

TRANSMITTAL

To:

THE COUNCIL

Date: 10/15/2018

From:

THE MAYOR

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.

A handwritten signature in blue ink, appearing to be 'Eric Garceiti', is written over the printed name and title.

(Ana Guerrero) for

ERIC GARCEITI
Mayor



Eric Garcetti, Mayor
Rushmore D. Cervantes, General Manager

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October 10, 2018

Council File: 17 – 0274
Council Districts: Citywide
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The Honorable Eric Garcetti
Mayor, City of Los Angeles
Room 300, City Hall
200 North Spring Street
Los Angeles, CA 90012

Attention: Mandy Morales, Legislative Coordinator

COUNCIL TRANSMITTAL: LOS ANGELES HOUSING + COMMUNITY INVESTMENT DEPARTMENT REQUEST TO ADOPT GUIDELINES FOR THE EXPENDITURE OF LINKAGE FEE REVENUE

SUMMARY

The General Manager of the Los Angeles Housing + Community Investment Department (HCIDLA) respectfully requests that your office review and approve this transmittal and forward it to the City Council for further consideration. Through this transmittal, HCIDLA requests authority to adopt the City’s first Linkage Fee Expenditure Plan, in anticipation of revenue to be collected as part of the Linkage Fee.

The City’s Linkage Fee is scheduled to be incrementally phased-in beginning June 18, 2018. The amount of the fee will vary by the type of use and the location of the project paying the fee. With the overarching goal to serve lower-income households, the Linkage Fee aims to address the critical shortage of affordable housing in Los Angeles. Per Ordinance No. 185341, also approved by the Mayor and City Council on December 17, 2017, Linkage Fee revenue is to be placed into a Housing Impact Trust Fund, and HCIDLA must create a series of guidelines to expend the funds (“Expenditure Plan”).

Fee proceeds in the first fiscal year of the program (FY 2018-2019) are expected to be limited, as explained in the “Timing and Availability of Funding” section, below. Additionally, the City cannot adequately forecast fee proceeds for subsequent fiscal years because revenue will depend on the overall development activity in the City. As such, the proposed Linkage Fee Expenditure Plan in this transmittal outlines and prioritizes the various funding priorities based on the amount of linkage fee revenue received in any given fiscal year. Any changes to the proposed appropriation amounts or programs will be brought to City Council and Mayor for approval.

During March and April 2018, the Los Angeles Housing + Community Investment Department (HCIDLA) led stakeholder meetings and breakout sessions to solicit input from affordable housing developers, service providers, lenders, and others to assist in the development of the Linkage Fee Expenditure Plan based on the anticipated availability of funding. As a result of input collected at these stakeholder meetings, HCIDLA is proposing a balanced Expenditure Plan that prioritizes funding rental housing for lower-income households and scales up the City’s homeownership and housing innovation programs. If proposed program ideas and funding allocations are approved, the Linkage Fee has the potential to nearly double current affordable housing production and preservation efforts by the City of Los Angeles.

RECOMMENDATIONS

The General Manager of HCIDLA respectfully requests that the Mayor and City Council:

- I. Adopt the proposed Expenditure Plan;
- II. Authorize resolution position authority for one (1) Management Analyst, class code 9184, within HCIDLA Housing Development Bureau to be funded with Linkage Fee revenue;
- III. Authorize the Controller to:
 - A. Establish new accounts within the City of Los Angeles Housing Impact Trust Fund No. 59T as follows:

<u>Account No.</u>	<u>Account Name</u>
43R680	HCIDLA Administration
43R723	Rental New Construction
43R724	Rental Preservation
43R725	Homeownership MIPA
43R726	Homeownership LIPA
43R727	Innovative Housing Demo - ADU
43R728	Innovative Housing Demo - Other

- B. As the City receives Linkage Fees in any given fiscal year, appropriate revenue and interest income accrued based on percentages established in the Expenditure Plan as follows:

<i>Revenue Thresholds in any Given Fiscal Year</i>	<i>43R680: HCIDLA Adminis- tration</i>	<i>43R723: Rental New Construction</i>	<i>43R724: Rental Preserva- tion</i>	<i>43R725: Homeown- ership MIPA</i>	<i>43R726: Homeown- ership LIPA</i>	<i>43R727: Innovation Housing Demo - ADU</i>	<i>43R728: Innovation Housing Demo - Other</i>
Initial revenue up to \$1,176,471	15%	0%	0%	0%	0%	85%	0%
Additional revenue above \$1.176m, up to \$10,000,000	15%	60%	20%	5%	0%	0%	0%
Additional revenue above \$10m, up to \$50,000,000	15%	50.5%	14.3%	5.1%	12.5%	0.0%	2.5%
Revenue above \$50,000,000	15%	51%	15%	5%	10%	2%	2%

- IV. Authorize the General Manager of HCIDLA, or designee, to prepare Controller Instructions and make any necessary technical adjustments consistent with the Mayor and City Council actions, subject to the approval of the City Administrative Officer, and authorize the Controller to implement these instructions.

BACKGROUND

In October 2015, Mayor Garcetti called for the City of Los Angeles to evaluate the feasibility of adopting a Linkage Fee program to encourage mixed-income development and raise funds to subsidize the production and preservation of affordable housing. This originated from several Council motions in prior years requesting reports on options to produce and fund more affordable housing. In response, HCIDLA issued a November 17, 2015 report that recommended a Linkage Fee as the preferred housing funding strategy. As the City continuously faces the threat of severe federal funding cuts and limited-to-non-existent local resources for affordable housing, the creation of a Linkage Fee will now provide the City of Los Angeles with a permanent and self-sustaining funding source that will create long-term and innovative housing finance programs. As part of the City's 2015 Comprehensive Homeless Strategy, adopted on January 27, 2016, and via the Mayor's Executive Directive 13, HCIDLA and the Department of City Planning (DCP) engaged economic consulting firm, BAE Urban Economics, to conduct a Nexus Study to evaluate the impact of new development on the demand for affordable housing in Los Angeles. The primary purpose of the Nexus Study was to determine the relationship that exists between new development and the demand for new affordable housing. The study was completed in September 2016.

As demonstrated in the Nexus Study, Los Angeles faces a severe wage deficit, posing a challenge for workers to afford rental rates within the City. In recent years, economic growth and strong demand for housing have created substantial price and rent increases, causing middle and lower income households to be priced out of the marketplace. Even as new jobs are added, wages in the Los Angeles area continuously fall below the California and national average. According to a prior report by the Los Angeles County Economic Development Corporation, the City's strongest job growth will be in the service industry, food preparation, and other areas where wages tend to be low. For example, fast food workers earn an average of \$25,419 per year. An affordable rent for this worker at 30% of income is \$635 per month. This rental rate is nearly non-existent in the City of Los Angeles. If available in the private market, it is typically a bedroom in a shared home or substandard housing that is likely to be overcrowded. Growth in low wage jobs will undoubtedly add pressure to an already severely undersupplied segment of the rental market.

On December 13, 2017, the Los Angeles City Council adopted the Affordable Housing Linkage Fee (AHLF) Ordinance No. 185342 (C.F. 17-0274), which amends Chapter II of the Los Angeles Municipal Code. The Linkage Fee allows for a permanent and flexible source of funding and significantly increases affordable housing creation while maximizing the leveraging of other public and private funding resources. The Ordinance places a fee on new residential development (ranging from \$8 to \$18 per square foot, depending on the market area) and new non-residential developments (ranging from \$3 to \$5 per square foot, depending on market area) to help mitigate impacts of large new projects and generate local funding for affordable housing production and preservation (See Attachment A). The Linkage Fee also stipulates various exemptions and deductions based on certain characteristics.

Administration of the Housing Impact Trust Fund and the AHLF Proceeds

The AHLF Ordinance also amends Chapter 172 of the Los Angeles Administrative Code to create an interest bearing Housing Impact Trust Fund (HITF) to receive and disburse revenues collected as a result of the Linkage Fee. The HITF Ordinance No. 185341 outlines provisions for the creation of the new Trust Fund, which mandates that funds generated by the Linkage Fee be easily tracked and monitored to ensure maximum accountability and transparency as required under the California Mitigation Fee Act. The Fund is designed to be a flexible source of funding for affordable housing that can be used to finance the construction of new units; drive down the rent levels in existing projects; and support the rehabilitation and preservation of existing affordable units through the acquisition/rehabilitation of properties to either add or extend affordability covenants. Additionally, fees can be used for down payment assistance for affordable homeownership units restricted to moderate-income [up to 120% of Area Median Income (AMI)] households, community land trusts, limited-equity co-ops, or affordable units in some other type of shared homeownership model as long as households served fall within the 120% AMI level. The HITF Ordinance stipulates housing for incomes up to 150% of AMI and current programs reflect this maximum. However, the Nexus Study conducted by BAE Urban Economics emphasized the greater need for households making up to 120% of the AMI.

While there are various allowable uses of the AHLF, there are some actions and programs for which the Fund cannot be used. These include seismic retrofits of existing market-rate (non-restricted) properties that will continue as market-rate, supportive housing services, housing stability efforts (i.e., outreach, education, training, etc.), eviction defense and tenants' rights education, and rent subsidies for non-special needs populations residing within existing housing units.

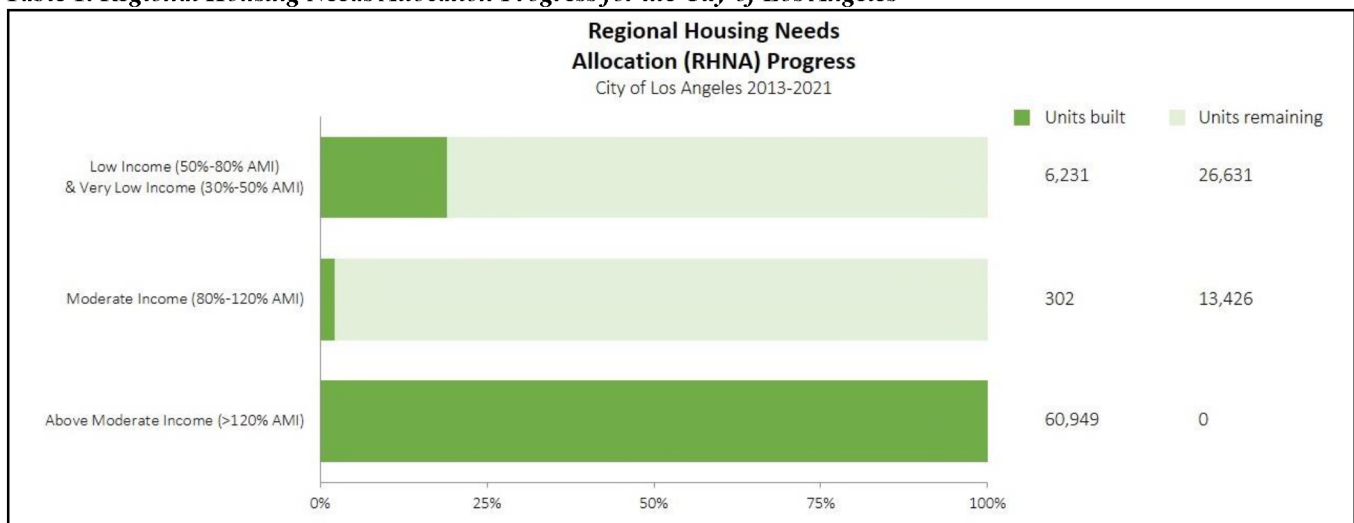
The following outlines HCIDLA's requirements and the purpose of the Trust Fund as set forth by the HITF Ordinance:

- HCIDLA will prepare and present to the City Council an annual report identifying all receipts into and all expenditures out of the HITF, as well as the purpose for which each expenditure was made pursuant to the AHLF Ordinance and Guidelines. Each report will cover a fiscal year and will be submitted within 90 days after the close of the fiscal year;
- The HCIDLA General Manager or the General Manager's designee will manage the administration of the AHLF funds and their distribution;
- HCIDLA will provide Guidelines to the City Council outlining an Expenditure Plan, which the Mayor and City Council must approve prior to any expenditures of Linkage Fee funds;
- HCIDLA will track funds based on date of receipt as required by the California Mitigation Fee Act, which required expenditure of funds within five years;
- HCIDLA will establish an oversight committee for the Fund comprised of designees of HCIDLA, Office of the Chief Legislative Analyst (CLA), Office of the City Administrative Officer (CAO), DCP, and the Mayor's Office. The oversight committee will provide opportunity for public input in the development of the General Manager's annual report to Council, which may include recommendations regarding amending the fee amount in response to changing market conditions. HCIDLA will convene the oversight committee as Linkage Fee funds become available; and
- Per the HITF Ordinance, AHLF housing development projects that are 65 units or more and are new construction projects, are subject to the Project Labor Agreement (PLA) required for projects funded with Proposition HHH bond proceeds.

Regional Housing Needs Allocation (RHNA): City of Los Angeles

Deployment of the AHLF proceeds will be rooted in the housing needs of Los Angeles. The State of California, through the California Department of Housing and Community Development (HCD), requires that all local governments adequately plan to meet their respective housing need per the State’s Regional Housing Needs Allocation (RHNA). California’s local governments meet this requirement by adopting Housing Element plans as part of their “general plan” as required by the state law. The State’s RHNA outline projected goals for each jurisdiction to meet their housing needs, including the needs of the most critical income groups (e.g. very low and low). However, the RHNA goals do not have appropriated funding to help jurisdictions meet the stated needs. According to the 2017 Housing Element Annual Progress Report for the City of Los Angeles, over the past five years the City has only produced approximately 18% (6,231 units) of the total number of units needed to meet the very low and low-income RHNA goals. This production progress does not reach a third of the very-low and low-income populations’ housing needs, leaving only three more years within the City’s current eight-year Housing Element plan to attempt to reach these goals. In order for the City to just reach 30% of the RHNA need for these incomes, the City must create an *additional 3,628 units* to reach that 9,859 unit goal. For the City to successfully reach 50% of its goal, an *additional 10,200 units must be created* to reach 16,431 total units (See Table 1, below). Given the RHNA unit production progress, the proposed Linkage Fee Expenditure plan reflects the prioritization of rental production and preservation of existing affordable units for the lower income bands. The funding priorities proposed in the Linkage Fee Expenditure Plan, if adopted, will provide critically needed funding to help address the needs of low-income residents.

Table 1. Regional Housing Needs Allocation Progress for the City of Los Angeles



Stakeholder Input Process & Recommendations

In an effort to engage key organizations and entities in the development of the Linkage Fee Expenditure Plan, HCIDLA held two “Big Tent” stakeholder meetings (March 15, 2018 and April 13, 2018) and two breakout sessions (March 23, 2018 and March 27, 2018). A total of 1,323 stakeholders were notified of these sessions through notices posted through e-mail blasts. More than 100 organizations, entities, and individuals participated in these meetings and contributed to the crafting of the proposed Expenditure Plan for the Linkage Fee (See Attachment B). The participating stakeholders represented many industries and

groups, such as affordable housing developers, real estate firms, home lending/finance institutions, faith based organizations, property management companies, and non-profit agencies.

During the first stakeholder meeting, participants proposed five topic areas for Linkage Fee funding: 1) rental new construction, 2) rental preservation, 3) homeownership, 4) housing stability, and 5) innovation/new programs. These topic areas served as the focus for separate breakout sessions held over a period of two weeks. Stakeholders attended and self-selected the HCIDLA-facilitated breakout session that most appealed to them. Through these discussions, proposed program goals and ideas were developed and recorded. In the second “Big Tent” meeting, HCIDLA staff presented the recommendations from each of the five topic areas to the stakeholders who, as a group, developed proposed funding amounts and percentages. Table 2, below, reflects the preliminary program recommendations that resulted from the stakeholder and breakout session meetings.

Table 2. Preliminary Program Recommendations from Stakeholder Input

Proposed Program Type	Goal	Program Ideas	Proposed Funding Amount*
Rental New Construction	Provide funding for new multi-family affordable housing	<ul style="list-style-type: none"> • Support the City’s Managed Pipeline • Development of affordable multi-family for “hard-to-reach” populations (ex. Extremely Low Income (ELI)) • Mixed-Income Development (80/20 Plus) 	55%
Rental Preservation	Provide financing programs to support the rehabilitation and preservation of affordable housing	<ul style="list-style-type: none"> • Preservation of at-risk affordable housing; extending affordability • Preservation and rehabilitation of housing under the Rent Stabilization Ordinance (RSO) and Naturally Occurring Affordable Housing (NOAH) • Preservation of public housing that serves ELI households • Preservation of aging Permanent Supportive Housing (PSH) and other restricted housing that serves ELI households • Buy-downs of affordability or gap financing projects 	25%
Homeownership	Preserve and expand homeownership opportunities for low- and moderate-income homebuyers	<ul style="list-style-type: none"> • Low Income Purchase Assistance (LIPA) Program • Moderate Income Purchase Assistance (MIPA) Program • New Homebuilding support • Home inventory support 	15%
Innovation/New Programs	Competitive application process to implement new, creative, and replicable affordable housing solutions	<p>Open opportunity for demonstration programs or projects. Initial ideas include:</p> <ul style="list-style-type: none"> • Affordable Accessory Dwelling Units (ADUs) • Housing on underutilized properties • Modular housing 	5%
Housing Stability	Provide prevention programs and services for families and individuals at risk of eviction or becoming homeless	<ul style="list-style-type: none"> • Eviction defense • Certified housing counseling • Adult protective services • Landlord incentives • Extended housing subsidies • Shallow, limited-period rental subsidies 	Not eligible for linkage fee revenue**

See Attachment C for a detailed summary of the program ideas. See Attachment D for income levels served for each proposed program type.

*Minimum funding levels will be established in the event fee receipts are insufficient in a given year.

**HCIDLA will seek alternative resources by augmenting existing programs and exploring new comprehensive housing strategy programs in alignment with the Council-approved Assessment of Fair Housing (AFH) Plan.

Timing and Availability of Funding

The AHLF will be phased in beginning on June 18, 2018, with one-third of the full fee amount taking effect beginning on that date. Two-thirds of the full fee amount will take effect on December 20, 2018. The full fee amount will take effect on June 17, 2019. Linkage Fee payments will be due when the building permit is issued.

As outlined in the AHLF Ordinance, no Linkage Fee shall be imposed on any project for which a building permit application or complete planning or zoning entitlement application is submitted prior to June 18, 2018, even if the building permit is issued after the Linkage Fee takes effect. The Linkage Fee is only applied to projects that submit a building permit application or complete planning or zoning entitlement application beginning on June 18, 2018. Given that building permit applications are valid for up to 18 months, applicants have an extended period of time within which to pay the Linkage Fee. Actual payment is not due until the issuance of the building permit. Although Linkage Fee revenue may trickle in during fiscal year 2018-19, HCIDLA anticipates increased collection of Linkage Fee payments to occur around the beginning of fiscal year 2019-20.

Table 3, below, provides the estimated revenue amounts (*please note that revenue projections are subject to change due to overall new development activity in the city*). Table 4 demonstrates the estimated timeline of Linkage Fee funding availability. The impact of future unforeseen changes in the overall economy or the real estate market could affect real estate development activity prior to June 2021 such that actual revenues are higher or lower than estimated in Tables 3 and 4. While the figures in Tables 3 and 4 provide a reasonable estimate of the linkage fee revenue (*based on the AHLF Nexus Study data*) that the City will collect through the end of 2021, it is not possible to predict the relative impact that these and other factors will have on development activity and actual fee revenues during the next three years. The City's actual revenue collection will be subject to variation in individual years over time, with potentially more significant variation during the initial years of implementation.

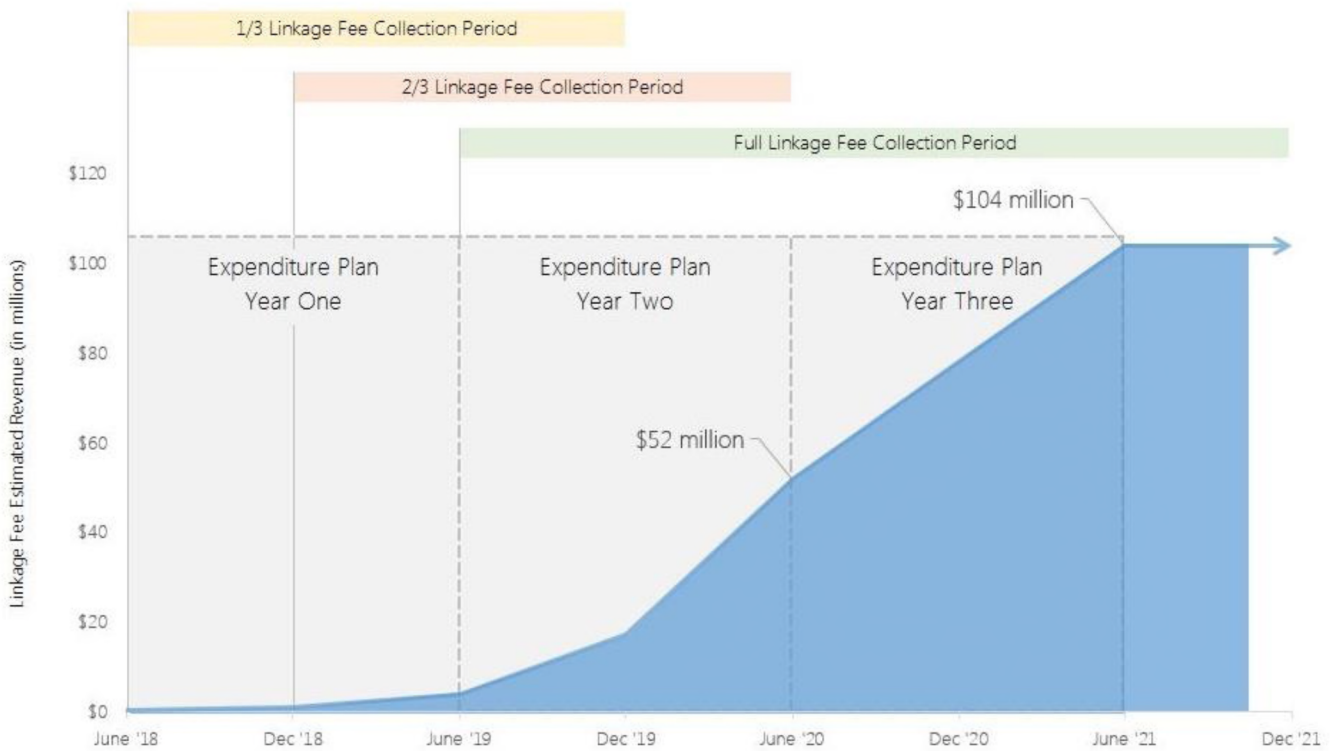
Table 3. AHLF Revenue Estimate

Affordable Housing Linkage Fee – Revenue Estimate	Year Two (FY 19-20)		Year Three (FY 20-21)	
	Collection of 1/3 Fee (June-Dec '19)	Collection of 2/3 Fee (Dec-June '20)	Collection of Full Fee (June-Dec '20)	Collection of Full Fee (Dec-June '21)
Estimated Six-Month Revenue - Residential	\$ 16,142,358	\$ 32,284,717	\$ 48,427,075	\$ 48,427,075
Estimated Six-Month Revenue - Commercial	\$ 1,264,549	\$ 2,529,099	\$ 3,793,648	\$ 3,793,648
Estimated Six-Month Revenue – Total	\$ 17,406,907	\$ 34,813,816	\$ 52,220,723	\$ 52,220,723
Estimated Annual Revenue - Total*	\$ 52,220,723		\$ 104,441,446	

Notes:
*Estimate does not account for annual inflation adjustments
Sources: City of Los Angeles; BAE, 2017.

Table 4. Estimated Timing and Availability of Linkage Fee Funding

Estimated Linkage Fee Funding Availability Timeline



Collection Period refers to the time applicants have in which to make their Linkage Fee payment, which corresponds to the 18 month period until their building permit application expires.

Expenditure Plan:

Based on HCIDLA’s extensive stakeholder outreach and analysis on how much funding is needed to reach economies of scale for each program area, HCIDLA is proposing the following, cumulative funding allocations for years in which the City receives more than \$50 million in Linkage Fee revenue:

<u>Account No.</u>	<u>Account Name</u>	<u>Cumulative Shares of Total Revenue</u>
43R680	HCIDLA Administration	15%
43R723	Rental New Construction	51%
43R724	Rental Preservation	15%
43R725	Homeownership MIPA	5%
43R726	Homeownership LIPA	10%
43R727	Innovative Housing Demo – ADU	2%
43R728	Innovative Housing Demo – Other	2%

However, because annual revenue from the Linkage Fee is unknown at this time (*see “Timing and Availability of Funding” section above*), actual revenue may be insufficient to implement some of the proposed new programs if the City were to allocate funds based on the ideal allocations described above. Therefore, HCIDLA recommends that allocations to program areas vary throughout each fiscal year, depending on how much revenue the program is generating.

Table 1 below describes HCIDLA’s recommended allocations in any given fiscal year at four different funding thresholds. For instance, the first \$1.176 million collected from the Linkage Fee program would fund HCIDLA Administration and an innovative Accessory Dwelling Unit (ADU) program, pursuant to the City’s adopted FY2018-19 budget. If the City receives more Linkage Fee revenue in the first fiscal year, funding allocations will shift to other priority programs: new construction for rental housing (60%), preservation (20%), the Moderate Income Purchase Assistance (MIPA) program (5%), and program administration (15%). If revenue exceeds \$10 million in any given fiscal year, allocations will shift to the \$50 million threshold row. If (and when) revenue exceeds \$50 million in any given fiscal year, funding will be allocated pursuant to the ideal shares described above.

Table 1: Incremental Appropriation of Linkage Fee Revenue

Revenue Thresholds in any Given Fiscal Year	HCIDLA Administration	Rental New Construction	Rental Preservation	Home-ownership MIPA	Home-ownership LIPA	Innovative Housing Demo – ADU	Innovative Housing Demo – Other
Initial revenue up to \$1,176,471	15%	0%	0%	0%	0%	85%	0%
Additional revenue above \$1.176m, up to \$10,000,000	15%	60%	20%	5%	0%	0%	0%
Additional revenue above \$10m, up to \$50,000,000	15%	50.5%	14.3%	5.1%	12.5%	0%	2.5%
Revenue above \$50,000,000	15%	51%	15%	5%	10%	2%	2%

If the City allocates funding at the varied thresholds described above, the share of total revenue for each program area at the end of each fiscal year would be the following:

Table 2: Cumulative Appropriation of Linkage Fee Revenue

Total Funding Levels in any Given Fiscal Year	HCIDLA Administration	Rental New Construction	Rental Preservation	Home-ownership MIPA	Home-ownership LIPA	Innovative Housing Demo – ADU	Innovative Housing Demo – Other
\$1,176,471	15%	0%	0%	0%	0%	85%	0%
\$10,000,000	15%	52.9%	17.6%	4.4%	0%	10%	0%
\$50,000,000	15%	51%	15%	5.0%	10%	2%	2%
>\$50,000,000	15%	51%	15%	5.0%	10%	2%	2%

The cumulative shares described in Table 2 represent the following total funding amounts per program area at the end of each fiscal year in Table 3 below:

Table 3: Cumulative Appropriation of Linkage Fee Revenue

Total Funding Levels in any Given Fiscal Year	HCIDLA Administration	Rental New Construction	Rental Preservation	Home-ownership MIPA	Home-ownership LIPA	Innovative Housing Demo – ADU	Innovative Housing Demo – Other
\$1,176,471	\$176,471	\$0	\$0	\$0	\$0	\$1,000,000	\$0
\$10,000,000	\$1,500,000	\$5,294,118	\$1,764,706	\$441,176	\$0	\$1,000,000	\$0
\$50,000,000	\$7,500,000	\$25,500,000	\$7,500,000	\$2,500,000	\$5,000,000	\$1,000,000	\$1,000,000
\$100,000,000	\$15,000,000	\$51,000,000	\$15,000,000	\$5,000,000	\$10,000,000	\$2,000,000	\$2,000,000

Revisions to the Expenditure Plan:

During the first program year, HCIDLA will seek feedback from the Affordable Housing Linkage Fee Oversight Committee and request that the City Council and Mayor approve any necessary changes to the expenditure plan before the beginning of FY2019-20.

Linkage Fee Program Administrative Need

As a new permanent program, the AHLF Program will require administrative support to establish, implement, and effectively monitor the program. At the onset, staff will be needed to support the overall design of the program, set up reporting mechanisms to prepare the mandated annual reports, implement the necessary systems to properly track Linkage Fee funding, design new programs, and update the market fee areas every five years. With the development of a brand new program and expansion of existing responsibilities throughout HCIDLA, and the limited availability of grant funds, there is a critical administrative need for the partial allocation of Linkage Fee revenue toward staffing.

HCIDLA has identified the initial need for one (1) new Management Analyst position and one (1) existing Housing, Planning & Economic Analyst (HPEA) position to carry out the Linkage Fee program requirements, subject to the approval of the 15% set-aside for administrative costs proposed as part of the expenditure plan. The Management Analyst would be responsible for program design and implementation, metrics formulation and analysis, and individual funding program progress reporting. HCIDLA plans to utilize an existing vacant HPEA position in the Public Policy and Research Unit, who would be responsible for direct policy support and development, coordinating annual reporting under the Ordinance, and other fund management tasks. This HPEA position would also be supporting the policy implementation of the Affordable Housing and Sustainable Communities (AHSC) grant at 50%, subject to available funding. In support of the extensive reporting requirements under the Linkage Fee Ordinance, HCIDLA will also utilize existing accounting staff to monitor and track program expenditures and coordinate with the HPEA in preparation of the annual reporting. HCIDLA will not fill the vacant HPEA or new Management Analyst positions until sufficient Linkage Fee revenue has been accumulated to support the fully burdened costs of these positions.

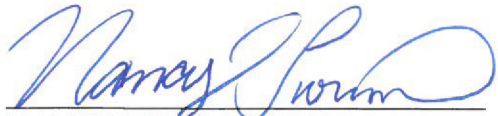
These initial staff resources will enable the department to fulfill its responsibilities under the Linkage Fee Ordinance and support the future programs that arise from this new source of funding. Once the City starts realizing more Linkage Fee funding, HCIDLA will report back on specific staffing needs related to the implementation of each of the programs contemplated under the fee.

At this time, HCIDLA proposes an overall set aside of 15% of the Linkage Fee funding in anticipation of administrative needs to run various housing programs. Setting an overall administrative set-aside of 15% will allow HCIDLA to plan appropriate staffing levels for new programs associated with the Linkage Fee Funding, allowing those programs to operate independently of other funding sources.

FISCAL IMPACT STATEMENT

There will be no impact to the General Fund. All funds will be derived according to the Affordable Housing Linkage Fee Ordinance.

Prepared by:


NANCY TWUM-AKWABOAH
Housing, Planning & Economic Analyst

Reviewed by:


CLAUDIA MONTERROSA
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Reviewed by:


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Assistant General Manager

Reviewed by:


LAURA K. GUGLIELMO
Executive Officer

Approved by:


RUSHMORE D. CERVANTES
General Manager

Attachments:

- Attachment A - Linkage Fee Structure
- Attachment B - List of Participating Organizations
- Attachment C - Detailed Summary of Program Ideas
- Attachment D - Draft Expenditure Plan: Revenue of \$100 Million
- Attachment E - Stakeholder Meeting Package and Outcomes

Attachment A – Linkage Fee Structure

Type of Use	Low Market Area	Medium Market Area	Medium-High Market Area	High Market Area
Type of Use	Fee Per Square Foot			
Nonresidential Uses including Hotels	\$3	\$4	n/a	\$5
Residential Uses (6 or more units in a Development Project)	\$8	\$10	\$12	\$18
Residential Uses (2-5 units in a Development Project)	\$1	\$1	\$1	\$18
Residential Uses (single-family detached home)	\$8	\$10	\$12	\$18
Development Projects that Result in a Net Loss of Housing Units (in addition to any other fees)	\$3	\$3	\$3	\$3

Attachment B – List of Participating Organizations

AJ Property Management	Law Offices of John Oh & Associates
Abbey Road	Lewis Brisbois Bisgaard & Smith
ABCO Pacific Builders	Lockwood Grid System
Abode Communities	Los Angeles Partners in Homeownership
AMCAL	Los Angeles Unified School District
APLA Health	LSA Capital
Bentall Kennedy	Mountain West Financial
Berkshire Hathaway HomeServices	National Community Renaissance
Best Westside Properties	Ness Holdings
Boston Private	New American Funding
BRIDGE Housing	Neighborhood Housing Services
Business Industry Association Los Angeles- Ventura Chapter	Opening Doors Realty
Camino Real Mortgage Bankers	Pactriglo
Central City Association	PATH Ventures
CENTURY 21 Peak	Ploutus Advisors
Community Corporation of Santa Monica	READI
CSH	Retirement Housing Foundation
Deep Green Housing	RNLA
Domus Development	SCANPH
East LA Community Corporation	Seawind Properties
Economic Development and Associates	Sierra Pacific Mortgage
Enterprise Community Partners	Skid Row Housing Trust
Fannie Mae	Skyline Home Loans
First Republic Bank	Skyline Multi Housing
Gensler	SRO Housing Corporation
GGLO Design	Team Equity LA Properties
Global Housing Development	The BM Group
Habitat for Humanity of Greater Los Angeles	The Olson Company
HACLA	The Waterford Group
HCIDLA	Tribune Real Estate Holdings
Hollywood Community Housing Corporation	Unique Construction
Inclusive Homes	Valley Industry & Commerce Association
James Litz Consulting	Venice Community Housing
Keller Williams Realty	West Hollywood Community Housing Corporation
LA Community Action Network	
LA Chamber of Commerce	
LA Mas	
LA Voice	
LAHSA	
Landpac Properties	
Laramar Group	

Attachment C – Detailed Summary of Program Ideas

1. Rental New Construction		
	Program	Policies
1.1	Support the City’s Managed Pipeline	<ul style="list-style-type: none"> • Increase number of new affordable units while maximizing funding leverage
1.2	Development of affordable multi-family for “hard-to-reach” populations	<ul style="list-style-type: none"> • Extremely Low-Income (ELI) population with incomes at 30% AMI and considered below the poverty level but not necessarily homeless • Households at 80% AMI and who are unable to afford an average market-rate rent while overqualified for a typical affordable unit
1.3	Explore possibility of 80/20 mixed income developments	<ul style="list-style-type: none"> • Serving 0-120% AMI

2. Rental Preservation		
	Program	Policies
2.1	Preservation and rehabilitation of RSO and NOAH	<ul style="list-style-type: none"> • Annual application period is based on funding allocated to the program • Cap on per unit and per project loan amounts • Match owners’ capital investment in property • Rehabilitation of work based upon Property Needs Assessment, and should include work to address health and safety, seismic, water and energy efficiency, and accessibility • Require extended affordability period • Low interest amortizing or deferred loan
2.2	Preservation of public housing that serves ELI households	<ul style="list-style-type: none"> • Annual application period based on funding allocated to program • Cap on per unit and per project loan amounts • Approvals based upon lowest per unit loan amount and greatest leverage of funding • Rehabilitation work based upon Property Needs Assessment (PNA) and should include work to address health and safety, seismic, water and energy efficiency, and accessibility • Competitive bidding for rehabilitation work • Extended affordability period • Avoid displacement of tenants • Residual receipts loan
2.3	Preservation of aging PSH and other housing that serves ELI households, including RSO properties	<ul style="list-style-type: none"> • Annual application period based on funding allocated to program • Cap on per unit and per project loan amounts • Approvals based upon lowest per unit loan amount and greatest leverage of funding • Rehabilitation work based upon Property Needs Assessment (PNA) and should include work to address health and safety, seismic, water and energy efficiency, accessibility, and security • Competitive bidding for rehabilitation work • Restructuring of existing loans to extend affordability period • Avoid displacement of tenants • Residual receipts loan
2.4	Buy-downs of affordability or gap financing projects	<ul style="list-style-type: none"> • Extend affordability through buy-downs for at-risk affordable properties

3. Homeownership		
	Program	Policies
3.1	Low Income Purchase Assistance (LIPA) Program	<ul style="list-style-type: none"> • Lend the maximum LIPA loan limits (\$90,000) currently authorized by the City Council and Mayor • Provide a bonus of 25% to the HCIDLA LIPA loan amount for: <ul style="list-style-type: none"> ○ Long term residents (5 years or more) who wish to purchase homes in the same neighborhoods they currently live; or ○ Homebuyers who purchase in areas of the City with historically low homeownership rates; or ○ Homebuyers who are being displaced due to the Ellis Act • Allow duplexes for owner-occupied (both units) homebuyers
3.2	Moderate Income Purchase Assistance (MIPA) Program	<ul style="list-style-type: none"> • Lend the maximum MIPA loan limits (\$75,000 MIPA 120; \$50,000 MIPA 150) currently authorized by the City Council and Mayor • Provide a bonus of 25% to the HCIDLA MIPA loan amount for: <ul style="list-style-type: none"> ○ Long term residents (5 years or more) who wish to purchase homes in the same neighborhoods they currently live; or ○ Homebuyers who purchase in areas of the City with historically low homeownership rates; or ○ Homebuyers who are being displaced due to the Ellis Act • Allow duplexes for owner-occupied (both units) homebuyers
3.3	Home inventory support	<ul style="list-style-type: none"> • Increase and support the supply of affordable homes for purchase for low- and moderate-income homebuyers • Fund and reopen the City's Forward Commitment (FC) Program for Homebuilders. FC Program incentivizes the construction of new homes by providing homebuilders a contractual promise by HCIDLA to provide purchase assistance loan funds to eventual homebuyers of the homes upon project completion. • Create a program which provides capital loan funds to nonprofits for the acquisition and rehabilitation of single family homes for resale to low- and moderate-income homebuyers. Homes acquired would be pre-foreclosure, foreclosed, bank-owned, HUD-owned, Fannie Mae-owned, Freddie Mac-owned, etc. • Create a zero-interest (0%) loan program for nonprofits for the construction or rehabilitation of homeownership projects of 7 units or less for low- and moderate-income homebuyers.

4. Housing Stability		
	Program	Policies
4.1	Eviction defense	<ul style="list-style-type: none"> • Expand eligibility for eviction defense services to ensure greater reach.
4.2	Certified housing counseling	<ul style="list-style-type: none"> • Enhance navigation and access to housing services
4.3	Adult protective services	<ul style="list-style-type: none"> • Enhance services to seniors facing eviction
4.4	Landlord incentives	<ul style="list-style-type: none"> •
4.5	Extended housing subsidies	<ul style="list-style-type: none"> • Extend subsidies beyond 3 months to offset high rental costs

5. Innovation/New Programs		
	Program	Policies
5.1	Affordable ADUs	<ul style="list-style-type: none"> • Assist low-moderate income homeowners by creating housing stability and building equity to prevent displacement, while increasing affordable rental units for Section 8 renters • Explore converting existing unpermitted accessory dwelling units (ADUs) to legally permitted housing units affordable to lower and moderate-income households • Either new construction or renovation of an existing backyard unit • Provide forgivable loan of \$50,000-\$75,000 each • 10 unit pilot project • Commitment of minimum 5 years • HCIDLA “Crosswalk Captain” liaisons and consultative SCEP services that provides proactive guidance for smaller property owners that can add legally-permitted ADUs and preserve RSO units
5.2	Housing on underutilized properties	<ul style="list-style-type: none"> • Reduce displacement by developing affordable housing on underutilized sites in partnership with property owner (reduced acquisition costs in exchange for preserving community) • Usage of Linkage Fee funding to help finance development • Property owner could provide land cheaply (since they will observe the benefits)
5.3	Modular housing	<ul style="list-style-type: none"> • Incorporate modular, pre-fab construction in the development of low-income housing to make the process faster and cheaper

Attachment D – Draft Expenditure Plan: Revenue of \$100 million

Program Type	Goal	Existing Funding Amount (2017)	Proposed Linkage Fee Programs	Income Levels Served	\$100M Annual Linkage Fee Revenue			Units from Other Sources (2016)	Total Units
					Program Type Funding Amount	Estimated Average Subsidy per Unit	No. of Units Created/ Preserved		
Rental New Construction	Provide funding for new affordable housing	\$25M	<ul style="list-style-type: none"> Support the City’s Managed Pipeline Development of affordable multi-family for “hard-to-reach” populations 	0-60% AMI	\$51M (51%)	\$140,000 ¹	364 ²	406 ³	770
			<ul style="list-style-type: none"> Explore 80/20 mixed income developments 	0-120% AMI					
Rental Preservation	Provide financing programs to support the rehabilitation and preservation of affordable housing	\$0M	<ul style="list-style-type: none"> Preservation and rehabilitation of RSO and NOAH Preservation of Public Housing that Serves ELI Households Preservation of Aging PSH and Other Housing that Serves ELI Households, Including RSO Properties 	0-60% AMI	\$15M (15%)	\$36,500	411	765 ⁴	1,176
			<ul style="list-style-type: none"> Buy-downs of affordability or gap financing projects 	61-120% AMI					
Homeownership	Preserve and expand homeownership opportunities for low- and moderate-income homebuyers	\$5M (LIPA)	<ul style="list-style-type: none"> Low Income Purchase Assistance (LIPA) Program Moderate Income Purchase Assistance (MIPA) Program Home Inventory Support 	≤80% AMI	\$10M (10%)	\$90,000 (LIPA)	111	72	183
		\$2.7M (MIPA)		81-120% AMI ⁵	\$5M (5%)	\$75,000 (MIPA)	67	5	72
Innovative Housing Demonstration Program	Competitive application process to implement new and creative affordable housing solutions	\$0M	<ul style="list-style-type: none"> Affordable Accessory Dwelling Units (ADU) Program Proposals may include Housing on Underutilized Properties, Modular Housing 	0-80% AMI	\$2M (2%)	TBD	TBD	0	TBD
					\$2M (2%)				
Program Costs					\$85M				
Staffing & Administrative Costs					\$15M (15%)				
TOTAL					\$100M		953+	1,248	2,201+

¹ Subsidy reflects recent increases in total development cost. It assumes that at least 5 other funding sources are leveraged (e.g. LA County, VHHP, AHSC, 4% LIHTC, HOME/CDBG, etc).

² Level of production is achieved by dedicating funding exclusively to senior and family 4% LIHTC projects.

³ Total figure only includes family and special needs projects in Calendar Year 2016.

⁴ Includes 331 units preserved through nonfinancial mechanisms and 434 units with bond financing.

⁵ MIPA Program allows up to 150% AMI, typically paid through other sources.

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Attachment E: Stakeholder Meeting Package and Outcomes

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ANNOUNCEMENT March 2018

Affordable Housing Linkage Fee Stakeholder Meeting

The Los Angeles Housing + Community Investment Department (HCIDLA) would like to invite you to participate in our Affordable Housing Linkage Fee (AHLF) stakeholder outreach process. We are currently in the process of developing Draft AHLF Guidelines and an Expenditure Plan, and over the next couple of months, HCIDLA will be conducting stakeholder outreach to gather input on funding priorities and areas of focus as they relate to affordable housing. Your active participation will be the key to developing an effective plan. The goal is to prepare recommendations for the Draft AHLF Guidelines and Expenditure Plan based on the public input process for City Council and Mayor adoption by June 2018 (prior to when fees will be phased in on June 17, 2018).

The first stakeholder meeting will take place on **March 15, 2018 at 9:00 – 11:00 am**. This meeting will focus on exploring all housing program types and identifying key priorities that will be discussed in a series of breakout meetings over subsequent weeks.

Meeting Location:

L.A. Housing and Community Investment Department (HCIDLA)

[1200 W. 7th St, 9th Floor, Room 912](#)

Los Angeles, CA 90017

Please see the [AHLF flyer](#) for more information.

To RSVP, please email hcidla.ahlf@lacity.org by 12:00pm Tuesday, March 13,

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Please check in at the security desk (lobby) with your picture I.D. before proceeding to the 9th floor. HCIDLA does not validate visitor parking, but public parking and street metered parking are available in the vicinity. If you have any questions, please email hcidla.ahlf@lacity.org.

For those unable to attend, we encourage you to submit your comments by March 31, 2018 by filling out the [Call for Innovation Form](#) or emailing us your feedback.

As a covered entity under Title II of the Americans with Disabilities Act of 1990 (ADA) the City of Los Angeles does not discriminate on the basis of disability and, upon request, will provide reasonable accommodation to ensure equal access to its programs, services and activities. Sign language interpreters, communication access real-time transcription, assistive listening devices, or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend. Due to difficulties in securing sign language interpreters, five or more business days' notice is strongly recommended. To request a reasonable accommodation or additional information, please e-mail Dianne Mattingly at dianne.mattingly@lacity.org, or by phone at (213) 808-8983.



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Affordable Housing Linkage Fee Draft Guidelines & Expenditure Plan

Stakeholder Meeting

Thursday, March 15, 2018
9:00-11:00am

Your
Input
Matters!

With the recent adoption of the Affordable Housing Linkage Fee (AHLF), the Los Angeles Housing + Community Investment Department (HCIDLA) is in the process of developing **Draft Linkage Fee Guidelines and an Expenditure Plan**. Over the next couple months, HCIDLA will be conducting stakeholder outreach to gather input on funding priorities and areas of focus as they relate to affordable housing. Your active participation will be key to developing an effective plan.

We invite you to attend our first stakeholder meeting where we will be reviewing the AHLF progress thus far and discussing how to move forward toward developing a plan. This first meeting will focus on exploring all housing programs types and identifying key priorities that will be further discussed in a series of subsequent breakout meetings over the subsequent weeks.



Thursday, March 15, 2018
9:00-11:00am

Housing + Community Investment Dept.
1200 W 7th St, 9th Floor, Room 912
Los Angeles, CA, 90017



Please email us at hcidla.ahlf@lacity.org by 12:00pm
Tuesday, March 13th to RSVP





Agenda

Intro to the Linkage Fee Ordinance

Initial Goals & Values

Timeline & Deliverables

Discussion

What is a Housing Linkage Fee?

Fee to mitigate impacts of large new projects

Commercial Fee

Generated by low-wage employment in commercial development

Market-Rate Housing Fee

Generated by new market rate housing occupants' spending

Linkage Fee Allows for:

- A permanent source of funding
- A flexible funding source
- Significantly increasing affordable housing creation
- Maximizing outside funding leverage

Regional Housing Needs Assessment (RHNA)

RHNA 2014-2021				
	Very Low Income (≤ 50% AMI)	Low Income (51-80% AMI)	Moderate Income (81-120% AMI)	Above Moderate Income (> 120% AMI)
RHNA - Units Needed	20,427	12,435	13,728	35,412
Cost to Build All Units*	\$8.4 Billion	\$5.1 Billion	Limited Resources (primarily for homeownership)	Financed by the Market
HCIDLA Total Subsidy Needed**	\$2.0 Billion	\$1.2 Billion	Limited Resources (primarily for homeownership)	Financed by the Market
Projected 8-Year HUD Entitlement for the City of Los Angeles***	\$208 Million			

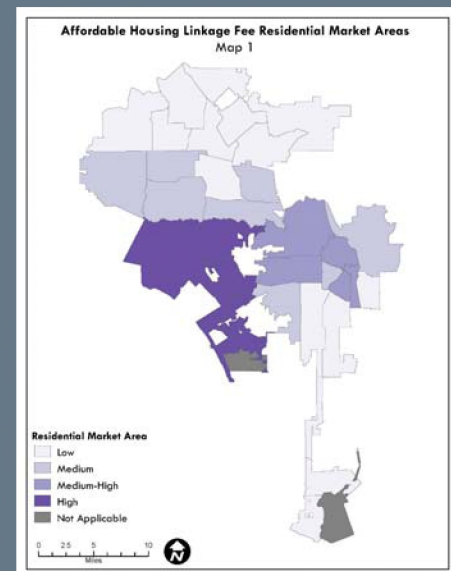
*This assumes a Total Development Cost of \$414,766 for 4% tax credit projects for seniors and families.

**The figures are based on the average HCIDLA subsidy of \$100,000 per unit.

***This figure is a projection based on previous entitlements of \$26 million.

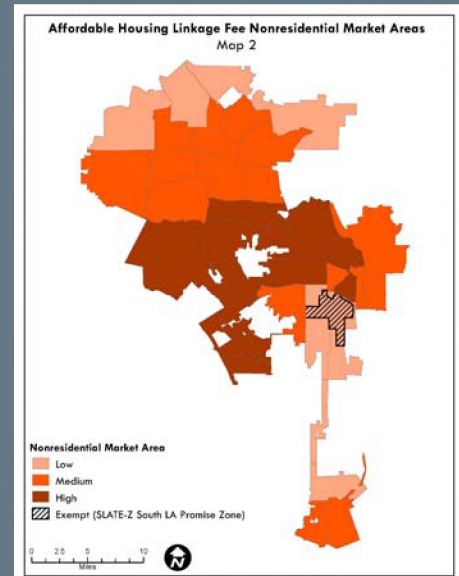
Linkage Fee Schedule - Residential

	Low Market Area	Medium Market Area	Medium- High Market Area	High Market Area
Type of Use	Fee per Square Foot			
Residential Uses (multifamily with 6 or more units and qualified single-family)	\$8	\$10	\$12	\$15
Residential Uses (2-5 units)	\$1	\$1	\$1	\$15
Development Projects that result in a net loss in Housing Units	\$3	\$3	\$3	\$3



Linkage Fee Schedule - Non-Residential

	Low Market Area	Medium Market Area	High Market Area
Type of Use	Fee per Square Foot		
Nonresidential Uses including Hotels	\$3	\$4	\$5



Exemptions

AHLF has several exemptions, including:

South LA Promise Zone (non-residential FAR only)

Accessory Dwelling Units (ADUs)

Mixed-income housing developments:

40% mod, 20% low, 11% very low, or 8% ELI
Compliance with Measure JJJ or Mello Act
Other on-site units or fees that exceed AHLF

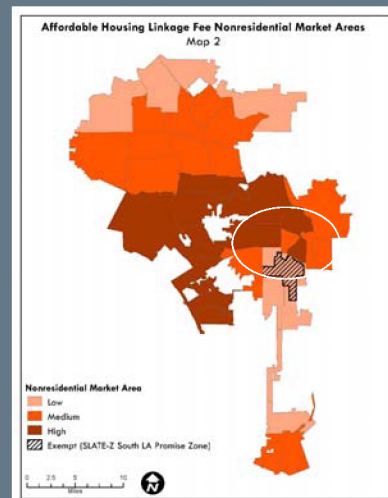
Single-Family w/ < 1,500 sq. ft. net new

Non-residential w/ < 15,000 sq. ft.

Government or Institutional Use

Grocery Stores (if in food desert)

Adaptive reuse of historic building



Deductions & Credits

The Linkage Fee includes several credits or deductions as follows:

Change of Use to Residential

Restricted Affordable Units

Value of Land Dedication for Affordable Housing as approved by HCIDLA

Transfer of Floor Area (TFAR) Downtown

Allows for protest and partial or whole waiver based on Constitutional taking argument

AHLF Effective Date & Payment

AHLF became effective on February 17, 2018

However, fees do not take effect for 180 days after adoption: June 17, 2018.

The Linkage Fee is due and payable prior to the issuance of a building permit.

Ordinance
establishes the
AHLF Trust Fund

The Fee amount will be based on the fee schedule and market area maps in effect at the time the building permit for the Development Project is issued.

AHLF Phase-In Timeline

- The AHLF was adopted with a phased-in approach in six month increments as follows:

February 17, 2018: Effective date of AHLF – no fee applies

June 18, 2018: One-third of full fee amount is in effect

December 20, 2018: Two-thirds of full fee amount is in effect

June 17, 2019: Full fee amount is in effect

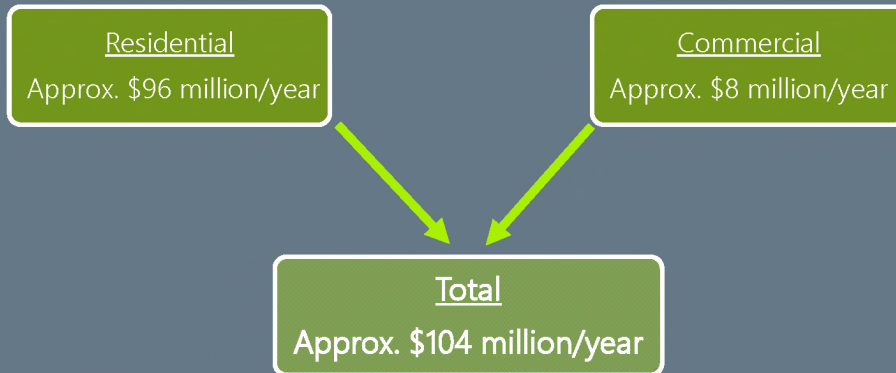
NOTE: Applicable fee is based on the date by which building permit application or complete planning entitlement is submitted, whichever is first.

AHLF Fee Adjustments

The AHLF schedule will be adjusted annually for inflation beginning on July 1, 2019.

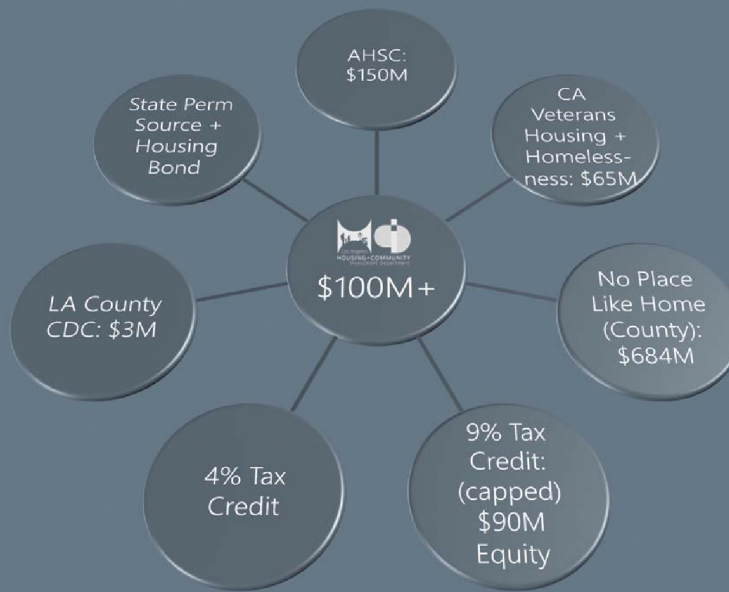
Every five years, market areas and geographies will be adjusted, where necessary, to reflect the most up to date market trends. This includes adjustments to geographic maps as necessary.

Estimated Annual Revenue



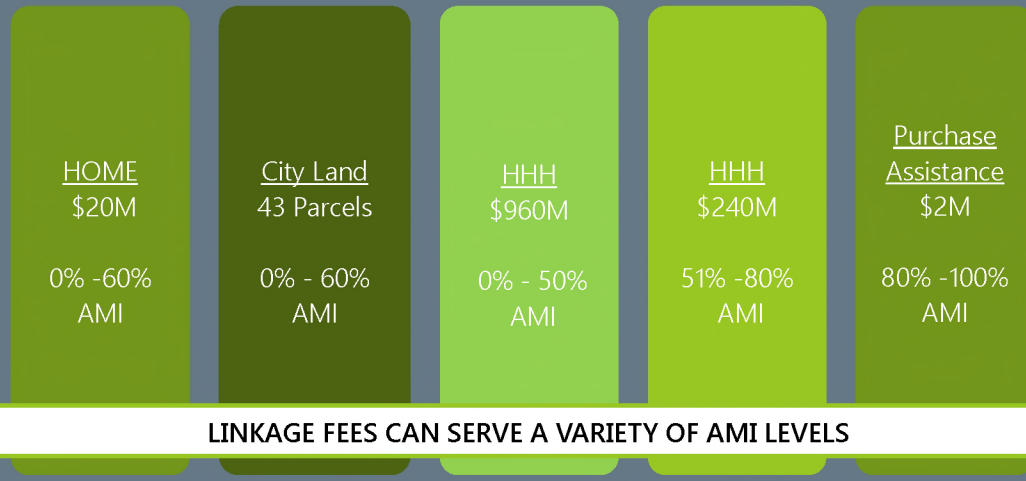
Note: the above are estimates as of December 2017.

Leveraging External Funding with New LF Dollars



The Linkage Fee will now bring a greater share of these dollars to Los Angeles!

Who is Housed by the City's Existing Resources?



Housing + Community Investment Department

Initial Council & Community Considered Goals

Supporting the Affordable Housing Trust Fund

Affordable Housing Preservation

Supporting Naturally Occurring Affordable Housing (NOAH)

Homeownership Opportunities (LIPA & MIPA)

Initial Goals - Expanded

Rental and Homeownership Opportunities

- Building new rental housing and preserving existing (affordable)
- Supporting households purchasing homes and building new (condos and master-planned)

Supporting more underserved income levels

- Very-low, Low, and Moderate (i.e. Workforce) Households

Mixed Development Opportunities

- 80-20 *Plus*
- Condo Purchasing

Demonstration Program (i.e. policy exceptions and alternatives)

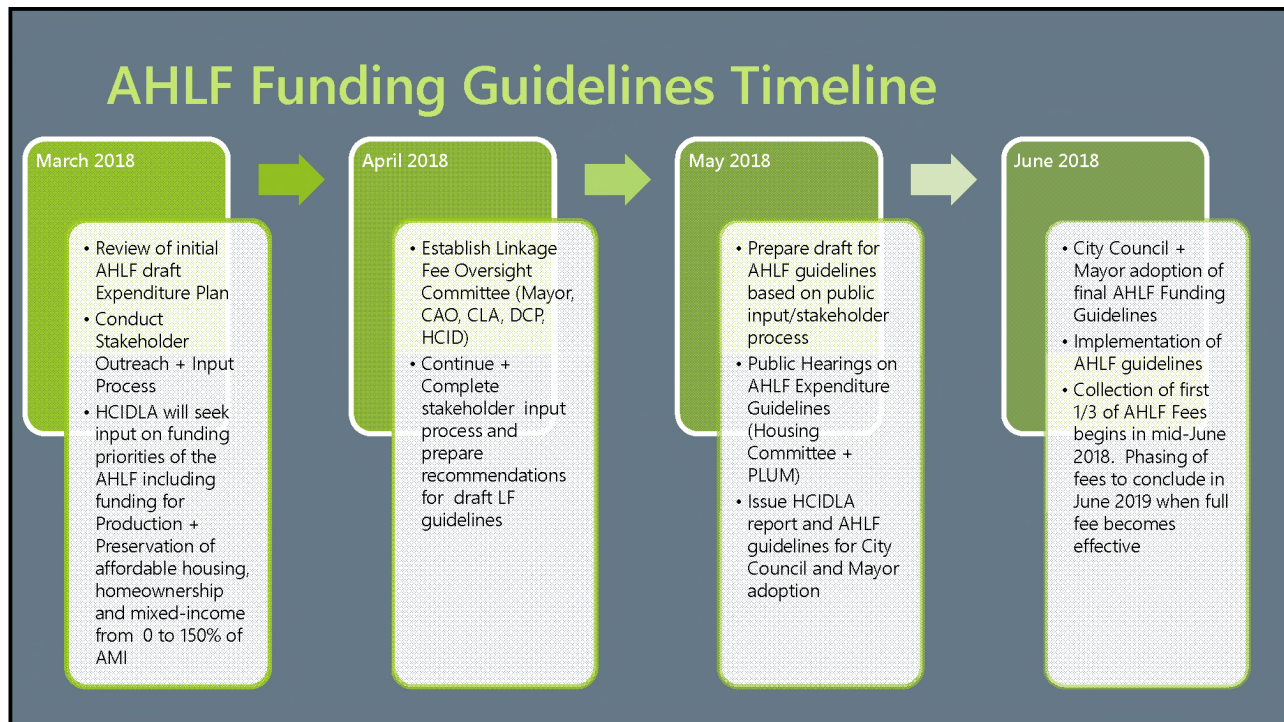
Values

Leveraging
(w/private and
other public
resources)

Faster Delivery
of Units
(Readiness)

Economies of
Scale

Maximum
Public Benefits



Discussion Questions

- *What groups of Angelenos should be served?*
- *What housing needs should be addressed?*
- *What types of programs have you heard about that maybe the City hasn't tried yet?*
- *What breakout groups should we create to have deeper conversations about all of these?*

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ANNOUNCEMENT March 2018

Affordable Housing Linkage Fee Stakeholder Breakout Sessions

At the Los Angeles Housing + Community Investment Department's (HCIDLA) first stakeholder meeting, key housing programs and priorities were identified for further discussion in the development of the Affordable Housing Linkage Fee (AHLF) Draft Guidelines and Expenditure Plan.

Following this first meeting, we are looking for further input and invite you to attend one of our breakout sessions. For those unable to attend our first stakeholder meeting, this is a great opportunity to provide your feedback and help brainstorm potential housing programs to explore.

In each breakout session, we will be having in-depth conversations on each housing program type and discuss funding priorities. The first set of breakout sessions will be held on **Friday, March 23 from 3:30-4:30pm**. The second set of breakout sessions will be held the following week.

Please see the following breakout session schedule and follow the link to RSVP. Please confirm your interest by *5:00pm, Wednesday March 21st, 2018*.

1. Rental - New Construction
2. Rental - Preservation (eg. NOAH, existing rental housing)
3. Homeownership
4. Housing Stability (eg. subsidy programs, homeless prevention)
5. Innovation/New Ideas & Housing Programs

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AFFORDABLE HOUSING LINKAGE FEE

SUPPORT FOR AFFORDABLE MULTI-FAMILY RENTAL HOUSING DEVELOPMENTS WITH “30% & 80% MIX”

GOAL STATEMENT:

To support the development of affordable multi-family rental housing projects for those population that are “hard-to-reach” with the existing programs: 1) Extremely Low-Income (ELI) population with incomes at 30% of AMI and are considered below the poverty level but not necessarily homeless and, 2) households at 80% of AMI and who are unable to afford an average market-rate rent while overqualified for a typical affordable housing.

The program would put emphasis on greater production of ELI units, while allowing for “workforce households” with higher rents at 80% of AMI to offset ELI units.

RATIONALE:

A study conducted in 2017 by the National Low Income Housing Coalition (NLIHC) showed that the greatest shortage of affordable housing is for those with lowest incomes - for every 100 ELI renter households, only 35 units are available and affordable. The NLIHC reports that the U.S. has 7.7 million affordable rental units for the 11.4 million ELI renter households. However, in the private market, not all of those affordable rental units are available to them because 3.5 million are occupied by households of higher income, leaving a shortage of 7.4 million affordable and available rental units for ELI households.

This condition has been exacerbated by the fact that current LIHTC Program does not require LIHTC projects to serve ELI households except to meet the minimum requirement to garner points in a competitive round (i.e. 10% of the total units at 30% of AMI would award a project additional two points). Moreover, projects that are not targeting the homeless population do not have access to operating subsidies and are unable to support a higher percentage of ELI units because they need those operating subsidies to pay for operating costs. Historically, the 9% LIHTC Program only allow the use of tax credits on units that are at 60% of AMI and below. The recent adoption of the Congressional Omnibus Spending Bill of 2018 permanently establishes “income averaging” that allows higher rents (at 80% of AMI) to offset extremely low income units (ay 30% of AMI).

WHO TO BE SERVED:

- Extremely Low-income population at 30% of AMI: e.g., fixed-income seniors, single-mother households, childcare workers, security guards, waiters/waitresses, retail salespersons, etc. and who are not necessarily homeless; and
- Moderate Income (“workforce”) Households at 80% of AMI: e.g., teachers, nurses, mechanics, etc.

2017 TCAC Maximum Income Levels

% of AMI	Household size (# of person/s)					
	1	2	3	4	5	6
100%	\$63,100	\$72,100	\$81,100	\$90,100	\$97,400	\$104,600
80%	\$50,400	\$57,680	\$67,280	\$72,080	\$77,920	\$83,680
60%	\$37,860	\$43,260	48,660	\$54,060	\$58,040	\$62,760
50%	\$31,550	\$39,655	\$40,550	\$45,050	\$48,700	\$52,300
45%	\$28,395	\$32,445	\$36,495	\$40,545	\$43,830	\$47,070
40%	\$25,240	\$28,840	\$32,440	\$36,040	\$38,960	\$41,840
35%	\$22,085	\$25,235	\$28,385	\$31,353	\$34,090	\$36,610
30%	\$14,460	\$21,630	\$24,330	\$27,030	\$29,220	\$31,380

2017 TCAC Rent Limits

% of AMI	Bedroom size					
	0	1	2	3	4	5
100%	\$1,576	\$1,690	\$2,026	\$2,342	\$2,614	\$2,884
80%	\$1,261	\$1,352	\$1,621	\$1,874	\$2,091	\$2,307
60%	\$946	\$1,014	\$1,216	\$1,405	\$1,568	\$1,730
50%	\$788	\$845	\$1,013	\$1,171	\$1,307	\$1,442
45%	\$709	\$761	\$912	\$1,054	\$1,176	\$1,298
40%	\$630	\$676	\$810	\$937	\$1,046	\$1,154
35%	\$552	\$592	\$709	\$820	\$915	\$1,009
30%	\$473	\$507	\$608	\$703	\$784	\$865

POLICIES (BROAD PROGRAM RULES, STEPS FOR APPROVAL OF FUNDING, ETC.), next page:

- HCIDLA may elect to: 1) combine a CFP for Linkage Fee with that of Affordable Housing Managed Pipeline CFP, where Linkage Fee Projects are sorted and ranked within their own group, using Linkage Fee Funds as a source, or 2) offer additional funding for projects that meet certain conditions for ELI targeting.
- Competitive scoring system will include points awarded to projects that have a high percentage of 30% of AMI units versus the total affordable units, on a sliding scale. Point scores for this category may be as follows: e.g. Percentage of 30% of AMI units to Total units: 75% = 40 points, 70% - 74% = 30 points, 65% - 69% = 25 points, 60% - 64% = 20 points, 55% - 59% = 15 points, 51% - 54% = 10 points, At least 50% of the total units = 5 points, etc.
- HCIDLA will issue Calls For Projects (“CFPs”) each year. The frequency of CFPs within a year will be subject to availability of funds. Projects will be initially evaluated for completeness of application documents (i.e. minimum threshold review), feasibility, and applicants’ previous history with HCIDLA (i.e. Background Check). Projects that pass threshold review will be scored and ranked.
- All units assisted by AHLF Program must be affordable to households at or 80% or below of the Area Median Income of the Los Angeles-Long Beach CA HUD Metro FMR Area. Income targeting must occur across all proposed unit types. Average income targeting shall not exceed 50% of AMI for LIHTC competitive projects and 59% of AMI for LIHTC competitive projects. New construction or acquisition + rehabilitation are allowed.
- HCIDLA would provide subordinate loans for the construction and/or permanent financing in support of Tax-Exempt Bonds/4% LIHTC, or 9% LIHTC structures.
- Projects will be subject to a Project Labor Agreement (PLA) and the City’s Accessible Housing Program (AChP); details on proportional applicability to be determined by the City Attorney and Elected Officials.
- FOR CONSIDERATION (TBD): 4% interest rate; Subordinate non-amortizing loan payable through Residual Receipts; Amortizing debt on projects should have at least 1:15 DCR at year-1; Two-year conditional commitment; Project-based vouchers are not allowed.

INITIAL FUNDING AMOUNTS METRICS (TIED TO DESIRED DELIVERY OUTCOMES): • TBD.

AFFORDABLE HOUSING LINKAGE FEE STAKEHOLDER BREAKOUT SESSION - INPUT

* PRESERVATION *

PRESERVATION OF RSO AND EXISTING NATURALLY OCCURRING AFFORDABLE HOUSING (NOAH)

GOAL STATEMENT:

Develop a program to assist property owners to finance rehabilitation of RSO and other Naturally Occurring Affordable Housing (NOAH) properties.

WHO TO BE SERVED:

- Owners of RSO and other NOAH properties.
- Current and future lower and moderate-income tenants of RSO and other NOAH properties.

POLICIES (STEPS FOR APPROVAL OF FUNDING, BROAD PROGRAM RULES, ETC.):

- Annual application period based on funding allocated to program.
- Cap on per unit and per project loan amounts.
- Match of owners' capital investment into property.
- Rehabilitation work based upon Property Needs Assessment and should include work to address health and safety, seismic, water and energy efficiency, and accessibility.
- Competitive bidding for rehabilitation work.
- Require extended affordability period.
- Low interest amortizing or deferred loan.

LEVERAGE SOURCES:

- Property owners' investment into rehabilitation of the property.
- Available leveraged financing for seismic, water and energy efficiency and accessibility improvements.

INITIAL FUNDING AMOUNTS METRICS (TIED TO DESIRED DELIVERY OUTCOMES):

- No AHLF funding recommended for this program in first year.
- Consider AHLF funding in future years depending on success of NOAH pilot program.

AFFORDABLE HOUSING LINKAGE FEE STAKEHOLDER BREAKOUT SESSION - INPUT * PRESERVATION *

PRESERVATION OF PUBLIC HOUSING THAT SERVES EXTREMELY LOW INCOME (ELI) HOUSEHOLDS

GOAL STATEMENT:

Develop a program that provides financing for capital improvements for public housing and other housing that serves extremely low income households (0-30% AMI).

WHO TO BE SERVED:

- Extremely low-income households.
- Owners of rental housing serving extremely low-income households.

POLICIES (STEPS FOR APPROVAL OF FUNDING, BROAD PROGRAM RULES, ETC.):

- Annual application period based on funding allocated to program.
- Cap on per unit and per project loan amounts.
- Approvals based upon lowest per unit loan amount and greatest leverage of funding.
- Rehabilitation work based upon Property Needs Assessment (PNA) and should include work to address health and safety, seismic, water and energy efficiency, and accessibility.
- Competitive bidding for rehabilitation work.
- Extended affordability period.
- Avoid displacement of tenants.
- Residual receipts loan.

LEVERAGE SOURCES:

- Project replacement reserves.
- Available leveraged financing for seismic, water and energy efficiency and accessibility improvements.
- 4% tax-credits and bonds.
- Conventional financing.

INITIAL FUNDING AMOUNTS METRICS (TIED TO DESIRED DELIVERY OUTCOMES):

- No funding recommended for this program in first year.

AFFORDABLE HOUSING LINKAGE FEE STAKEHOLDER BREAKOUT SESSION - INPUT * PRESERVATION *

PRESERVATION OF AGING PSH AND OTHER HOUSING THAT SERVES EXTREMELY LOW INCOME HOUSEHOLDS, INCLUDING SRO PROPERTIES

GOAL STATEMENT:

Develop a program that provides financing for capital improvements to aging at-risk permanent supportive housing, including Single Room Occupancy (SRO) supportive housing to ensure long, extended affordability, and improved quality PSH outcomes (i.e. housing retention, services provision, and community reintegration).

WHO TO BE SERVED:

- Owners of aging supportive housing including SROs.
- Vulnerable formerly homeless residents in HCID-assisted aging permanent supportive housing and new high acuity residents referred through the Coordinated Entry System as units turn over.

POLICIES (STEPS FOR APPROVAL OF FUNDING, BROAD PROGRAM RULES, ETC.):

- Annual application period based on funding allocated to program.
- Cap on per unit and per project loan amounts.
- Approvals based upon lowest per unit loan amount and greatest leverage of funding.
- Rehabilitation work based upon Property Needs Assessment (PNA) and should include work to address health and safety, seismic, water and energy efficiency, accessibility, and security.
- Competitive bidding for rehabilitation work.
- Restructuring of existing loans to extend affordability period.
- Avoid displacement of tenants.
- Residual receipts loan.

LEVERAGE SOURCES:

- Project replacement reserves.
- Available leveraged financing for seismic, water and energy efficiency and accessibility improvements.
- 4% tax-credits and bonds.
- Conventional financing.

INITIAL FUNDING AMOUNTS METRICS (TIED TO DESIRED DELIVERY OUTCOMES):

- \$5-7 million annually (or 25% of overall rental housing preservation, whichever is greater).
 - Metrics:
 - # of units preserved (annual goal of preserving no less than 100 units per year).
 - \$\$ Leveraged.
 - # of units with extended affordability provisions.
 - # of households assisted / avoided displacement.
 - # of projects reporting positive financial health.

AFFORDABLE HOUSING LINKAGE FEE STAKEHOLDER BREAKOUT SESSION * HOMEOWNERSHIP *

HOMEOWNERSHIP PROGRAMS

GOAL STATEMENT:

Preserve and expand homeownership opportunities for Low- and Moderate-Income homebuyers utilizing the Affordable Housing Linkage Fee (AHLF).

WHO TO BE SERVED:

- First-time, low-income homebuyers earning at or 80% of the Area Median Income (AMI).
- First-time, moderate-income homebuyers earning between 81% - 150% of the Area Median Income (AMI).

POLICIES (STEPS FOR APPROVAL OF FUNDING, BROAD PROGRAM RULES, ETC.):

- **Low Income Purchase Assistance (LIPA) Program** – expand and support to low-income households. Leverage AHLF with federal, state, and private funds to:
 - Lend the maximum LIPA loan limits (\$90,000) currently authorized by the City Council and Mayor.
 - Provide a bonus of 25% to the HCIDLA LIPA loan amount for:
 - Long term residents (5 years or more) who wish to purchase homes in the same neighborhoods they currently live; or
 - Homebuyers who purchase in areas of the City with historically low homeownership rates; or
 - Homebuyers who are being displaced due to the Ellis Act.
 - Allow duplexes for owner-occupied (both units) homebuyers.
- **Moderate Income Purchase Assistance (MIPA) Program** – Workforce Housing. Permanently fund the MIPA Program with AHLF to provide Workforce Housing for moderate-income workers:
 - Lend the maximum MIPA loan limits (\$75,000 MIPA 120; \$50,000 MIPA 150) currently authorized by the City Council and Mayor.
 - Provide a bonus of 25% to the HCIDLA MIPA loan amount for:
 - Long term residents (5 years or more) who wish to purchase homes in the same neighborhoods they currently live; or
 - Homebuyers who purchase in areas of the City with historically low homeownership rates; or
 - Homebuyers who are being displaced due to the Ellis Act.
 - Allow duplexes for owner-occupied (both units) homebuyers.
- **Home Inventory Support** –increase and support the supply of affordable homes for purchase for low- and moderate-income homebuyers:
 - Fund and reopen the City’s Forward Commitment (FC) Program for Homebuilders. FC Program incentivizes the construction of new homes by providing homebuilders a contractual promise by HCIDLA to provide purchase assistance loan funds to eventual homebuyers of the homes upon project completion.

- Create a program which provides capital loan funds to nonprofits for the acquisition and rehabilitation of single family homes for resale to low- and moderate-income homebuyers. Homes acquired would be pre-foreclosure, foreclosed, bank-owned, HUD-owned, Fannie Mae-owned, Freddie Mac-owned, etc.
- Create a zero-interest (0%) loan program for nonprofits for the construction or rehabilitation of homeownership projects of 7 units or less for low- and moderate-income homebuyers.
- Earmark City-owned land for the development of homeownership housing for low-and moderate-income homebuyers.

LEVERAGE SOURCES:

- Federal, State, and private sources.

INITIAL FUNDING AMOUNTS METRICS (TIED TO DESIRED DELIVERY OUTCOMES):

- Set aside thirty-five percent (35%) of the AHLF annually to preserve and expand homeownership opportunities.

OTHER PROGRAM IDEAS AND NOTES FROM MEETINGS HELD ON 3/23/18 AND 3/29/18:

- Creation of Community Land Trust (CLT) for long-term housing affordability.
- For LIPA and MIPA Programs include small, multi-unit properties (i.e. duplexes, triplexes, and fourplexes)
- More flexibility with LIPA and MIPA lien positions to allow for the layering of other funding sources (e.g. CalHome Program Funds).
- Lend LIPA and MIPA program funds to homebuyers with a valid Work Authorization and Social Security Card living in the U.S. (e.g. Deferred Action for Childhood Arrivals –DACA status).

AFFORDABLE HOUSING LINKAGE FEE STAKEHOLDER BREAKOUT SESSION - INPUT

* HOUSING STABILITY *

HOUSING STABILIZATION PROGRAMS

GOAL STATEMENT:

Provide prevention programs and services for families and individuals at risk of eviction or becoming homeless

WHO TO BE SERVED:

- Low and moderate income residents at risk of displacement

POLICIES (STEPS FOR APPROVAL OF FUNDING, BROAD PROGRAM RULES, ETC.):

- Eviction Defense
 - Expand eligibility for eviction defense services to ensure greater reach.
- Certified Housing Counseling
 - Enhance navigation and access to housing services
- Adult Protective Services
 - Enhance services to seniors facing eviction
- Landlord Incentives
- Extended Housing Subsidies
 - Extend subsidies beyond 3 months to offset high rental costs

LEVERAGE SOURCES:

- State, local and private sources.

INITIAL FUNDING AMOUNTS METRICS (TIED TO DESIRED DELIVERY OUTCOMES):

- No funding amount recommended

AFFORDABLE HOUSING LINKAGE FEE STAKEHOLDER BREAKOUT SESSION - INPUT

* INNOVATION *

AFFORDABLE ACCESSORY DWELLING UNITS (ADUS)

GOAL STATEMENT:

Assist low-moderate homeowners by creating housing stability and building equity to prevent displacement, while increasing affordable rental units for Section 8 renters. Also explore converting existing unpermitted ADUs to legally permitted housing units affordable to lower and moderate-income households.

WHO TO BE SERVED:

- Section 8 tenants
- Low-moderate homeowners
- Owners of RSO and other properties with affordable and unpermitted ADUs.
- Property owners interested in legalizing, converting or constructing an ADU on their property.

POLICIES (STEPS FOR APPROVAL OF FUNDING, BROAD PROGRAM RULES, ETC.):

- Either new construction or renovation of an existing backyard unit
- Provide forgivable loan of \$50,000-\$75,000 each
- 10 unit pilot project
- Commitment of minimum 5 years
- HCIDLA "Crosswalk Captain" liaisons and consultative SCEP services that provides proactive guidance for smaller property owners that can add legally-permitted ADUs and preserve RSO units.

LEVERAGE SOURCES:

- Potential permit fee reductions (\$10,000)
- Partner with lenders to provide a new financial product and refinance properties once construction is complete
- Property owners' investment to permit and improve existing ADUs to current building codes.
- Available leveraged financing for seismic, water and energy efficiency and accessibility improvements.

INITIAL FUNDING AMOUNTS METRICS (TIED TO DESIRED DELIVERY OUTCOMES):

- \$500-700k for entire pilot program

AFFORDABLE HOUSING LINKAGE FEE STAKEHOLDER BREAKOUT SESSION - INPUT

** INNOVATION **

AFFORDABLE HOUSING ON UNDERUTILIZED PROPERTY

GOAL STATEMENT:

Reduce displacement by developing affordable housing on underutilized sites in partnership with property owner (reduced acquisition costs in exchange for preserving community)

WHO TO BE SERVED:

- Teachers and LAUSD workers
- Churchgoers of faith-based organizations

POLICIES (STEPS FOR APPROVAL OF FUNDING, BROAD PROGRAM RULES, ETC.):

- Usage of linkage fee funding to help finance development
- Property owner could provide land cheaply (since they will see the benefits)

LEVERAGE SOURCES:

- LAUSD
- Faith-based organizations

INITIAL FUNDING AMOUNTS METRICS (TIED TO DESIRED DELIVERY OUTCOMES):

- No AHLF funding recommended for this program in first year.

AFFORDABLE HOUSING LINKAGE FEE STAKEHOLDER BREAKOUT SESSION - INPUT * *INNOVATION* *

MODULAR HOUSING

GOAL STATEMENT:

Incorporate modular, pre-fab construction in the development of low income housing to make the process faster and cheaper

WHO TO BE SERVED:

- Extremely low-income households.

POLICIES (STEPS FOR APPROVAL OF FUNDING, BROAD PROGRAM RULES, ETC.):

LEVERAGE SOURCES:

INITIAL FUNDING AMOUNTS METRICS (TIED TO DESIRED DELIVERY OUTCOMES):

- Discussion did not get to funding recommendation for this program.

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ANNOUNCEMENT

April 2018

Affordable Housing Linkage Fee Stakeholder Meeting

During the Los Angeles Housing + Community Investment Department (HCIDLA) Linkage Fee Stakeholder Breakout Sessions, specific housing programs identified during the first stakeholder meeting were discussed in further detail. Each of the five breakout sessions was led by a HCIDLA facilitator who guided the conversation toward developing targeted program priorities and criteria.

We invite you to attend our second stakeholder meeting on **April 13th at 9:30 – 11:00 am**. In this second meeting we, as a group, will review the various program ideas developed during the breakout sessions and discuss what the linkage fee expenditure plan may look like.

Meeting Location:

L.A. Housing and Community Investment Department (HCIDLA)
1200 W. 7th St, 9th Floor, Room 912
Los Angeles, CA 90017

To RSVP, please email hcidla.ahlf@lacity.org by 12:00pm Thursday, April 12th.

Please check in at the security desk (lobby) with your picture I.D. before proceeding to the 9th floor. HCIDLA does not validate visitor parking, but public parking and street metered parking are available in the vicinity. If you have any

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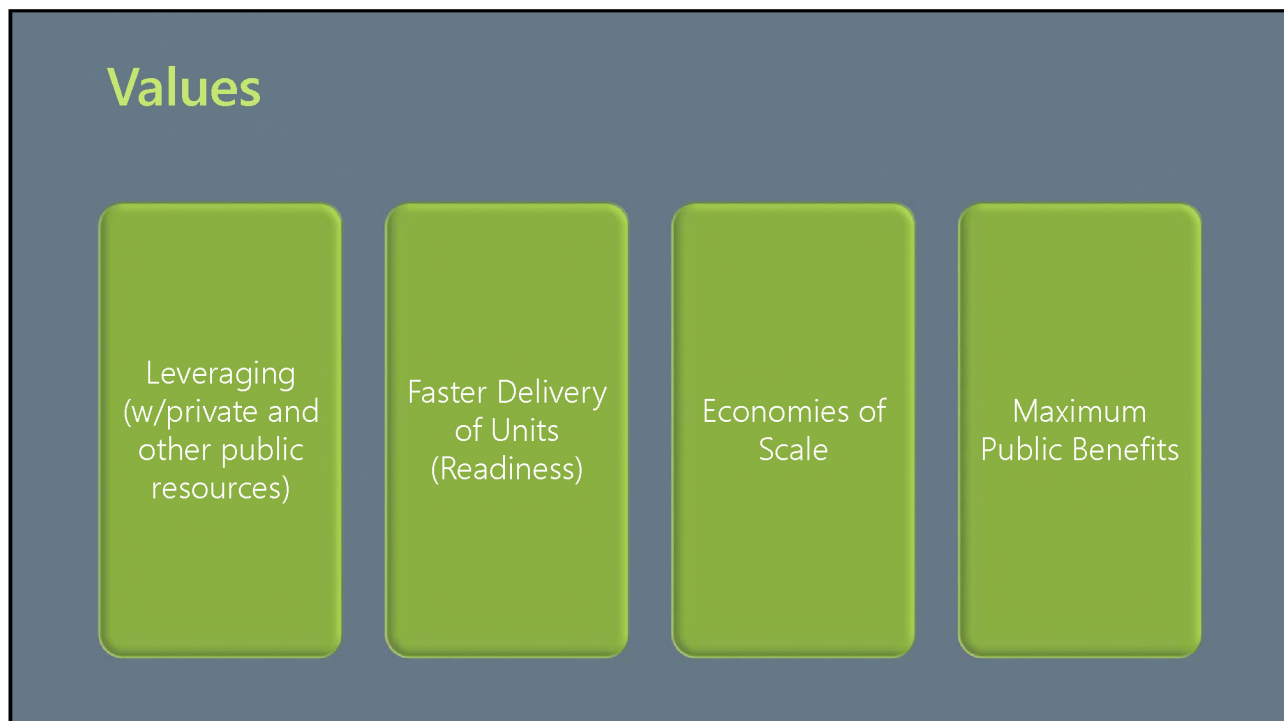
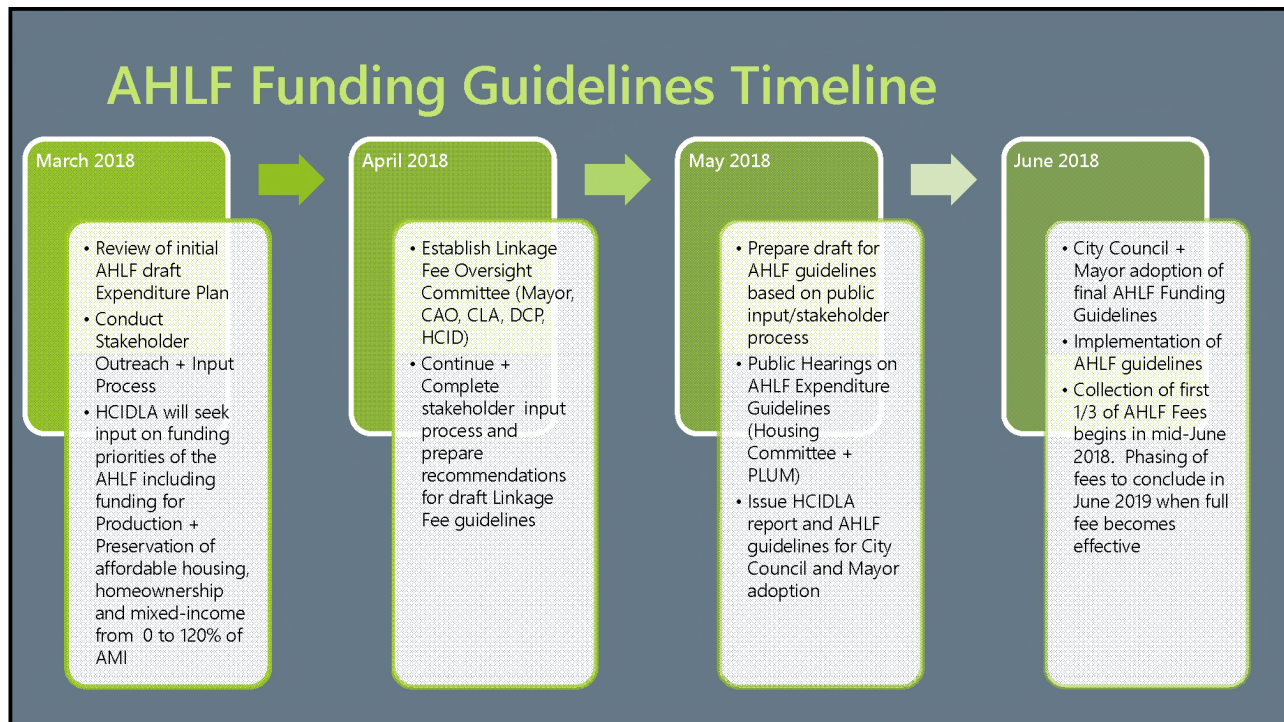
Agenda

Process Recap & Schedule

Program Ideas from the Ad-Hoc Groups

Program Prioritizing

Funding Percentages & Minimum Levels



1. Rental New Construction Group

Program	Description	Housing Needs Addressed	Target Population (AMI)	Funding Amount \$ = <\$1M \$\$ = \$1M - \$5M \$\$\$ = \$5M - \$10M \$\$\$\$ = > \$10M	Minimum Funding Threshold (in order for program to be viable)	Leveraging Sources	Funding Partners
New Const. Rental	Deeply Targeted & Moderate Income	Extremely Low Income (<i>w/no rental Assistance</i>) & Moderate Income H.H.	30% AMI 80% AMI	\$\$\$\$	\$20,000,000	Tax Exempt Bonds and 4% LIHTC	AHSC AHP MHP
"80-20 PLUS" Mixed Income Development	Deeply Targeted & Moderate Income	*Extremely Low Income (<i>w/no rental Assistance</i>) & Moderate Income Renters *Indirectly, market rate renters	*30% AMI *80% AMI *120% AMI	\$\$\$	\$5,000,000	*Tax Exempt Bonds and 4% LIHTC *Property Tax Exemption	*Private Lenders *Investors *Developer Equity

Theoretical AHLF Project

Total # of units:	70
# of units at 30% of AMI:	35
# of units at 80% of AMI:	34
Average Affordability: approx.:	54.6%
SDDA/QCT?:	No
TDC:	\$32,271,724
Financing Structure:	Bonds/4% LIHTC

Affordability Matrix

Bedroom Type	# of units	Rents less utilities	Monthly utility	% of AMI
1-bedroom	35	\$482	\$25	30%
1-bedroom	11	\$1,327	\$25	80%
2-bedroom	11	\$1,586	\$35	80%
3-bedroom	12	\$1,835	\$39	80%
Manager 2-br	1			
TOTAL	70	\$70,933	AVERAGE	54.6%

Uses

<u>Uses</u>	<u>Total cost</u>	<u>Per unit cost (70 units)</u>
Acquisition Costs	\$4,069,365	\$58,134
Hard Costs	18,456,655	263,667
Soft Costs/ Financing Costs	6,209,598	88,709
Developer Fee	3,309,553	\$47,279
Reserves	226,553	\$3,236
TOTAL	\$32,271,724	\$461,025

Permanent Sources

Permanent Financing	Amount	Per unit
Conventional Loan (@ 6% Apr, 15 yrs.)	\$2,917,211	\$41,674
4% LIHTC Equity	8,453,898	120,770
HCIDLA-AHLF	9,660,000	140,000
AHSC / IIG / MHP / AHP	9,131,062	130,444
Deferred Developer Fee & Costs	2,109,553	30,137
TOTAL	<u>\$32,271,724</u>	\$461,025

Cash Flow: Year 1 & Year 15

	Year 1	Year 15
Gross Rent	\$851,196	\$1,202,718
<i>Less Vacancy</i>	<i>-42,560</i>	<i>-60,136</i>
Misc. Income	4,200	5,934
<i>Less Vacancy</i>	<i>-210</i>	<i>-297</i>
Total Revenue	\$812,626	\$1,148,220
<i>Less Operating Expenses, Taxes, Replace Reserve, Social Svcs</i>	<i>-472,910</i>	<i>-738,016</i>
Cash Flow Prior to Debt Service	\$339,716	\$410,204
Debt Service	\$295,405	\$295,405
DCR	1.15	1.39
Cash Flow After Debt Service	\$44,311	\$114,799

2. Rental Preservation Group

Program	Description	Housing Needs Addressed	Target Population (AMI)	Funding Amount \$ = <\$1M \$\$ = \$1M-\$5M \$\$\$ = \$5M - \$10M \$\$\$\$ = >\$10M	Minimum Funding Threshold (in order for program to be viable)	Leveraging Sources	Funding Partners
Accessory Dwelling Units	Provide technical assistance to property owners to construct new ADUs and legalize existing unpermitted ADUs	*Anti-displacement *Preservation *Health & Safety *Housing Stability *New Housing	Renters: *Up to 60% of AMI *Up to 80% of AMI?	N/A	N/A	Property owner investment	N/A
Preserve RSO and NOAH	Provide loans to property owners for rehab of RSO and NOAH properties	*Preservation *Health & Safety *Gentrification Mitigation	Renters: *Up to 60% of AMI *Up to 80% of AMI?	\$\$	\$2MM	*Property owner investment *CalHFA Loan	*Private Banks *CalHFA?
Preserve Public Housing that serves ELI	Financing for rehab of public housing	*Preservation? *Health & Safety *Serving Greatest in Need	Renters: *Up to 30% of AMI	\$\$\$	\$5MM	*Project and/or HACL A reserves? *Federal Cap Grant *Bond/LIHTC?	*HACL A *Private Banks
Preserve at risk PSH and other housing, including SRO, that serve ELI tenants	Financing to stabilize and preserve PSH and other housing, including SRO, which serve ELI tenants.	*Preservation *Health & Safety *Serving Greatest in Need *Homelessness Prevention	Renters: *Up to 30% of AMI	\$\$\$\$	\$20 million	*Project reserves? *Bond/LIHTC	*Private Banks? *County (Services and Capital?) *New State Programs (NPLH?)

3. Homeownership Group

Program	Description	Housing Needs Addressed	Target Population (AMI)	Funding Amount \$ = <\$1M \$\$ = \$1M - \$5M \$\$\$ = \$5M - \$10M \$\$\$\$ = >\$10M	Minimum Funding Threshold (in order for program to be viable)	Leveraging Sources	Funding Partners
Low Income Purchase Assistance (LIPA)	Expand support to low-income households. LIPA Program provides subordinate purchase assistance loans to first-time, low-income homebuyers for down payment, closing costs, and acquisition.	*Permanent, stable housing. *Anti-displacement.	Households earning up to 80% of the Area Median Income (AMI).	\$\$\$\$ (Stakeholders suggested \$20,000,000)	\$3,500,000 To be leveraged with annual HOME and/or CDBG program allocation of \$5M.	*Bank Mortgages. *Leverage with Federal, state, and private. *Federal Mortgage Credit Certificates (MCCs).	First mortgage lenders.
Moderate Income Purchase Assistance (MIPA)	MIPA Program provides subordinate purchase assistance loans to first-time, moderate-income homebuyers for down payment, closing costs, and acquisition.	*Workforce Housing. *Permanent, stable housing. *Anti-displacement.	Households earning between 81% - 150% of the Area Median Income (AMI).	\$\$\$ (Stakeholders suggested \$10,000,000)	\$8,500,000	*Bank Mortgages. *Federal Mortgage Credit Certificates (MCCs).	First mortgage lenders.

3. Homeownership Group

Program	Description	Housing Needs Addressed	Target Population (AMI)	Funding Amount \$ = <\$1M \$\$ = \$1M-\$5M \$\$\$ = \$5M-\$10M \$\$\$\$ = >\$10M	Minimum Funding Threshold (in order for program to be viable)	Leveraging Sources	Funding Partners
Home Development Support	<ul style="list-style-type: none"> *Fund and reopen the Forward Commitment Program for Homebuilders. *Provide capital loan funds to nonprofits for the acquisition of SFH for resale to low- and moderate-income homebuyers. *Provide 0% construction loan program for nonprofits for homeownership projects of 7 units or less. *Earmark City-owned land for the development of homeownership housing for low- and moderate income homebuyers. 	<ul style="list-style-type: none"> *Housing Inventory. *Permanent, stable housing. *Anti-displacement. *Workforce Housing. 	Low and moderate-income households earning up to 150% of Area Median Income (AMI).	<ul style="list-style-type: none"> \$\$ (Stakeholders suggested \$5,000,000) 	\$5,000,000	<ul style="list-style-type: none"> *Private Banks. *Developer Equity. 	First mortgage lenders.

4. Housing Stability Group

Program	Description	Housing Needs Addressed	Target Population (AMI)	Funding Amount \$ = <\$1M \$\$ = \$1M-\$5M \$\$\$ = \$5M-\$10M \$\$\$\$ = >\$10M	Minimum Funding Threshold (in order for program to be viable)	Leveraging Sources	Funding Partners
Eviction Defense	Expand eligibility for more reach	<ul style="list-style-type: none"> *Anti-displacement *Tenant protection 		\$\$			Neighborhood Legal Services (Shriver Housing Project)
Certified Housing Counseling	Fund navigation and connection to services						HUD
Adult Protective Services	Enhance services to seniors facing eviction	*Senior services		\$\$			
Landlord Incentives							
Extend Housing Subsidies	Extend subsidies beyond 3 months to offset high rental costs						

5. Innovation/New Program Ideas Group

Program	Description	Housing Needs Addressed	Target Population (AMI)	Funding Amount \$ = <\$1M \$\$ = \$1M - \$5M \$\$\$ = \$5M - \$10M \$\$\$\$ = > \$10M	Minimum Funding Threshold (in order for program to be viable)	Leveraging Sources	Funding Partners
Innovation Demonstration Program	Provide loans or alternative assistance for project sponsors pursuing new/alternative or untried housing development activities	*Permanent rental housing and/or homeownership development *New/alternative financing or physical development structures	*Households between 0 – 120% AMI	\$ - \$\$\$\$	\$2.5MM	TBD	TBD
INITIALLY DISCUSSED APPLICATION IDEAS							
Affordable Accessory Dwelling Units (ADUs)	Provide loans for home-owners to build ADUs for Section 8 renters	Anti-displacement Section 8 placements Housing stability	Low-moderate income homeowners Section 8 renters (>30% AMI)	\$	\$500,000-700,000	N/A	LA Mas
Affordable Housing on Underutilized Property	Develop housing on vacant private lots	Affordable housing Workforce housing	Teachers, churchgoers (>30% AMI)	\$\$\$\$	N/A	Property owner	LAUSD Faith-based organizations
Modular Housing	Create pre-fab apartments	Cheaper and faster construction	>30% AMI	\$\$\$	N/A	N/A	N/A

RHNA: Production Progress Per 2017 APR

Regional Housing Needs Allocation Progress
Permitted Units Issued by Affordability

Enter Calendar Year starting with the first year of the RHNA allocation period. See Example.												Total Units to Date (all years)	Total Remaining RHNA by Income Level
Income Level	RHNA Allocation by Income Level	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9			
Very Low	Deed Restricted	20427	212	856	863	718	697	0	0	0	0	3376	17051
	Non-Restricted		0	0	0	0	0	0	0	0	0		
Low	Deed Restricted	12435	593	967	536	604	255	0	0	0	0	2855	9580
	Non-Restricted		0	0	0	0	0	0	0	0	0		
Moderate		13728	40	47	45	143	27	0	0	0	0	302	13426
Above Moderate		35412	6766	13047	15833	12231	13040	0	0	0	-	60649	0
Total RHNA by COG. Enter allocation number:		82002											
Total Units			7843	14817	17307	13696	14019	0	0	0	0	67482	
Remaining Need for RHNA Period													40057

Note: units serving extremely low-income households are included in the very low-income permitted units totals.

Over the past 5 years the City has produced approximately 18% or 6,231 units of the total number of units needed to meet the very low and low income RHNA goals.

Estimated Linkage Fee Revenue

Affordable Housing Linkage Fee - Revenue Estimate				
	Year One (FY 18-19)		Year Two (FY 19-20)	
	1/3 Fee in Effect (June-Dec '18)	2/3 Fee in Effect (Dec - June '19)	Full Fee in Effect (June-Dec '19)	Full Fee in Effect (Dec - June '20)
Estimated Six-Month Revenue - Residential	\$ 16,142,358	\$ 32,284,717	\$ 48,427,075	\$ 48,427,075
Estimated Six-Month Revenue - Commercial	\$ 1,264,549	\$ 2,529,099	\$ 3,793,648	\$ 3,793,648
Estimated Six-Month Revenue - Total	\$ 17,406,908	\$ 34,813,815	\$ 52,220,723	\$ 52,220,723
Estimated Annual Revenue - Total*	\$52,220,723		\$104,441,446	

Source: City of Los Angeles, BAE 2017

*Estimate does not account for annual inflation adjustments

Linkage Fee Funds: Allowable Uses

- *Uses*
 - The basic rule is that the fee revenues can only be used to address the need that the new development creates.
 - *As such funds can be used for*
 - *New production of affordable housing*
 - *Acquisition & Preservation – by extending covenants/restrictions*
- *Study only analyzed the need for up to 120% of the AMI, as such funds can only be used to meet this income stream.*
- *LF funding cannot be used for services or to meet an existing need.*

Discussion Questions

- *What overall program categories should be prioritized?*
 - *New Rental / Homeownership / Preservation / Innovation*
 - *What is our top sub-program choice in each category?*
- *Based upon the priorities, roughly what percentage of each dollar received should be spent on each program category?*
- *What is the minimum amount of dollars needed to fund our priority sub-programs (i.e. when is a lower amount no longer viable/logical)?*

Next Steps

- APRIL: *Compile Stakeholder Input and Recommendations*
- APRIL / MAY: *Secure Council and Mayor Feedback and Suggestions*
- MAY: *Prepare and Circulate Report (Program Ideas and Expenditure Plan)*
- JUNE: *Seek Council and Mayoral Approval*
- JULY – 2019: *Develop Program Guidelines and Regulations for Implementation*