permanent Affordable Housing are each allocated between 22.5 to 25 percent (for a total of up to 50 percent) of the Affordable Housing Program funding. The Acquisition and Rehabilitation of Affordable Housing is allocated 10 percent of the funding. The last three programs share an allocation of 10 percent, of which at least 50 percent must be for Operating Assistance, 10 percent must be for Capacity Building, and up to 40 percent may be for Homeownership Opportunities.

Homelessness Prevention Programs

Measure ULA establishes five Homelessness Prevention Programs, within five corresponding funding categories, and allocates 30 percent of the program funding to these programs. The Homelessness Prevention Program categories are listed below, along with the percentage allocations, and whether they are new programs for the City or expansions of existing LAHD and/or other departments' work. The programs are described in more detail in **Attachment C**.

1. Short-Term Emergency Assistance – The Community Investment for Families (CIFD) Department provides short-term rental assistance to low-income families through its Family Resource Centers, which provides a model for this type of program.
2. Income Support for Rent-Burdened At-Risk Seniors and Persons with Disabilities – new program.
3. Eviction Defense/Prevention – expansion of existing LAHD programs.
4. Tenant Outreach and Education – expansion of existing LAHD programs.
5. Protection from Tenant Harassment – expansion of existing LAHD programs.

Short-Term Emergency Assistance is allocated five percent of the Homelessness Prevention Program funding. The Income Support for Rent-Burdened At-Risk Seniors and Persons with Disabilities Program and the Eviction Defense/Prevention Program are each allocated 10 percent of the funding. Tenant Outreach and Education is allocated two percent, and Protection from Tenant Harassment is allocated three percent.

The measure also requires that LAHD establish a Tenant Council to advise the Department on program implementation and strategies. The Tenant Council shall be composed of fifteen tenants or homeless individuals living in the City, from each Council District. Costs for staffing and stipends for Tenant Council members shall be covered from the Measure ULA Administration allocation.

GUIDELINES & RESOURCES NEEDED TO EFFECTIVELY IMPLEMENT MEASURE ULA

The motion directs LAHD and the CAO to report on the foundational guidelines and resources needed to effectively implement Measure ULA, including analysis of staffing needs, available staffing resources, a plan for filling the positions, a plan for expenditure of up to \$500,000 on resources necessary to launch Measure ULA prior to the start of revenue collection, and the plan for beginning such revenue collection. This section addresses these directions from the motion.

Requirements and Deadlines for Implementation

Measure ULA mandates a number of key milestones and immediate necessary actions that the City and LAHD must take to comply with its requirements. Where dates or time frames are specified, they are included below.

1. Citizens Oversight Committee created. The Mayor must appoint the COC members by February 28, 2023. LAHD is required to provide a list to the Mayor of at least three candidates for each COC seat in advance of the appointment deadline. Appointments are subject to approval by the City Council. Details regarding the purpose, authority, and structure of the COC are included in **Attachment D**. The Mayor sent the list of appointees to the City Council on February 28, 2023, and the Housing and Homelessness Committee of the City Council approved the nominations at its meeting on March 15, 2023. The nominations will be forwarded to the full City Council for approval.
2. House LA Fund created. Before tax revenue is distributed to the City, the City shall create the House LA Fund, which is exclusively for Measure ULA revenues. Unspent funds from any fiscal year do not revert to the General Fund, and income generated from any House LA programs are to be redeposited into the House LA Fund. According to Measure ULA, the House LA Fund is to be administered by the General Manager of LAHD. The recommended actions in this report would establish the fund.
3. Revenue collection begins. The City's Office of Finance (Finance) has been coordinating closely with Los Angeles County, which collects Documentary Transfer Tax for the City. The new tax rates will be implemented on April 1, 2023, and the City expects to receive its first funds from the County in late May 2023 as part of the Monthly Documentary Transfer Tax remittance. Finance is evaluating options for enforcing and auditing tax payments, as this is a new tax expected to generate significant revenue, and the County does not provide any capacity for ensuring that Documentary Transfer Tax is correctly

paid. The other local jurisdictions (Santa Monica and Culver City) that have graduated transfer tax have contracts with outside entities to verify compliance.

4. Tenant Council created. LAHD must establish a Tenant Council, to be appointed by the Mayor, subject to approval by the City Council. The Tenant Council will consist of 15 members, one per Council District, each of whom are either a tenant or a person experiencing homelessness.

Measure ULA requires additional actions to be taken after the COC is created:

5. COC to hire Inspector General. The COC will hire an Inspector General (IG) who is to serve as the COC's lead staff person. The IG may hire and retain staff as needed to ensure proper support for the COC, subject to budgetary limits set forth in the measure. Given the pending legal challenges, LAHD and CAO recommend that the COC duties be absorbed by existing staff or the requested staff, and/or supported by contracted services as needed for the current fiscal year since the COC would only meet twice before July 1, 2023, to develop and approve Measure ULA program design guidelines and a FY 2023-24 expenditure plan. This report recommends that the City initiate the position and classification process for the IG position immediately.
6. COC to convene meetings. The COC must meet at least six times per fiscal year, except for FY 2022-23, in which the COC is only required to meet twice prior to July 1, 2023.
7. Submit Revenues and Expenditure Plan. By July 1, 2023, LAHD must submit an expenditure plan for FY 2023-24 to the COC, the City Council, and Mayor. Every subsequent July 1, LAHD must submit to the COC and City Council the revenues collected in the previous fiscal year, along with an expenditure plan for implementation at the start of each new fiscal year. Each annual expenditure plan must include revenue and expenditure projections for at least three fiscal years.
8. Program Guidelines prepared by COC and submitted to City Council. LAHD must work with the COC to provide program guidelines for the COC's consideration and review. The COC shall provide the guidelines for review and approval by the Mayor and City Council. The Mayor and City Council have up to 120 days to act or the guidelines are deemed approved.

Immediate Staffing Needs to Launch Measure ULA

Assuming the City is successful in the pending litigation, Measure ULA represents a transformational opportunity for Los Angeles and LAHD. It will be the single largest, continual source of funding for affordable housing production and homelessness prevention in the City, and it would provide the City with the resources and the responsibility to properly staff the implementing departments so the intent of Measure ULA can be realized. Meanwhile, as described above, the City has immediate obligations to properly launch Measure ULA, regardless of the pace or process of the litigation. Toward that end, LAHD has assessed its short-term capacity needs.

The Department's internal gap analysis shows that LAHD lacks meaningful capacity or infrastructure for proactive stakeholder engagement, governmental and external affairs, strategic program planning and policy development, strategic and multi-platform communications, data-informed performance analysis, and research and predictive analytics.

These significant core capabilities are very limited at LAHD compared to housing departments in other major cities or other large City departments. Absent immediate approval and action to address these gaps, LAHD and the City will not be able to effectively launch and start implementation of Measure ULA.

These capacity challenges existed before ULA and had a material impact on LAHD's ability to effectively implement past programs. For example, while Proposition HHH ultimately provided more units, ahead of schedule, and at a lower City subsidy per unit than initially projected, LAHD and the City have been unable to effectively counter public perception that Proposition HHH failed to meet its goals and objectives. That is a consequence, at least in part, of LAHD's limited communications, external affairs, and research and data infrastructure.

Additionally, these pre-existing capacity gaps have been compounded, in real time, by new programs, some of which have been advanced even since the motion requesting this report was introduced. For example, since 2016, LAHD has added implementation of Proposition HHH, compliance with the Accessible Housing Program (AcHP) settlement agreements, compliance with Senate Bill (SB) 330 and SB 8 requirements for replacement housing on multifamily development, and an aging portfolio of troubled assets. Most recently, Council and the Mayor enacted tenant protection ordinances and the Mayor issued Executive Directive No. 1, which significantly streamlines the production of affordable housing. All of these new and expanding programs merited meaningful consideration in LAHD's short-term Measure ULA gap analysis because the capability deficiencies identified relative to the Measure ULA launch mirror existing gaps relative to these expanding and new programs. As an example, LAHD currently lacks an effective outreach and communications infrastructure. LAHD currently has in-lieu authority for one Public Information Director (PID) I position and resolution authority for one Graphics Designer I position, as compared with other City departments, such as City Planning, that have entire communications, outreach, and visual media teams. If not addressed, this lack of sufficient external communications capability may severely hamper LAHD's ability to launch Measure ULA and meet its expanded obligations under the tenant protection and landlord support ordinances.

Therefore, LAHD is requesting by resolution the addition of six positions to be filled right away. Funding for the six positions would be supported by existing LAHD's resources. Because these staff resources are needed even if the Measure ULA litigation is not successful, LAHD will continue to support the funding of these positions with existing Department resources.

The six positions include one Senior Housing/Planning Economic Analyst (HPEA), one PID I, one Public Relations Specialist I, one Data Analyst I, one Housing/Planning Economic Analyst, and one Graphics Designer II, subject to pay grade determination by the CAO's Employee Relations Division. The proposed Senior HPEA would report to the General Manager and Executive Officer and oversee a team coordinating stakeholder engagement, strategic communications, outreach, external affairs, and data/performance management functions. The team will develop and execute a proactive community engagement program, regularize and structure government affairs, and develop and implement a proactive messaging campaign around Measure ULA and other LAHD programs, while also handling regular media inquiries and management. Additionally, the team will oversee data compilation and predictive analytics around internal and external programs, develop collateral materials, implement a robust social presence, and facilitate public education around the Department's programs.

Hiring Strategy

The City Council motion directed LAHD to address how its 158 existing vacancies may be used in implementing Measure ULA and to propose a hiring strategy to ensure the positions necessary for Measure ULA implementation are filled. Filling existing vacancies is a priority for LAHD to manage its existing workload and to meet the expectations and needs of the affordable housing development community. Therefore, relying on existing vacancies for Measure ULA implementation would not allow LAHD to meet its existing responsibilities.

While LAHD has been actively working to fill the existing vacancies, like other City departments, LAHD has faced significant challenges in hiring. LAHD has been working closely with the Personnel Department on a hiring plan to fill all vacancies, other than those required to be held vacant for salary savings. Currently, LAHD is in recruiting and hiring stages for every vacancy within the Department that has an active list of qualified candidates.

As it relates to the newly requested positions for immediate implementation, LAHD either does not currently have the requested classifications in the Department or does not have available vacancies for those positions. The only vacancies in the six classifications requested are a HPEA position that is currently vacant and a recent vacancy in a Senior HPEA position, both of which are in the Public Policy and Research Division and are necessary to support that existing critical housing policy work related to Affirmatively Furthering Fair Housing, implementation of Housing Element programs, inclusionary housing, linkage fee updates, and tenant protections policy and evaluation work. The Measure ULA programs will add the need to support program operations staff in research, analysis and evaluation of alternative models, outreach and education programs, alternative forms of ownership, and other programs funded by the measure.

Therefore, LAHD requests approval of the immediately needed positions, and will coordinate with the Personnel Department to allocate the positions through the Civil Service Commission on an expedited basis. LAHD can then use existing hiring processes to quickly fill the six positions as described above.

PLAN FOR EXPENDITURE OF UP TO \$500,000 (FY 2022-23)

The measure allows for the Department to incur expenditures of up to \$500,000 of funds (to be reimbursed via the expenditure plan for Fiscal Year 2023-24) for the implementation and launch of the Measure ULA program. As described above, immediate Measure ULA mandates and requirements will necessitate the expedited staffing of the requested positions who will focus on meeting Measure ULA obligations and establishing the foundation for full implementation.

The FY 2022-23 cost of the six requested positions and needed contracted resources is approximately \$500,000. If authorized through this transmittal, the Affordable Housing Trust Fund will be utilized to front-fund these costs. The Affordable Housing Trust Fund will be reimbursed by Measure ULA funding as part of the Fiscal Year 2023-24 expenditure plan. In the event the City is unsuccessful in the Measure ULA litigation, these positions will be supported on an ongoing basis with other LAHD funds, enabling the necessary work of these positions to continue.

CONSULTATION WITH COMMUNITY BASED ORGANIZATIONS, ADVOCACY GROUPS, AND EXPERTS IN THE FIELD, INCLUDING MEASURE ULA AUTHORS

The motion directs LAHD to report on strategies for continued consultation with various stakeholder groups, which will assist in ensuring effective implementation of Measure ULA.

Since the adoption of Measure ULA, LAHD has been working with the Measure ULA Coalition, other community organizations, and various stakeholders. On February 3, and February 10, 2023, LAHD partnered with the Southern California Association of Nonprofit Housing (SCANPH) to conduct two stakeholder meetings to solicit feedback on program guidelines for the House LA Program expenditure categories. Over 11,000 people and organizations were invited to these sessions, including tenant organizations, Planning and Land Use Committee members from Neighborhood Councils, Chambers of Commerce, Business Improvement Districts, housing provider networks, grassroots community organizations, labor organizations, and stakeholders representing commercial and residential property owners.

The response was substantial. For the first meeting, focused on the Affordable Housing programs, 315 attendees joined. At the second, focused on the Homeless Prevention programs, 176 people attended. Feedback from those meetings, as well as from an online questionnaire for those who could not attend, is currently being compiled.

LAHD has also been holding regular meetings and seeking feedback from the Measure ULA Coalition responsible for drafting the original ballot measure, as well as from housing providers, developers, labor unions, and other organizations and stakeholders. Moving forward, LAHD will continue proactive engagement with all of these stakeholders, including stakeholders subject to the tax, given their crucial role in the successful implementation of Measure ULA. It is critical to note that external affairs and community engagement is not adequately staffed in LAHD, which has resulted in the undermining of public perception and confidence in LAHD's efforts to deliver on the City's goals of providing affordable and supportive housing to those who need it in the City. This has a material impact in that it compromises partnership, shared responsibility, and accountability.

The requested positions will allow LAHD to begin establishing basic public and external affairs infrastructure to, among other things, maintain and elevate LAHD's partnership with the community, stakeholders, public and governmental entities, and the media. This engagement is crucial to the success of not only Measure ULA and the recently-enacted tenant protection/landlord support ordinances, but for LAHD's mission overall.

The ongoing stakeholder engagement strategies envisioned by LAHD include: regular check-in meetings with the Measure ULA Coalition, service providers, advocacy groups, impacted labor unions, tenant rights organizations, housing providers, and developers. These meetings will be informal and formal, and serve as a means to hear real-time, on-the-ground feedback as programs are ultimately implemented. This feedback loop will be crucial to ensuring that Measure ULA is flexible in implementation, even if prescriptive in its expenditure planning.

Additionally, LAHD will collaborate with the COC and Tenant Council, maintaining regular communications so that LAHD and the City benefit from the on-the-ground insight clearly intended by Measure ULA in the composition of these two bodies.

EXISTING CITY, COUNTY, STATE, OR FEDERAL FUNDING CURRENTLY AVAILABLE FOR RENT RELIEF, HOMELESSNESS PREVENTION, AND AFFORDABLE HOUSING PROGRAMS

The motion directs the CAO and LAHD to report on existing sources of funding, including City, County, State, and Federal funding, that would enable the City to immediately begin implementing homelessness prevention programs anticipated by Measure ULA, even before Measure ULA funding becomes available.

The City, County, State, and Federal sources available for housing and homelessness prevention programs are already being used to finance interim and permanent housing, support rental assistance, and for other eligible services. LAHD and CAO will report back to the Mayor and Council with a list of funding sources available, the amount available, and the eligible uses of those funds in a separate report. Absent the availability of special funds, the only available funding source to support Measure ULA implementation would be the General Fund. LAHD and CAO will report back to the Mayor and Council once the Measure ULA program design is ready for consideration and approval, and will discuss the potential General Fund impact should the Mayor and Council choose to recommend that General Fund be allocated to certain Measure ULA programs if the legal challenges have not been resolved.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund as a result of the recommendations in this report. If authorized, funding from the Affordable Housing Trust Fund No. 44G will be utilized to front-fund the cost of the resources requested to launch Measure ULA. If the legal challenges are resolved in the City's favor, the Affordable Housing Trust Fund will be reimbursed by Measure ULA funding as part of the Fiscal Year 2023-24 expenditure plan. If legal challenges are not resolved in the City's favor, LAHD will absorb the ongoing costs of the requested positions within its existing funds on an ongoing basis.

ATTACHMENT A REQUIREMENTS FOR HOUSE LA PROGRAM FUNDING ELIGIBILITY AND ADDITIONAL PROVISIONS

FUNDING ELIGIBILITY PROVISIONS

Measure ULA establishes specific requirements for projects to qualify for funding under the various House LA Programs. Funded projects must comply with the following:

Affordability

Units in funded projects must be affordable to and occupied by Acutely Low Income, Extremely Low Income, Very Low Income, or Low Income Households with two exceptions: (1) projects in the Alternative Models category may allow up to 20 percent of units to be unrestricted as to income level if necessary for the project's financial viability, consistent with LAHD criteria to be determined, and (2) projects in the Acquisition and Rehabilitation category in which existing residents' income level exceeds the required income limits for the project so as to avoid permanent displacement of those tenants. In those instances, full affordability requirements will be met over time through unit turnover.

Covenants

Each property and unit in the Multifamily, Alternative Models and Acquisition and Rehabilitation categories must be subject to an LAHD-approved affordability covenant meeting the aforementioned income levels. Resale of funded rental properties is limited to Non-profit entities, Limited-Equity Housing Cooperatives and Community Land Trusts; sales/resales of owner-occupied properties must be limited to buyers meeting the covenanted income level of the dedicated unit or Limited-Equity Housing Cooperatives providing for resident ownership and an average affordability, in which case up to 20 percent of the units can be income unrestricted so long as the unrestricted units are not included the average affordability calculation.

All covenants must guarantee affordability levels compliant with the ordinance in perpetuity, unless a traditional 55-year covenant is required for a project to meet eligibility for other funding sources. The affordability restrictions must be covenanted as senior, and not subordinated, to any lien, deed, or trust or condition or restriction attached to the property. This requirement is not typical of most LAHD covenants, and ultimately means that any entity taking title to a funded property, including in foreclosure action, is subject to its affordability restrictions.

Replacement, Relocation, and Right of First Refusal

If a funded project, units, or property currently have residential uses, or have within the previous five years and those units were vacated or demolished, and those units were subject to affordability covenants, those units must be replaced with units at or below the previous affordability thresholds and of equivalent size, consistent with California Government Code Section 65915(c)(3). If existing residents must be temporarily relocated, the developer must provide a relocation plan and those residents must be afforded relocation benefits consistent with existing City requirements. Temporarily relocated residents must also be afforded a right of first refusal for comparable units in the ULA-funded project.

Qualified Applicants

An applicant must demonstrate a history of affordable housing development and/or affordable housing property management experience, as defined by LAHD, to qualify for funding in the Affordable Housing programs. Community Land Trusts and Limited-Equity Housing Cooperatives may qualify without such history or experience if they: (a) partner with experienced non-profit entities, or (b) show staff capacity sufficient to manage and administer the project, as determined by LAHD.

ADDITIONAL PROVISIONS

Measure ULA establishes additional requirements for operation and implementation of the House LA Programs.

Reallocation of Funds

Reallocation of funds and spending priorities is allowed under certain circumstances and conditions. Up to 10 percent of funding for each spending category may be moved to and spent in other categories within the same fiscal year. Beginning on July 1, 2033, and every tenth year thereafter, permanent changes may be made to the expenditure categories so long as no expenditure category receives less than 75 percent of what it received in the previous decade.

In either instance, a reallocation of funds must be recommended by the COC and approved by the City Council. If the City Council denies a recommendation by the COC, or seeks to enact alternative reallocations, it must provide written findings after a duly noticed public hearing, affirming that its action is necessary to meet the intent of the ordinance.

Program Stabilization Fund

Five percent of the House LA Program funds must be annually allocated to address periodic revenue shortfalls for the programs that require an ongoing revenue stream, as advised by LAHD and the COC, subject to the approval of City Council. These programs include project-based Operating Assistance, Income Support for Rent-Burdened At-Risk Seniors and Persons with Disabilities, Eviction Defense, and Tenant Outreach and Education programs.

When the Program Stabilization Fund balance reaches \$200 million dollars, the excess revenue must be evenly distributed between and supplement the Multifamily Affordable Housing and Alternative Models for Permanent Affordable Housing programs. If the Program Stabilization Fund falls below \$200 million, it must be refunded to that amount before additional support for the two programs may resume.

Labor Requirements

Any project receiving House LA Program funds is subject to prevailing wage requirements. All construction and rehabilitation projects of 40 units or more shall be subject to the Los Angeles Department of Public Works Project Labor Agreement. However, if a specific measure-wide Project Labor Agreement is negotiated pursuant to the terms of Measure ULA, then construction and rehabilitation work shall be required to comply with such agreement.

ATTACHMENT B HOUSE LA - AFFORDABLE HOUSING PROGRAMS

Multifamily Affordable Housing (22.5-25%)

Between 22.5-25 percent of the House LA Program funds must be annually allocated to development of supportive and/or affordable housing projects of 40 units or more in conjunction with - and leveraging - other federal, state, and local funding sources such as federal and state low-income tax credits. This program would be an expansion of an existing LAHD program, and as described in the staffing resource section below, would require additional staff to effectively implement.

Alternative Models for Permanent Affordable Housing (22.5-25%)

Between 22.5-25 percent of the House LA Program funds must be annually allocated to the construction of new supportive and affordable rental or mixed rental/homeowner projects of 40 units or more. Projects in this category may also be used for acquisition, rehabilitation, adaptive reuse, lease, preservation and operation of supportive and/or affordable or mixed rental/homeowner projects of any size.

A minimum of 20 percent of a project's units must be reserved for Acutely and/or Extremely Low Income households. Project residents must have a right to participate directly in decision-making around operations and management, and where feasible, the projects should include resident ownership and make use of public land. While LAHD currently undertakes some similar work, this program would be primarily new to the department.

Acquisition and Rehabilitation of Affordable Housing (10%)

Ten percent of the House LA Program funds must be annually allocated to acquisition, preservation, rehabilitation, lease, or operation of existing housing including but not limited to rent-controlled properties, residential hotels, accessory dwelling units and junior accessory dwelling units without existing covenants or with existing covenants that will expire within ten years of project onset, as defined by LAHD.

A majority of units in an acquired and/or rehabilitated property must have been dedicated to Lower Income Households at the time of acquisition, with the exception of properties that served as residential hotels within the five years prior to application for funding, which may be purchased and/or rehabilitated regardless of previous income requirements.

Housing units in this category must be acquired and managed by a public entity, a local housing authority, a non-profit entity, or qualifying Community Land Trust or Limited Equity Housing Cooperative. The funding applicant must submit a plan for engaging residents in management and operations, and LAHD must cooperate, facilitate, and not obstruct plans for tenant ownership. The project must not require additional leveraging of funding if that additional funding would preclude application of these requirements. Funds may also be used to purchase, rehabilitate, install, or construct Accessory or Junior Accessory Dwelling Units as long as they are used for affordable rental or affordable homeownership opportunities.

This program would be an expansion of existing LAHD programs.

Homeownership Opportunities, Capacity-Building, and Operating Assistance (10%)

Ten percent of the House LA Program must be annually allocated to: (1) support single family and cooperative homeownership opportunities and programs, (2) provide capacity-building for Community Land Trusts and other organizations serving, and having representative leadership from disadvantaged communities, and facilitating tenant ownership, and (3) provide Operating Assistance that supports new construction, acquisition, and/or rehabilitation of existing housing in the form of project-based, multi-year rental subsidies, operating subsidies, or service subsidies.

Operating Assistance must not fall below 50 percent of the annual allocations from this category and must prioritize projects that house Acutely or Extremely Low Income tenants and maintain non-profit, Community Land Trust, or shared-equity tenant ownership. Capacity Building must not fall below 10 percent of the allocations from this category. Homeownership Opportunities may use up to 40 percent of the allocations of this category.

While LAHD currently operates a first-time homebuyer assistance program, this program would expand the resources for that work significantly.

The Operating Assistance program will be a significant new resource that will help projects with very low rents to be feasible even if federal rental vouchers are not available.

ATTACHMENT C HOUSE LA - HOMELESSNESS PREVENTION PROGRAMS

Short-term Emergency Assistance (5%)

Five percent of the House LA Program funds must be annually allocated to short-term emergency funding for tenant households at imminent risk of becoming homeless. These funds are meant to stabilize low-income households, and may cover the entirety of rent payments for up to six months. While LAHD implemented rental relief programs as part of COVID-19 relief, this would be a new, permanent program for the City and LAHD.

Income Support for Rent-Burdened At-Risk Seniors and Persons with Disabilities (10%)

Ten percent of the House LA Program funds must be annually allocated to income assistance for rent-burdened, Acutely, Extremely or Very Low Income seniors and/or persons with disabilities at risk of falling into homelessness. This would be a new, permanent program for the City and LAHD.

Eviction Defense/Prevention (10%)

Ten percent of the House LA Program funds must be annually allocated to providing housing-related legal services to Low Income tenants threatened with eviction. This would be an expansion of LAHD's existing eviction defense work.

Tenant Outreach and Education (2%)

Two percent of the House LA Program funds must be annually allocated to providing tenant outreach, education, and navigation services. This would be an expansion of LAHD's existing work.

Protection from Tenant Harassment (3%)

Three percent of House LA Program funds must be annually allocated to funding non-profit organizations and City services to monitor and enforce protections against tenant harassment. At least 30 percent of this category of funding must be used for programs run by non-profit organizations. This would be an expansion of existing LAHD work.

Tenant Council

Unique to the Homelessness Prevention Programs, Measure ULA requires LAHD to establish a Tenant Council of 15 tenants or currently homeless individuals living in the City to monitor and advise LAHD on implementation of tenant protections and help develop strategies to protect tenants' rights. The Tenant Council must meet at least quarterly and include one member from each City Council District. Members will be appointed consistent with the process for establishing and seating the COC, described below, and should reflect economic, housing, and demographic diversity. Members must also be provided a stipend of no less than \$150 per meeting, unless they chose to waive such compensation. Funding for operation of the Tenant Council comes out of the overall administrative funding and does not have a set allocation.

ATTACHMENT D CITIZENS OVERSIGHT COMMITTEE

Measure ULA creates the House LA Citizens Oversight Committee (COC). The COC comprises a total of 15 members, including 13 voting members and 2 non-voting, advisory members. The non-voting advisory members are to be between the ages of 16 and 21. LAHD will provide to the Mayor a list of at least three qualified candidates for each seat. The Mayor is required to appoint one individual per seat - but is not required to choose from LAHD list. The Mayor must make those appointments by February 28, 2023, and the appointments are subject to subsequent approval by the City Council.

The COC will elect its own Chair and Vice-Chair annually, with any member eligible to serve as Chair/Vice Chair for a maximum of three consecutive years. Subcommittees may meet as regularly as necessary.

The COC will meet at least six times annually - with the exception of FY22-23, when they will meet at least twice. Members will be provided a stipend of no less than \$150 per meeting. Members may waive the stipend.

Measure ULA requires that at least 3 percent of the 8 percent of funds allocated for administration of Measure ULA be used for administration of the COC, based on its determination of staffing and resource needs. The COC will hire an Inspector General to serve as its lead staff, and LAHD is required to provide necessary staffing to the COC based on its determination of needs.

Purpose and Authority

The COC is established to help ensure that Measure ULA is implemented transparently and consistent with its intent. The COC is expected to provide recommendations to the Mayor, LAHD, and the Council on program guidelines, priorities, and expenditures as well as all elements of implementation of the House LA Program.

The COC shall monitor and audit the House LA Fund, while also monitoring itself for potential conflicts of interest. Specifically, the COC shall have the authority to:

- Develop program guidelines and prioritize the expenditure of House LA Fund funds. The City Council will have up to 120 of any such recommendations from the COC to either amend those guideline recommendations consistent with the measure or accept them;
- Conduct needs assessments every three years, or more often as needed, to ensure program guidelines and priorities align with the shifting landscape of housing needs and homelessness in the City. The first such needs assessment must be completed by December 31, 2023;
- Contract with a third-party to assess and measure the success and shortcomings of the House LA Programs and conduct an annual external audit;
- Oversee and review reports relative to metrics and data maintained by LAHD relative to: (1) dollars spent on housing and preservation, (2) numbers of people housed, and (3) Angelenos served by the Homelessness Prevention programs. These metrics and data

must be tracked and disaggregated race, family composition, sexual orientation, age, ability and gender;

- Hold public hearings to investigate and share findings;
- Request reports from General Managers of City departments and access to all information relevant to its work;
- Identify and investigate potential conflicts of interest in the expenditure and implementation of House LA funds and programs;
- Hold an annual town hall to report on progress and hear from the public;
- Promote culturally sensitive implementation of House LA programs; and
- Make adjustments to the Program Guidelines based on data, performance metrics and progress toward the purpose of the ULA ballot measure.

Structure

The COC comprises a total of 15 members, including 13 voting members and 2 non-voting, advisory members. Measure ULA specifies requirements for each of the 15 seats, and all members must reside in the City and must file annual statements of economic interest, consistent with the California Political Reform Act. Elected officials from any jurisdiction are ineligible.

- Seat #1: At least five years of experience in senior-level decision making in non-profit affordable housing development and preservation is required.
- Seat #2: At least five years of experience in non-profit asset and property management and operations, ideally including tenant-engaged management practices or resident ownership, is required.
- Seat #3: At least five years of experience in housing finance is required.
- Seat #4: At least five years of experience as a member of a construction labor union involved in workforce development, apprenticeship programs and negotiating Project Labor Agreements on large-scale projects is required.
- Seat #5: At least five years of experience in non-profit Community Land Trusts or community development corporations is required.
- Seat #6: At least five years of experience in transit-oriented development is required.
- Seat #7: At least five years of experience as a tenants rights organizer or advocate working at a community-based organization on behalf of Low Income households is required.
- Seat #8: At least five years of experience as an organizer or advocate working at a community-based organization to address the housing crisis for seniors and/or people with disabilities is required.
- Seat #9: At least five years of experience as a tenants rights or fair housing attorney representing or advocating for tenants is required.
- Seat #10: At least five years of experience as a tenant in a lower income household and/or at least one year experiencing homelessness is required.
- Seat #11: At least five years of experience as a tenant in a lower income household and/or at least one year experiencing homelessness is required.
- Seat #12: At least five years of experience as a representative of a public sector labor union (the members of which struggle with housing costs) is required.

- Seat #13: At least five years experience as a community leader or organizer advocating for high-quality transit near affordable housing and job centers and for identifying mobility options associated with the production of affordable housing is required; and
- Seats #14 & #15: Advisory, non-voting youth members, between 16-21 years of age.

Initial appointments will be staggered - with Seats 5, 6, 9, 13, and 15 serving one-year terms; Seats 3, 4, 8, 12, and 14 serving two-year terms; and Seats 1, 2, 7, 10, and 11 serving three-year terms. Subsequent appointments or reappointments will be initiated with recommendations from COC staff, and they will serve five-year terms. Members may serve unlimited amounts of terms.

Removal

Members of the COC may only be removed for cause. Cause is met when a member:

1. Has more than two unexcused absences within a 12-month period;
2. Has more than three absences in a twelve-month period, even if excused;
3. Fails to actively participate;
4. Acts in conflict with the intent of the measure and ordinance, including opposing the construction or preservation of affordable housing;
5. Disrupts COC meetings and/or violates accepted standards of conduct;
6. Fails to disclose a conflict of interest relative to a decision before the COC; or
7. Violates laws governing the COC, including the Political Reform Act and the Ralph M. Brown Act.

Recusal

COC members must disclose any conflict of interest as determined by the City Ethics Commission. If the member has a financial interest in a decision before the COC, the member must recuse themselves and file a Form 51 with the City Ethics Commission. If a conflict is alleged by COC members or City personnel, the matter shall be reported to the Inspector General (IG) for the COC. The IG will investigate and report back to the COC.