

Communication from Public

Name: Public Counsel

Date Submitted: 06/21/2023 08:51 AM

Council File No: 23-0490

Comments for Public Posting: Please see the attached letter from ACT-LA, Public Counsel, SAJE, and SEACA in support of the motion to change the applicable rent schedule for mixed income Transit Oriented Communities (TOC) projects back to Schedule 6.

June 20, 2023

Los Angeles City Council
Housing & Homelessness Committee
200 N. Spring Street
Los Angeles, CA 90012

RE: CF 23-0490 – LAHD should restore the more affordable “Schedule 6” rent schedule to Mixed Income TOC Projects to avoid hardship on low-income households.

Dear Chair Raman and Honorable members of the Housing and Homelessness Committee

The undersigned housing justice organizations write in support of the motion by Councilmembers Raman and Hernandez to change the applicable rent schedule for mixed income Transit Oriented Communities (TOC) projects from Schedule 1, back to Schedule 6 or 7.¹ We also support the directive to provide additional options to minimize rent amounts for lower-income tenants of 100% affordable housing projects, while ensuring these projects meet funding source requirements.

In October 2022, we were surprised and concerned to learn that LAHD made the sudden decision to significantly increase the rents charged at new affordable housing units in mixed-income development projects. This policy change was made without public input or consulting impacted communities. Deviating from long-standing City policy, LAHD’s decision to change the applicable rent schedules for Mixed Income TOC projects meant that new homes for the lowest income Angelenos became, in some cases, more than 80% more expensive. For example, because of this abrupt policy change, the rent charged to a Low-Income family in a two-bedroom unit increased from \$1,185/month under Schedule 6² to \$2,145/month under Schedule 1.³

We are unaware of any legal or policy rationale for such a significant increase in rents at new affordable housing units intended to house our neighbors most at risk of homelessness. While we understand that 100% affordable housing projects utilize a mix of funding sources with overlapping requirements, including applicable rent schedules, the same considerations do not exist for mixed-income projects using the TOC program. These market-rate projects do not receive City subsidy, and provide a percentage of on-site affordable housing in exchange for increased density and other generous development benefits. Until late last year, all mixed-income TOC projects were subject to the lower Schedule 6 rents. During that time, the City touted the TOC Program as its main driver of housing production, including affordable housing. Given the

¹ See Land Use Rent Income Schedules, available at <https://housing.lacity.org/partners/land-use-rent-income-schedules>.

² <https://housing.lacity.org/wp-content/uploads/2022/12/2022-Income-and-Rent-Limits-LU-Schedule-6-HCD-KB.pdf>.

³ <https://housing.lacity.org/wp-content/uploads/2022/12/2022-Income-and-Rent-Limits-LU-Schedule-1-HUD-KB.pdf>.

demonstrated feasibility and popularity of the TOC program, we are unclear what purpose it serves to increase the rents on lower-income households.

The rent schedule policy change has also had a disruptive effect on other city planning initiatives to maximize housing affordability and prevent homelessness. For example, the Downtown LA and Hollywood community plans both relied on a feasibility analysis that assumed Schedule 6 rents when assessing CPIO incentives and inclusionary requirements. Because of the abrupt change in the rent schedule policy last fall, the Council needed to adopt amending motions to the community plan updates to prepare new recommendations to set the rents at CPIO Mixed-Income affordable units at Schedule 6, in order to achieve the Plans' goals of increasing access to new affordable housing. Future community plan updates may have to contend with this same rent schedule inconsistency issue unless the City Council clarifies the rent schedule policy.

In the midst of an unprecedented and unconscionable affordable housing and homelessness crisis, a decision to make new affordable housing less affordable deserves careful scrutiny. We appreciate this motion and we are eager to see rent schedules for mixed income TOC projects return to the Schedule 6/7 rents.

Sincerely,

ACT-LA

Public Counsel

SAJE

SEACA