

## MOTION

Project-based Vouchers (PBVs) undergird the development of Permanent Supportive Housing in the City of Los Angeles. Housing and Urban Development (HUD) administers these types of vouchers via the Housing Choice Voucher program. PBVs allow tenants to pay 30% of their income for rent, ensuring affordability for the lowest income tenants while providing a sufficient revenue stream to property owners for effective building management. Without PBVs, Developers may not be awarded loans because nearly all lenders (public and private) require that projects demonstrate an operational funding source for the life of the project or at least until a refinancing event.

Federal regulations restrict a public housing authority (PHA) to convert 20% of their Section 8 Housing Choice Vouchers as PBVs. HUD does allow PHAs to increase a portion of Housing Choice Vouchers to 30% under certain conditions. The City of Los Angeles is already at the 30% limit and the County is expected to reach that limit by the end of 2025. Provided the federal government does not make a further exemption for the City and County to allocate more Housing Choice Vouchers to PBVs, and an alternative source of operating subsidies are not utilized, supportive housing developments will come to a halt.

The Supportive Housing Alliance is a network of 12 organizations based in Los Angeles County that advance the development and operation of permanent supportive housing for formerly homeless individuals and families with disabilities. Currently, the Alliance has 628 units currently in operation that need operating subsidies.

The proposed Federal Budget reduces the HUD budget by 51% and in doing so, limits the traditional operating subsidy to a two year block grant awarded by the State which means obtaining conventional financing may become exceedingly difficult or impossible for affordable housing developers. Due to threats to the rental subsidy program at the federal level, it is vital that the City works to secure ongoing sources of funds for operating subsidies to sustain the affordable and supportive housing ecosystem in Los Angeles.

There are several potential sources of funding for supportive housing operating subsidies that should be pursued for this purpose. For example, the State has a Multifamily Housing Program with a 20 year Capitalized Operating Subsidy Reserve as an eligible use. Proposition 1 mandates 30% of the Behavioral Health Services Act funding be spent on Housing Interventions, which could be utilized as rental subsidies for people experiencing homelessness with a behavioral health condition. The City should research and leverage as many funding sources as possible to ensure that our investments in affordable housing continue to provide the most vulnerable Angelenos secure, stable and affordable housing for the length of these buildings' covenants.



JUN 25 2025

JUN 25 2025

ORIGINAL

**I THEREFORE MOVE** that the Council instruct the Los Angeles Housing Department and request the Housing Authority of the City of Los Angeles, with the assistance of the Chief Legislative Analyst, to identify funding sources to provide on-going operating subsidy to continue Permanent Supportive Housing development in the City and best ways to leverage City's funds and advocate for the availability of those dollars for this purpose. These sources should include but are not limited to the following:

- The State's Multifamily Housing Program
- Behavioral Health Services Act's Housing Intervention funds
- Measure A funds
- Philanthropic funding

PRESENTED BY:



NITHYA RAMAN  
Councilmember, 4th District

SECONDED BY:

