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Karen Bass, Mayor

January 11, 2023

Council File: 22-0651
Council Districts: Citywide
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Honorable Members of the City Council
City of Los Angeles
c/o the City Clerk, City Hall
200 N. Spring Street, Room 395
Los Angeles, CA 90012

COUNCIL TRANSMITTAL: REPORT FROM THE LOS ANGELES HOUSING DEPARTMENT REGARDING A LOCAL PREFERENCE POLICY FOR SUBSIDIZED AFFORDABLE HOUSING AND SUPPORTIVE HOUSING UNITS

SUMMARY

The General Manager of the Los Angeles Housing Department (LAHD) respectfully submits this report in response to a motion introduced by Councilmembers Bob Blumenfield, Marqueece Harris-Dawson, and Kevin De Leon (C.F. No. 22-0651), which requests LAHD to work with the applicable Federal and State agencies to prepare a local preference policy for subsidized affordable housing units and supportive housing units that do not utilize the Coordinated Entry System (CES) for tenant selection and lease up.

This report provides an overview of the proposed city local preference policy for the City of Los Angeles for those affordable units that do not utilize CES, and describes an effort to reach out to the U.S. Department of Housing and Urban Development (HUD) Office of Fair Housing and Equal Opportunity (FHEO) for preliminary review of the drafted proposed policy to confirm whether or not it would align with all applicable HUD requirements.

A response to the following items will be provided in a subsequent report under this Council File:

- REQUEST the LAHD work with the Housing Authority of the City of Los Angeles (HACLA) and the Los Angeles Homeless Services Authority (LAHSA) to prepare a local preference policy for affordable housing units and subsidized housing units that utilize the CES for tenant selection and lease up, and report within 90 days.

- REQUEST the LAHD work in coordination with LAHSA to report on the feasibility of preparing a local preference policy for interim housing beds receiving City Funding, and report within 90 days.

RECOMMENDATIONS

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

- I. INSTRUCT LAHD, with the assistance of the City Attorney's Office and in coordination with the Community Investment for Families Department (CIFD) and HACLA, to work with HUD to secure approval of the local preference policy, as proposed in Attachment A; and,
- II. INSTRUCT LAHD to report back to Council on the status HUD's review within 90 days.

BACKGROUND

LAHD's affordable housing inventory consists of affordable housing units restricted by a regulatory agreement with accompanying funding (such as HOME, HOPWA, and CDBG) or by a land use covenant (as a result of a density bonus, transit-oriented communities, or other incentive). Owners are required to affirmatively market their property's affordable housing units as part of their property management plan or tenant selection process. The proposed local preference policy would impose an additional requirement for owners to prioritize City residents and/or workers for affordable housing units participating in an LAHD housing program.

Proposed City of Los Angeles Local Preference Policy for Non-CES Units

The City proposes to adopt the City Local Preference Policy ("City Local Preference", Attachment A). The proposed City Local Preference would require project owners with affordable housing units restricted by an LAHD covenant, regulatory agreement, or other eligible contract to adopt a Tenant Selection Plan that prioritizes qualified applicants who live and/or work in the City at the time of their application.

This proposed City Local Preference would not apply to those affordable housing units that require tenants to be referred through CES, which is administered through LAHSA.

Summary of Proposed City Local Preference for Non-CES Units

The proposed City Local Preference would require that income and otherwise qualified City residents and/or workers be given preference for affordable rental units in the City nearer to their current place of residence and/or workplace.

Owners will be required to detail marketing, implementation, and maintenance processes as they may relate to the proposed City Local Preference in their respective project tenant selection plans. As stated in the attached draft policy, at minimum, owners will be required to:

1. Identify project needs and market units.
2. Create applicant lists by requirement.
3. Apply preference and update applicant list order.
4. Establish waiting lists by unit requirements.
5. Maintain and update project waiting lists.

Alignment with HUD Handbook Requirements

The proposed policy would apply after any and all other superseding requirements and policies are met, which include, but are not limited to, federal, state, and/or local laws, regulations, or policies, including those implemented by HUD.

Specifically, the proposed City Local Preference Policy follows requirements detailed in the HUD Housing Handbook 4350.3: Occupancy Requirements of Subsidized Multifamily Housing Programs (“HUD Occupancy Handbook”), Chapter 4. Waiting List and Tenant Selection, such that:

- Federal or state statutory or regulatory requirements and priorities must first be satisfied before the proposed City Local Preference policy is applied.
- Applicants are considered City residents so long as they live in the City as of the date of application.
- Applicants are considered City workers so long as they work in the City, have been hired to work in the City, or are expected to live in the City as a result of planned employment with a bona fide offer as of the date of application.
- The proposed City Local Preference only affects the order of applicants for a project waiting list, such that applicants with preferences are selected from the waiting list and receive an opportunity for an available unit earlier than those who do not have a preference.
- Owners may not base the residency preference on the length of time the applicant has lived or worked in the area.
- If there are no preference-eligible residents for a project and/or restricted unit waiting list, owners cannot hold restricted units open because of the residency preference. In this situation, the owner must admit the next household on the waiting list.
- Owners must inform all applicants about available preferences and give all applicants an opportunity to show that they qualify for available preferences.

Submission to HUD

Before any official approval of the proposed City Local Preference policy is made, HUD must conduct a formal review. LAHD will work with CIFD to incorporate the proposed policy for review through the City's Consolidated Plan. Additionally, because a portion of LAHD's affordable housing inventory receives Section 8 or other rental subsidies, LAHD will work with HACLA to also include the proposed policy in HACLA's Administrative Plan.

LAHD consulted with a Senior Representative at HUD's Office of Community Planning and Development, who advised that there is no approved case of a citywide local preference policy for any other city in HUD Region IX (to which the City of Los Angeles belongs). Furthermore, it appears that in Region IX, the only known HUD-approved local preference is in the City of Los Angeles for the Los Angeles Unified School District (LAUSD). Specifically, the LAUSD projects with LAHD restrictions that have implemented local preference policies are: Sage Park Apartments, Selma Community Housing, and Norwood Learning Village. For these specific projects, LAUSD employees are prioritized for the affordable housing units. However, any eligible household may still apply regardless of their LAUSD-working affiliation.

Accordingly, to begin the conversation, LAHD has submitted a letter to the HUD Fair Housing and Equal Opportunity (FHEO) Office requesting a preliminary review of draft policy to confirm whether the proposed City of Los Angeles local preference policy would align with all applicable HUD requirements (Attachment B). Should any Councilmembers want to change any items in the proposed draft, LAHD can share any such changes in the ongoing conversations with HUD.

FISCAL IMPACT

There is no impact to the General Fund.

Approved By:



ANN SEWILL
General Manager
Los Angeles Housing Department

ATTACHMENTS:

Attachment A - Proposed City Local Preference Policy

Attachment B - LAHD GM Letter to HUD

Attachment A

Proposed City of Los Angeles Local Preference Policy for Affordable and Permanent Supportive Housing Units

Proposed City of Los Angeles Local Preference Policy for Affordable and Permanent Supportive Housing Units

Proposed Policy

The City of Los Angeles (the “City”) proposes to adopt the City of Los Angeles Local Preference Policy (“City Local Preference”). The proposed City Local Preference would require project owners with affordable housing units restricted by a Los Angeles Housing Department (“LAHD”) covenant, regulatory agreement, or other eligible contract to adopt a Tenant Selection Plan (TSP) that would prioritize qualified applicants who live and/or work in the City at the time of their application.

Policy Overview

The proposed City Local Preference would require that income and otherwise qualified residents and/or workers be given preference for affordable rental units in the City nearer to their current place of residence and/or workplace.

Furthermore, the proposed policy would apply after any and all other superseding requirements and policies are met, which may include, but would not be limited to, federal, state, and/or local law, regulations, or policies, including those implemented by the United States Department of Housing and Urban Development (“HUD”). This document reviews in detail the suggested process for implementation, tenant requirements, owner responsibilities, and applicability of the proposed City Local Preference.

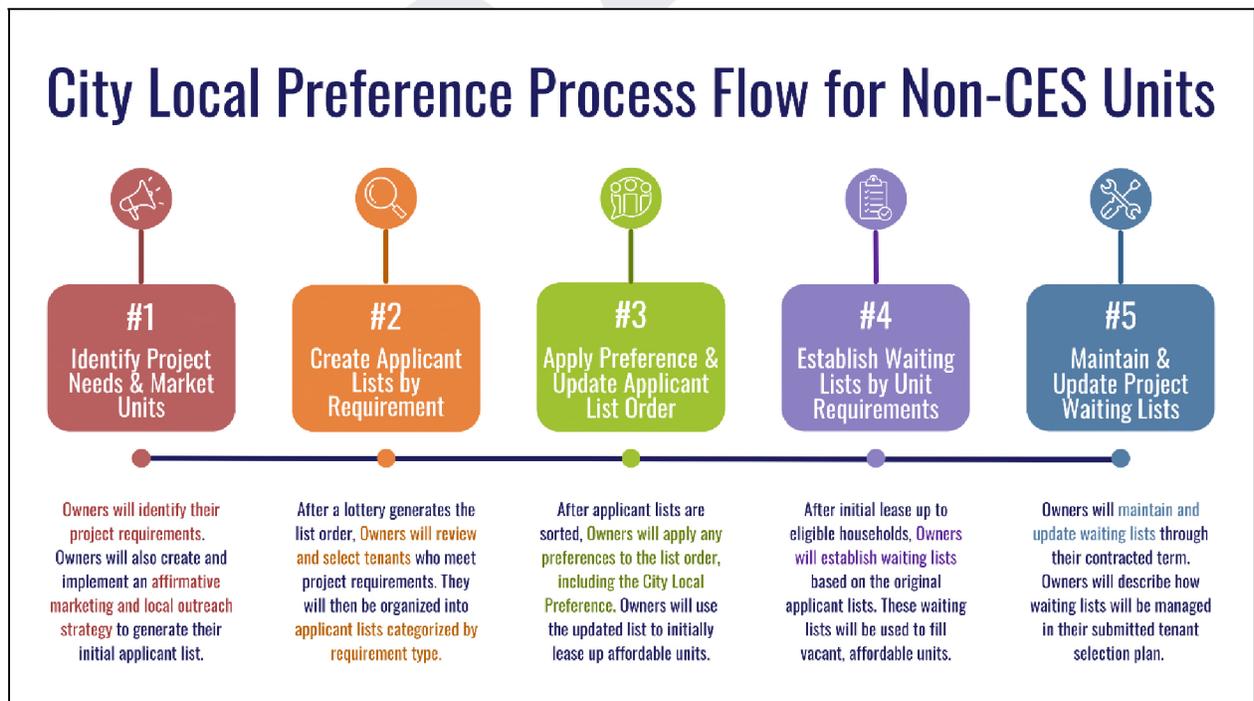
Terms

- **Applicant List.** “Applicant List” refers to a project’s list of potential applicants that would be utilized for any initial lease-up activities.
- **City.** “City” refers to the City of Los Angeles, a municipal corporation.
- **City Local Preference.** “City Local Preference” refers to the proposed policy to prioritize City residents and/or workers for affordable housing units in the City of Los Angeles restricted by a Los Angeles Housing Department regulatory agreement, covenant, or other eligible contract.
- **City Local Applicant.** “City Local Applicant” refers to any person who applies to live in a Los Angeles Housing Department-restricted unit, and lives and/or works in the City of Los Angeles as of the date of application.
- **City Resident.** “City Resident” refers to a person who lives in the City of Los Angeles as of the date of application.
- **City Worker.** “City Worker” refers to a person who works in the City of Los Angeles, has been hired to work in the City, or is expected to live in the City as a result of planned employment with a bona fide offer as of the date of application.

- Department or LAHD. “Department” or “LAHD” refers to the Los Angeles Housing Department, a department of the City of Los Angeles (formerly known as “the Los Angeles Housing and Community Investment Department”, “HCIDLA” or “HCID”).
- General Public. “General Public” refers to any person who applies to live in a Los Angeles Housing Department-restricted unit, and does not live and/or work in the City of Los Angeles as of the date of application.
- HUD. “HUD” refers to the United States Department of Housing and Urban Development.
- Restricted or Affordable Housing Units. “Restricted Units” or “Affordable Housing Units” refer to dwelling units at a project that are restricted by a covenant, regulatory agreement, or other eligible contract with the LAHD. These restricted units are to be rented to income-qualified households, as defined in the project’s regulatory agreement, covenant, or other eligible contract terms.
- TSP. “TSP” refers to the “Tenant Selection Plan”, owners’ written plans to describe how the proposed City Local Preference will be applied to their project-specific tenant outreach, application and review processes.
- Waiting List. “Waiting List” refers to a filtered applicant list that would be specifically been reviewed by requirement, preference, and/or other criteria as it applies to a restricted unit category. The waiting list will be used to fill vacancies after initial lease-up.

Implementation

Overview



The implementation of a City Local Preference would require Owners with LAHD restricted units to update their tenant selection and review processes, including marketing and outreach strategies. Each step of implementation is detailed in the following sections.

City Local Preference Defined

City Local Preference requirements would apply to the LAHD projects with regulatory agreements, covenants, or other eligible contracts entered into by the City on or after the effective date of the policy.

There are two preference groups that would apply to projects with LAHD-restricted units:

1. City residents and/or workers;
2. The general public, those who are not City Local Applicants.

Order of Project Requirements and Priorities

Federal or state statutory or regulatory requirements and priorities must first be satisfied before the proposed City Local Preference policy is applied. These are such that¹:

1. All pre-occupancy activities must be undertaken in a manner that does not discriminate on the basis of race, color, national origin, sex, religion, disability, or familial status.
2. Applicants displaced by government action or a presidentially declared disaster must be given preference.
3. Current residents who require reasonable accommodations to meet their accessibility needs and are occupying a restricted unit that has received City funding which cannot meet their needs may be prioritized for a different unit within the owner's portfolio or LAHD's portfolio for which they may be eligible.

Additionally, the proposed City Local Preference would align with the following HUD residency preference requirements and definitions²:

1. Applicants will be considered **City residents** so long as they live in the City as of the date of application.
2. Applicants will be considered **City workers** so long as they work in the City, have been hired to work in the City, or are expected to live in the City as a result of planned employment with a bona fide offer as of the date of application.

The proposed policy would further align with additional HUD requirements and limitations enforced when applying a residency preference³:

1. Owners may not base the residency preference on the length of time the applicant has lived or worked in the area.
2. If there are no preference-eligible residents for a project and/or restricted unit waiting list, owners cannot hold restricted units open because of the residency preference. In this situation, the owner must admit the next household on the waiting list.

¹ Source: HUD Occupancy Handbook 4350.3: Occupancy Requirements of Subsidized Multifamily Housing Programs, Chapter 4: Waiting List and Tenant Selection Plans, [Section 4-1: Introduction](#)

² Source: HUD Occupancy Handbook 4350.3: Occupancy Requirements of Subsidized Multifamily Housing Programs, Chapter 4: Waiting List and Tenant Selection Plans, [Section 4-6: Preferences](#)

³ Source: HUD Occupancy Handbook 4350.3: Occupancy Requirements of Subsidized Multifamily Housing Programs, Chapter 4: Waiting List and Tenant Selection Plans, [Section 4-6: Preferences](#)

3. Owners must apply higher ranking statutory or regulatory preferences before the City Local Preference.
4. Preferences would not make anyone eligible who was not otherwise eligible, and do not change an owner's right to adopt and enforce tenant screening criteria. Owners must never adopt a residency requirement (meaning the owner cannot refuse a restricted unit to any applicant solely because they do not live in the City).

Additionally, following current State Law, individuals displaced from publicly financed housing would have the right of first refusal when the City finances the rebuilding of those affordable housing units, and be prioritized before those who are only eligible for a City Local Preference.

Furthermore, local law, policies, and any other tenant requirements must first be satisfied before the application of the City Local Preference. This would include requirements for any and all applicants who may have been:

1. Displaced by government action;
2. In need of accessible unit features, either mobility or sensory;
3. Who are Transitional Age Youth (TAY) moving from the foster care system to units with TAY program funding; and/or
4. Who identify as persons experiencing homelessness applying for a specific supportive housing unit via the Los Angeles Homeless Services Authority's Coordinated Entry Systems (CES).

Projects that utilize CES to locate eligible residents for restricted units would also be required to follow the proposed City Local Preference. A CES-specific framework will be shared separately.

In the event that multiple applicants meet the same, highest priority requirement(s), City Local Preference may be applied so long as no other requirements differentiate the applicants, and all other applicants remain eligible to participate in the tenant selection process. If multiple requirements and priorities exist across the applicant pool, applicants will be filtered by number of applicable requirements met, followed by type of requirement(s) met in priority order and City Local Preference, if applicable.

Moreover, the City Local Preference would not supersede any restrictions required by law or funding source, including, but not limited to, age-specific (youth, senior) and accessible units. Through specific funding allocations from HUD, and where an applicant is successful, the development of housing for disabled, senior, and youth residents would be specifically designed for and allocated to these populations. Separate waiting lists would need to be maintained for any units with specific restrictions to be satisfied by a tenant.

Owner Requirements for City Local Preference

For all eligible projects with restricted units, owners must comply with federal, state, and or local statutory or regulatory requirements and priorities before applying the proposed City Local Preference. The LAHD will require owners to include the City Local Preference in their TSP.

For those funded projects that will be required to complete a Property Management Plan (PMP) with the LAHD, the TSP would be submitted with the Property's PMP.

The proposed City Local Preference would require eligible owners to create and maintain at least one (1) standing waiting list to fill their restricted units. The waiting list would be generated from the initial applicant list, which would be first chosen through a general lottery, then ordered by preference. Separate waiting lists would need to be created and maintained by requirement. The review process shall be detailed in the owner's TSP and should be described similarly to the following:

- Owners must create and implement an enhanced affirmative marketing and local outreach strategy to generate their initial applicant list.
- A lottery will randomly select the applicant list order that must be carried through any and all categorization and/or filtering processes.
- As needed post-lottery, Owners will sort applicants by a specific program, funding, or other unit requirements into additional, separate applicant lists by requirement type.
 - The post-lottery applicant list order must be maintained through this process at all times.
 - Applicants may be on multiple lists for different types of units with different requirements that may be available on a single property.
- Owners will then filter applicants each list by the City Local Preference, wherein the order will be adjusted to prioritize those who are City Local Applicants before the general public.
- A waiting list with all eligible applicants must be maintained to allow opportunity for such applicants to apply for any of the property's income-restricted-only units.
- After waiting lists have been established, they will be maintained and updated as described by the Owner in their TSP.

Identifying Project Requirements and Marketing Plan

Owners will need to complete and submit a TSP to the LAHD which shall identify and specify any and all requirements for any of the property's restricted units, any preferences that may be used to re-order applicants, and how both requirements and preferences will be applied, including, but not limited to:

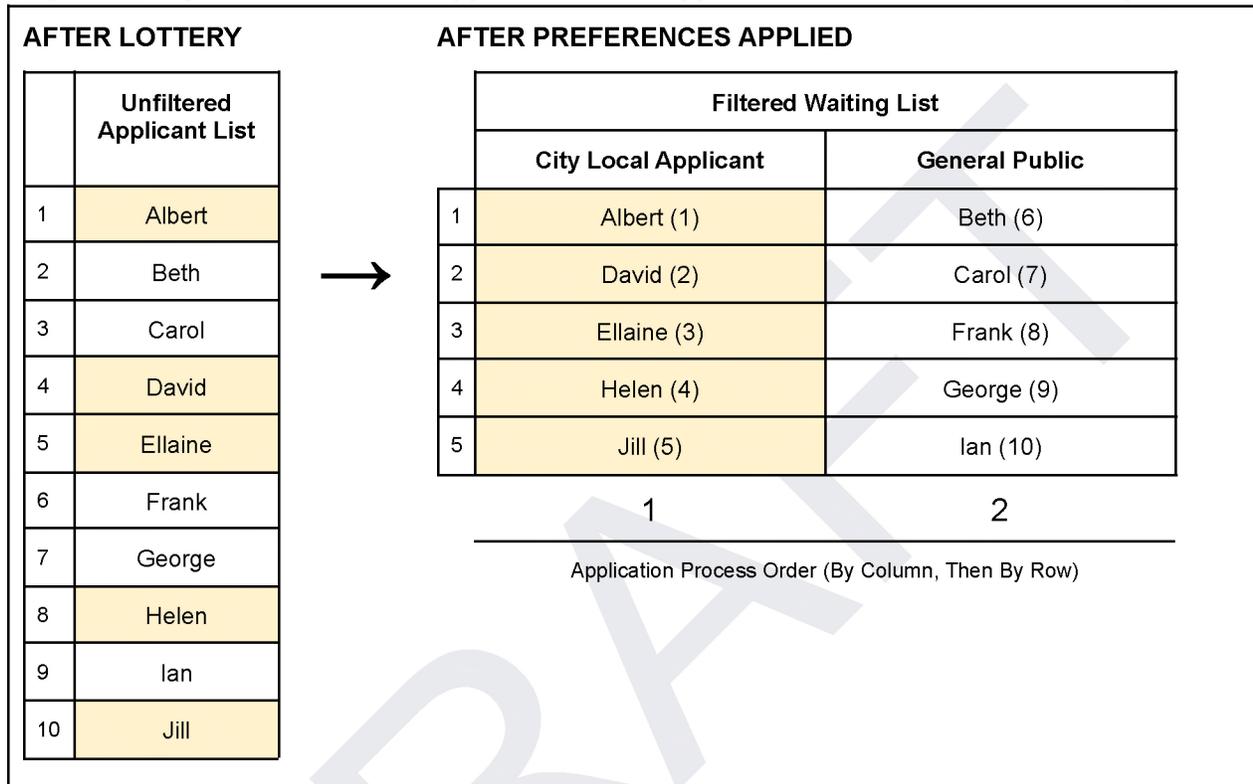
1. Statutory requirements, as mentioned above;
2. HUD regulatory requirements, as applicable based on funding sources;
 - a. HUD Program restrictions may include requirements with regards to accessibility, affordability, age, household size, and/or veteran status.
2. State requirements as defined by California housing legislation;
3. Local requirements, including, but not limited to, accessibility and/or CES requirements;
4. Federal or state preferences; and/or
5. City Local Preference.

The Owner's TSP must also include an affirmative marketing and local outreach plan that clearly demonstrates actions to be taken to encourage City residents and/or workers to apply for the project's restricted units.

Application of City Local Preference and Establishment of Property Waiting Lists

Should all applicants match criteria and meet any requirements equally, owners should prioritize applicants according to the proposed City Local Preference and provide a filtered waiting list by preference type and eligibility, as shown in *Figure A*.

Figure A: City Local Preference Applied When All Applicants Match Criteria, Meet Requirements



In the event where not all applicants match or meet required criteria, and are separated by only one (1) requirement category, owners would prioritize those with who meet the requirement category over those who do not.

- Owners should prioritize accordingly, and establish a requirement-based waiting list, such as List A in *Figure B*.
- Owners should still establish a separate waiting list based on the applicant list, such as List B in *Figure B*.
 - Applicants sorted into the requirement-based list should remain included in the all-applicant list, so long as they meet all eligible criteria.
 - For the all-applicant list, applicants from any requirement-based list will be prioritized in the same manner as all other applicants, meaning that fulfilled requirements would not carry weight in the all-applicant list.
- After Owners have identified their all-applicant and requirement-based lists, the proposed City Local Preference would be applied to reorder City Local Applicants before the general public.
- After the City Local Preference has been applied, Owners may then establish their waiting lists based on the filtered applicant lists.

Figure B: City Local Preference Applied After Filtering Applicants by One Specific Requirement

AFTER LOTTERY		AFTER ONE (1) REQUIREMENT, PREFERENCES APPLIED			
	Unfiltered Applicant List	Filtered Waiting List A (FOR SENIOR UNITS ONLY)			
		Meets Senior Age Requirement City Local Applicant	Meets Senior Age Requirement General Public		
1	Albert	1	David* (1)	Carol* (3)	
2	Beth	2	Helen* (2)	Ian* (4)	
3	Carol*				
4	David*				
5	Ellaine				
6	Frank				
7	George				
8	Helen*				
9	Ian*				
10	Jill				
		Filtered Waiting List B (FOR NON-SENIOR UNITS ONLY)			
		City Local Applicant	General Public		
		1	Albert (1)	Beth (6)	
		2	David* (2)	Carol* (7)	
		3	Ellaine (3)	Frank (8)	
		4	Helen* (4)	George (9)	
		5	Jill (5)	Ian* (10)	
			1	2	

Application Process Order (By Column, Then By Row)
 * = Senior Age Requirement
 (Sample requirement, can be another specific program requirement)

In the event where not all applicants match or meet required criteria, and are separated by multiple requirements, owners would prioritize those who meet the most required criteria, followed by requirement priority order, as described in the previous section.

- Owners should determine and identify any and all applicable requirements for Property units and preferences, as demonstrated *Figure C-1*.

[CONTINUED ON NEXT PAGE]

Figure C-1: Determining Requirements & Preferences When Applicants Meet Multiple Criteria

	Unfiltered Applicant List (After Lottery)	Applied Requirements (FIRST)			Applied Preferences (LAST)		
		Senior Unit	Veteran Unit	Income Eligible	HUD Displacement Preference	City Local Applicant	General Public
1	Albert			•		•	
2	Beth		•	•			•
3	Carol	•		•	•		•
4	David	•	•	•	•	•	
5	Ellaine		•	•		•	
6	Frank			•			•
7	George			•			•
8	Helen	•		•		•	
9	Ian	•		•			•
10	Jill			•		•	

After filtering through the property’s requirements, owners should prioritize applicants by the highest-ranked requirement category, then by preference eligibility, including the proposed City Local Preference.

- Owners should establish any requirement-based waiting lists, such as Lists A and B in *Figure C-2*.
- Owners should still establish a separate waiting list based on the applicant list, such as List C in *Figure C-2*.
 - Applicants sorted into the requirement-based list should remain included in the all-applicant list, so long as they meet all eligible criteria.
 - For the all-applicant list, applicants from the requirement-based list will be prioritized in the same manner as all other applicants, meaning that fulfilled requirements would not carry weight in the all-applicant list.
- After Owners have identified their all-applicant and requirement-based lists, the proposed City Local Preference would be applied to reorder City Local Applicants before the general public.
- After the City Local Preference has been applied, Owners may then establish their waiting lists based on the filtered applicant lists.

[CONTINUED ON NEXT PAGE]

Figure C-2: Multiple Lists By Multiple Requirements, Application of City Local Preference

LISTS ARE MANAGED SEPARATELY BY UNIT REQUIREMENT		FILTERED WAITING LIST A: APPLICANTS QUALIFIED FOR SENIOR UNITS	FILTERED WAITING LIST B: APPLICANTS QUALIFIED FOR VETERAN UNITS	FILTERED WAITING LIST C: INCOME ELIGIBLE APPLICANTS FOR ALL OTHER UNITS
1	<u>Met Multiple Requirements</u>	David (A1)	David (B1)	
2	<u>HUD Displacement Preference</u>	Carol (A2)	No Applicants	Carol (C1) David (C2)
3	<u>City Local Applicant</u>	Helen (A3)	Ellaine (B2)	Albert (C3) Ellaine (C4) Helen (C5) Jill (C6)
4	<u>General Public</u>	Ian (A4)	Beth (B3)	Beth (C7) Frank (C8) George (C9) Ian (C10)

Furthermore, in all cases, the Owner would need to communicate with applicants that:

- Tenants must meet any and all requirements to qualify for a waiting list and occupy requirement-restricted units
- Tenants must meet at least one criteria of a City Local Applicant to receive priority.
- Tenants would not need to be a City Local Applicant to apply for any LAHD program restricted unit.

Owner Maintenance of Waiting Lists

Owners would be responsible for managing and maintaining any and all waiting lists for the restricted units located on any property to which City Local Preference must be applied.

Specifically, the Owner must describe how waiting lists will be maintained and renewed in their project TSP.

Applicability:

The proposed City Local Preference would directly apply to new projects with units restricted by a regulatory agreement, covenant, or other eligible contract the owner executes with the LAHD. These may include units in receipt of federal funds via the LAHD, including, but not limited to: the HOME Investment Program; Community Development Block Grant (CDBG); and Housing Opportunities for Persons with AIDS (HOPWA). The proposed policy would also apply to new covenanted projects with restricted units produced as a result of a density bonus or other building incentive.

Exemptions to the Application of City Local Preference

Although the goal is to implement the proposed City Local Preference as widely as possible, it may at times present a conflict with other Citywide goals.

To best serve the interest of all City constituents, the following exemptions may apply:

1. If a designated restricted unit requires a special population to be served (e.g. people with disabilities), owners must ensure that the special population is prioritized over the proposed City Local Preference.
2. Only projects that have been placed in service after the adoption of this proposed policy must incorporate City Local Preference into their TSP.

Regardless of whether they are City Local Applicants, households with persons who have mobility/hearing/sight impairments will have priority for any restricted units designed for the mobility and/or hearing/sight impaired. Should there be households in this group who are City Local Applicants, the appropriate preference will be applied. However, any person or group of persons who do not have household members that need the features of an accessible unit will not be allowed to lease any such unit unless there is no household on the waiting list that meets these criteria. Should a household that does not require the features of an accessible unit lease such a unit, then that household must sign a lease addendum stating that they will move to the next comparable unit should a household within the development or on the waiting list need the features of that accessible unit.

Following HUD Preference Requirements, the proposed City Local Preference would only affect the order of applicants for a project waiting list, such that applicants with preferences are selected from the waiting list and receive an opportunity for an available unit earlier than those who do not have a preference. Owners must inform all applicants about available preferences and give all applicants an opportunity to show that they qualify for available preferences. Furthermore, if a property were to receive more than one type of subsidy, the requirements of each program, if any, are applicable to the property before the proposed City Local Preference can be applied.

Ann Sewill, General Manager
Tricia Keane, Executive Officer

Daniel Huynh, Assistant General Manager
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City of Los Angeles



Eric Garcetti, Mayor

LOS ANGELES HOUSING DEPARTMENT

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September 30, 2022

Via electronic mail

Ms. Jeanine Worden
Acting Assistant Secretary for the Office of Fair Housing and Equal Opportunity
U.S. Department of Housing and Urban Development
451 7th Street, NW Washington, DC 20410

RE: Request to Review Draft Proposal of the City of Los Angeles Local Preference Policy

Dear Ms. Worden:

This letter is to request that your office preliminarily review the attached draft proposal of a city local preference policy for the City of Los Angeles. You may recall that in Program Year 41 (2015-16), a local preference policy that prioritized Los Angeles Unified School District (LAUSD) employees for affordable units at LAUSD projects was included in the consolidation plan submitted and approved by HUD.

This proposed new policy would apply to all Los Angeles Housing Department (LAHD) affordable projects contracted after the policy date of implementation, including those with HOME, CDBG, HOPWA, Section 8, and local funding. As part of the drafting process, LAHD carefully reviewed the HUD Occupancy Handbook, and this proposed policy complies with HUD requirements. A disparate impact analysis would also be conducted prior to any formal submission to HUD.

I. Proposed City of Los Angeles Local Preference Policy

The City of Los Angeles (the “City”) proposes to adopt the City Local Preference Policy (“City Local Preference”). The proposed City Local Preference would require project owners with affordable housing units restricted by a Los Angeles Housing Department (“LAHD”) covenant, regulatory agreement, or other eligible contract to adopt a Tenant Selection Plan that prioritizes qualified applicants who live and/or work in the City at the time of their application.

This proposed City Local Preference Policy would not apply to those restricted units that require tenants to be referred through the Los Angeles County Coordinated Entry System (“CES”), which is administered through the Los Angeles Homeless Services Authority (“LAHSA”).

II. Summary of Proposed City Local Preference

The proposed City Local Preference would require that income and otherwise qualified residents and/or workers be given preference for affordable rental units in the City nearer to their current place of residence and/or workplace.

Owners are required to detail marketing, implementation, and maintenance processes as they may relate to the proposed City Local Preference in their respective project tenant selection plans. At minimum, owners must:

- Create and implement an enhanced affirmative marketing and outreach strategy to generate their initial applicant list, regardless of whether or not applicants may qualify for City Local Preference;
- Review and select tenants that meet all project requirements, regardless of whether or not tenants may qualify for City Local Preference; and
- Establish, maintain, and update waiting lists for all eligible applicants regardless of whether or not those on the waiting lists may qualify for City Local Preference.

III. Alignment with HUD Requirements

The proposed policy would apply after any and all other superseding requirements and policies are met, which include, but are not limited to, federal, state, and/or local law, programs, or policies, including those implemented by the United States Department of Housing and Urban Development (“HUD”).

Specifically, the proposed City Local Preference follows requirements detailed in the HUD Occupancy Handbook, Chapter 4. Waiting List and Tenant Selection, such that:

- Federal or state statutory or regulatory requirements and priorities must first be satisfied before the proposed City Local Preference policy is applied.
- Applicants are considered City residents so long as they live in the City as of the date of application.
- Applicants are considered City workers so long as they work in the City, have been hired to work in the City, or are expected to live in the City as a result of planned employment with a bona fide offer as of the date of application.
- The proposed City Local Preference only affects the order of applicants for a project waiting list, such that applicants with preferences are selected from the waiting list and receive an opportunity for an available unit earlier than those who do not have a preference.
- Owners may not base the residency preference on the length of time the applicant has lived or worked in the area.
- If there are no preference-eligible residents for a project and/or restricted unit waiting list, owners cannot hold restricted units open because of the residency preference. In this situation, the owner must admit the next household on the waiting list.

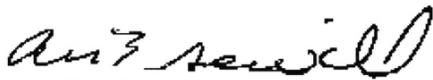
- Owners must inform all applicants about available preferences and give all applicants an opportunity to show that they qualify for available preferences.

Additionally, in the *Order of Project Requirements and Priorities* section of the proposed City Local Preference Policy, a preference for tenants seeking reasonable accommodations that cannot be provided in their current unit or building has been included to be consistent with the Transfer Policy provisions in the Voluntary Compliance Agreement between HUD and the City.

We are aware that HUD has rarely approved local preference policies, so it would be helpful if we could meet virtually to discuss the reasons for this request and ways we might meet any concerns HUD may have about this proposal. My office will be reaching out to your office to see if we can schedule a meeting. I can be reached at (213) 808-8808 or ann.sewill@lacity.org.

Thank you for your consideration, and we look forward to your response.

Sincerely,



Ann Sewill
General Manager
Los Angeles Housing Department
City of Los Angeles

Enclosure: Proposed City of Los Angeles Local Preference Policy for Affordable and Permanent Supportive Housing Units