



April 2, 2026

Council File: New  
Council Districts: Citywide  
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The Honorable Karen Bass  
Mayor, City of Los Angeles  
Room 300, City Hall  
200 North Spring Street  
Los Angeles, CA 90012

Honorable Members of the City Council  
City of Los Angeles, c/o the City Clerk  
Room 395, City Hall  
200 North Spring Street  
Los Angeles, CA 90012

## **COUNCIL TRANSMITTAL: LOS ANGELES HOUSING DEPARTMENT RECOMMENDATIONS FOR TECHNICAL AMENDMENTS RELATED TO UNITED TO HOUSE LA REQUIREMENTS**

### **SUMMARY**

The General Manager of the Los Angeles Housing Department (LAHD) respectfully requests authority to approve the recommendations for proposed technical amendments to the Los Angeles Municipal Code (LAMC) Article 1.9 Real Property Transfer Tax and Los Angeles Charter and Administrative Code (Admin Code) Article 9 Los Angeles Program to Prevent Homelessness and Fund Affordable Housing (collectively referred to herein as the United to House LA (ULA) ballot measure and ordinance). These technical amendments are narrowly focused, and are intended to address legal and financial requirements of ULA, to better facilitate development of ULA-funded affordable housing, including affordable housing projects to be funded by the Homes for LA Notice of Funding Availability (NOFA). The technical amendments recommended in this report have been developed through a collaborative stakeholder process, and have been reviewed and recommended by the ULA Citizen Oversight Committee (COC).

### **RECOMMENDATIONS**

- I. That the City Council, subject to the approval of the Mayor:
  - A. REQUEST the City Attorney, in consultation with the Los Angeles Housing Department, to prepare and present an ordinance to effectuate the following technical amendments to United to House LA (ULA):
    - i. Amend Section 21.9.14 of the Los Angeles Municipal Code (LAMC) to add non-profit, Limited Liability Company, and/or a Limited Partnership whose general partner or managing member is a

Limited Liability Company or Limited Partnership wholly controlled by nonprofit corporation(s) meeting the affordable housing development qualifications.

- ii. Amend Section 22.618.3(d)(1)(i)b.7 of the Los Angeles Administrative Code (Admin Code) to provide necessary flexibility for seniority of affordability restrictions to be determined based on the requirements of other public funders.
- iii. Amend Section 22.618.3(d)(1)(i)b.4 of the Admin Code to clarify that the language is not applicable in cases of transfers by foreclosure, deed-in-lieu of foreclosure, or other similar conveyance.
- iv. Amend Section 22.618.3(d)(1)(i)b of the Admin Code to provide, notwithstanding Sections 22.618.3(d)(1)(i)b.1, b.2, and b.3, flexibility for the Los Angeles Housing Department and/or other public lenders to permit an adjustment of rents, not to exceed the affordability levels described in Section 22.618.3(d)(1)(i)b, in instances where there is a loss of rental subsidy/rental assistance due to reasons not attributable to the developer, following substantially similar rent float up procedures and policies as provided in existing public lender regulatory agreements.

## **BACKGROUND**

The United to House LA (ULA) ballot measure is a voter initiative that was approved by 58% of Los Angeles voters in November 2022. The measure established a permanent, local source of funding for eleven housing and homelessness prevention programs in the City of Los Angeles. Revenues are generated by an additional real estate transfer tax based on the value of high-value property sales.

Since collection of the ULA tax began in April 2023, the City has collected over \$1.1 billion in tax revenue. This is a critical local revenue source dedicated to affordable housing production, preservation, and homelessness prevention. Seventy percent of the ULA program funds the Affordable Housing Program, which supports the construction, rehabilitation, and preservation of affordable housing. Thirty percent of the ULA program funds the Homelessness Prevention Program, which supports efforts to stabilize lower-income tenants and prevent their displacement from their homes.

The Affordable Housing Program includes a variety of housing production, preservation, and ownership strategies, including:

- Multifamily Affordable Housing - provides gap financing for the development of affordable housing
- Alternative Models for Permanent Affordable Housing - facilitates the creation of permanently affordable housing models while cultivating resident leadership and ownership within housing projects
- Acquisition and Rehabilitation of Affordable Housing - preserves existing subsidized and naturally-occurring affordable housing by providing the funding needed for acquisition and rehabilitation, and supporting a pathway to resident ownership of housing
- Homeownership Opportunities - provides homeownership assistance for lower-income households

- Capacity-Building - provides training, outreach, and support to foster successful outcomes for resident-led housing models, including tenant engagement, leadership, management, and ownership of housing
- Operating Assistance - provides operating support for affordable housing projects, in order to support the long-term stability of affordable housing

The Homelessness Prevention Program includes a range of tenant protection and financial assistance programs, including:

- Short-Term Emergency Assistance - provides emergency rental assistance to tenants who are at risk of losing their housing due to economic shocks
- Income Support for Rent-Burdened At-Risk Seniors and Persons with Disabilities - provides income assistance to qualifying households that are at-risk of becoming homeless
- Eviction Defense and Prevention - funds the City's right-to-counsel program to provide housing-related legal services to lower-income households facing eviction
- Tenant Outreach and Education - provides outreach, education, and navigation services to ensure that tenants are educated about their rights, understand how to exercise their rights, and avail themselves of available resources
- Protections from Tenant Harassment - funds implementation, monitoring, and enforcement of the Tenant Anti-Harassment Ordinance (TAHO)

In partnership with the ULA Citizen Oversight Committee (COC), the Mayor, and the City Council, the Los Angeles Housing Department (LAHD) developed Program Guidelines that align with the requirements of the ULA Measure. These Program Guidelines established the framework for implementation of ULA-Funded Programs, including the five ULA Affordable Housing Programs that are included in the recent Homes for LA Notice of Funding Availability (NOFA). With over \$387 million in available funding, the Homes for LA NOFA is the largest ever NOFA administered by LAHD and represents a historic opportunity for the City to meaningfully address affordable housing needs. The vast majority of these funds - over \$316 million - are provided by ULA, reflecting the transformative potential of ULA to support sustained investment in affordable housing production and preservation. The funding award recommendations from the first round of the Homes for LA NOFA are currently pending approval by the City Council. Following Council approval of the funding award recommendations and issuance of project award letters, projects are anticipated to begin loan closings by early fall 2026.

However, stakeholders have provided feedback that some requirements of ULA may make it difficult to create feasible financial products that can be used in partnership with ULA funds. For example, some of the requirements pertaining to regulatory agreements may conflict with underwriting standards used by many key affordable housing lenders. As a result, these provisions may limit the overall ability of LAHD to effectively steward these funds to maximize the production of affordable housing that aligns with the vision of ULA, as they may increase costs associated with assembling financing or potentially delay loan closings.

To address this, LAHD has convened multiple working group meetings with key stakeholders including the United to House LA (UHLA) Coalition, Southern California Association of Non-Profit Housing (SCANPH), the

broader affordable housing lending community, and the ULA Citizen Oversight Committee (COC), in order to collaboratively develop and vet a set of proposed technical amendments that would address lender constraints while also ensuring that the intent of ULA is upheld.

#### City Council Authority to Amend

While ULA is a voter initiative, the measure included provisions that assert the authority of the City Council to amend the provisions of ULA, with the input of the ULA COC and with certain key limitations. Section 22.618.8(a) of the Los Angeles Administrative Code (Admin Code) provides that the City Council may amend the provisions of ULA, with the following limitations:

- Any amendments shall further or facilitate the purposes stated in Admin Code Section 22.618.1, and shall ensure that House LA funds are allocated and expended consistent with Admin Code Section 22.618.3;
- No amendment shall increase the amount of the tax imposed pursuant to Los Angeles Municipal Code (LAMC) Section 21.9.2(b) and within the meaning of California Government Code Section 53750(h) without the voter approval required by Article XIII of the California Constitution; and
- No amendment may diminish the prevailing wage and project labor agreement requirements for any ULA-funded construction work as set forth in Admin Code Section 22.618.7.

As further provided by Admin Code Section 22.618.8(b), the ULA COC shall review any proposed amendment to ULA, before the City Council adopts the proposed amendment, and may express an opinion on whether the amendment furthers the purposes stated in Admin Code Section 22.618.1 and is consistent with the expenditure categories in Admin Code Section 22.618.3.

The purposes provided in Admin Code Section 22.618.1 include:

- (a) Improving access to permanently affordable housing for vulnerable populations including but not limited to seniors in Lower Income Households, formerly homeless, persons with disabilities, veterans, single-parent households, youth in transition, and survivors of domestic violence.
- (b) Addressing the City's residents' need for affordable housing and tenant protections in each of the Council Districts, Affirmatively Furthering Fair Housing goals, Housing Element goals and Regional Housing Needs Assessment affordable housing allocations.
- (c) Prioritizing expenditure of housing production funding for Acutely Low Income Households, Extremely Low Income Households, Very Low Income Households, and Low Income Households categories and prioritizing expenditure of rental subsidy funding for Acutely Low Income Households and Extremely Low Income Households categories.
- (d) Developing, reviewing, and revising a plan to build the capacity of organizations with workplaces located in and/or which serve constituents in Disadvantaged Communities, and to prioritize and enable the organizations' participation in implementation of House LA.
- (e) Increasing the supply of affordable housing served by transit, and providing housing stability and tenant protections in communities served by transit.

- (f) Deploying programs and policies funded through this initiative in such a way as to address racial segregation, dismantle racially exclusionary practices, and promote racial equity in housing, academic, and economic opportunities.
- (g) Utilizing public land for affordable housing produced through this program, including but not limited to underutilized land owned by the City of Los Angeles, Los Angeles Community College District, Los Angeles Unified School District, Los Angeles County Metropolitan Transportation Authority, or other government agencies.
- (h) Establishing and resourcing a Citizens Oversight Committee that will be responsible for reviewing these goals every three years and making adjustments to the program guidelines adopted pursuant to Section 22.618.6(c)(1) of this Code as needed to address the aforementioned goals.
- (i) Establishing new funding and programs for the creation, preservation and acquisition of affordable housing and homelessness prevention that supplement existing City funding and programs.
- (j) Ensuring that construction and rehabilitation work is performed under the labor standards set forth in Section 22.618.7.

If the ULA COC opines that a proposed amendment is not consistent with those purposes, the City Council is required to make written findings to the contrary, supported by substantial evidence in the record, to justify proceeding with the amendment despite that opposing opinion.

Thus, any recommended amendments to ULA must first be presented to the ULA COC for consideration before the City Council may act.

### **RECOMMENDED TECHNICAL AMENDMENTS**

Recommended technical amendments are narrowly focused to address legal and financial requirements of the ULA measure and ordinance which may pose a challenge to the timely, efficient administration of the ULA Affordable Housing Program funds. The goal of these changes is to enable LAHD to make the maximum use of the ULA revenue source by supporting loan closings for ULA-funded projects. Given that these technical amendments are targeted in nature and intended to support implementation of ULA funding, in alignment with the purposes of ULA, they may be considered for adoption by the City Council pursuant to Admin Code Section 22.618.8.

The first major round of loan closings for ULA-funded projects to be awarded via the Homes for LA NOFA are anticipated to begin in September or October 2026. To facilitate those loan closings, LAHD recommends that the Mayor and City Council consider adoption of an ordinance with the technical amendments by early fall 2026.

The amendments fall into two categories. The first would provide a slight change in the definition of Qualified Housing Organization for the purposes of determining applicable exemptions from the ULA transfer tax, in order to better capture typical deal structures seen in affordable housing development.

The other group of changes focus on the requirements that apply to the regulatory agreements for projects receiving ULA funding via the ULA Multifamily, ULA Alternative Models, and ULA Acquisition & Rehabilitation Programs. This would include a change in subordination requirements to better allow projects to

leverage other public funding sources; a change in resale requirements in cases of foreclosure; and providing flexibility regarding rents in narrow cases in which a project loses its rental subsidy.

Additional information regarding each of the proposed technical amendments is provided below.

Exemption for Qualified Affordable Housing Organization (LAMC Section 21.9.14)

ULA specifies several exemptions that set eligibility based on the characteristics of the transferee, or purchaser of a property. An exemption allows certain purchasers of real property to be exempt from payment of the ULA transfer tax. One such exemption, administered by LAHD, is the exemption provided in LAMC Section 21.9.14: Exemption - Qualified Affordable Housing Organization. The exemption in Section 21.9.14 includes two criteria: 1) the transferee must demonstrably be committed to affordable housing, and 2) the transferee entity must meet certain organizational characteristics, which include being limited to certain nonprofits.

In addition to demonstrating a history and experience in developing or managing affordable housing, the transferee must be either:

- (1) a non-profit entity within Internal Revenue Code Section 501(c)(3);
- (2) a Community Land Trust (CLT), as defined in Admin Code Section 22.618.2;
- (3) a Limited-Equity Housing Cooperative (LEHC), as defined by California Civil Code Section 817; or
- (4) a limited partnership or limited liability company in which only *bona fide* nonprofit corporations, CLTs, and/or LEHCs are the general partners or managing members.

The fourth criterion in this list requires that the entity complies with an ownership and management structure wherein only qualified nonprofit corporations, CLTs, or LEHCs serve as the general partners or managing members. As drafted, the exemption overly restricts the acceptable partnership structures, and excludes typical ownership structures that are common to affordable housing developers, including ownership structures of nonprofit-sponsored projects seeking Low Income Housing Tax Credits. Specifically, the phrase “*bona fide*” in the nonprofit exemption excludes a limited partnership (or limited liability company) whose general partner or managing member is a limited liability company or limited partnership wholly controlled by one or more nonprofit corporations meeting the affordable housing development qualifications of LAMC Section 21.9.14. This structure is typical because nonprofit organizations generally seek to limit their liability.

If projects sponsored by a qualifying nonprofit organization are receiving ULA funding, they may either face delays and increased legal fees in order to comply with the required ownership structure, or pay the transfer tax, which would increase the City’s cost to fund and develop the project.

To address these limitations, and better reflect the intent of ULA to exempt qualified nonprofit affordable housing organizations, LAHD recommends a technical amendment to LAMC Section 21.9.14 to add non-profit, Limited Liability Company, and/or a Limited Partnership whose general partner or managing member is a Limited Liability Company or Limited Partnership wholly controlled by nonprofit corporation(s) meeting the affordable housing development qualifications.

This technical amendment would be consistent with the intent of ULA by 1) promoting the development of nonprofit affordable housing; and 2) ensuring long-term nonprofit control of a project's daily operations; while providing flexibility for nonprofit sponsors of affordable housing projects to limit their financial/legal liabilities.

Covenant Requirements - Affordable Housing Program (Admin Code Section 22.618.3(d)(1)b)

For affordable housing projects receiving ULA funds via the ULA Multifamily Affordable Housing Program, the ULA Alternative Models for Permanent Affordable Housing Program, and the ULA Acquisition and Rehabilitation of Affordable Housing Program, Admin Code Section 22.618.3(d)(1)b includes several restrictions related to the regulatory agreement that may pose challenges for implementation, insofar as they may conflict with underwriting standards used by many key affordable housing lenders. These include provisions related to: (1) seniority of affordability restrictions, (2) resale of rental property, and (3) the ability of rents to adjust in case of loss of rental subsidy. These challenges and recommended amendments are described below.

*Seniority of Affordability Restrictions (Subordination)*

Section 22.618.3(d)(1)b.7 of the Admin Code currently requires the ULA affordability restrictions to be senior to any lien, deed of trust, or condition or restriction (except for the land use related affordability covenant which is required by law to be senior):

*7. The affordability restrictions shall be senior to and not subordinated to any lien, deed of trust or condition or restriction to be recorded against the property, except for any land use-related affordability covenant, such that any entity taking title to the property or a dwelling unit by foreclosure or deed-in-lieu of foreclosure shall take subject to the affordability restrictions.*

By requiring the affordability restrictions be senior to any private loan, ULA ensures that the affordability requirements remain on the property, even in the unlikely event of foreclosure, thereby providing long term affordability of ULA-funded housing. However, this language is overly narrow as it may be incompatible with other public lenders, such as the California Department of Housing and Community Development (HCD), which may also have requirements that their regulatory agreement be senior. As a result, these conflicting requirements may result in overly complex and difficult structuring, which increases legal costs necessary to achieve compliance and may cause delays at loan closing, especially for projects utilizing multiple public funding sources.

To address these challenges, LAHD recommends a technical amendment to Admin Code Section 22.618.3(d)(1)(i)b.7 to provide necessary flexibility for seniority of affordability restrictions to be determined based on the requirements of other public funders.

This technical amendment would be consistent with the intent of ULA by continuing to support long term affordability of ULA-funded housing, while addressing legal constraints that may increase costs and time associated with development and preservation of affordable housing.

*Resale of Rental Property*

Section 22.618.3(d)(1)b.4 of the Admin Code currently requires that the resale of any ULA-funded rental housing be restricted to certain entities:

*4. Any resale of rental property funded by this initiative shall be restricted to non-profit entities or Limited-Equity Housing Cooperatives, including but not limited to affordable housing corporations and Community Land Trusts, to ensure the continued use of the dwelling units as affordable housing as provided in this section.*

The broad intent of this provision is to maintain long-term stewardship of publicly-funded affordable rental housing by mission-driven nonprofit organizations and housing cooperatives; however, the language is overly broad in that it significantly restricts necessary flexibility for ownership changes in the unlikely event of default, or upon foreclosure. This requirement does not meet the underwriting criteria of most conventional lenders, and limitations on the ability of a lender to resell the property during foreclosure may increase the up-front cost associated with that capital. As a result, this provision poses challenges for potential lenders to ULA-funded projects, and as a result, could delay or increase the costs associated with affordable housing development and preservation.

To address these challenges, LAHD recommends a technical amendment to Admin Code Section 22.618.3(d)(1)(i)b.4 to clarify that the language is not applicable in cases of transfers by foreclosure, deed-in-lieu of foreclosure, or other similar conveyance.

This technical amendment would be consistent with the intent of ULA by continuing to prioritize long term stewardship of ULA-funded housing by mission-driven nonprofit organizations and housing cooperatives, while addressing lender concerns pertaining to risk in case of foreclosure in order to support the ability of ULA-funded projects to leverage outside funding.

#### *Loss of Rental Subsidy*

Several covenant requirements within ULA restrict the ability to adjust rent levels for income-restricted units in ULA-funded properties. This includes the provisions in Admin Code Section Sections 22.618.3(d)(1)(i)b.1, b.2, and b.3:

- 1. Each housing unit in the project shall be used exclusively as a residence for households at the respective income level.*
- 2. The housing cost or rent for such housing unit shall be no more than an affordable housing cost or affordable rent at the respective level of income.*
- 3. No housing unit may be leased or subleased, except to a household at the level of affordability and for no more than an affordable rent for which the unit was dedicated.*

Lenders of affordable housing intend for projects to remain affordable. Indeed, tax credit equity investors require affordability to remain in place during the compliance period to guarantee the flow of tax credits to the investor. However, financial participants also require the flexibility to incrementally increase the income to the project, in the event of loss of rental subsidy. This incremental increase is typically referred to as a “float up”, referring to the opportunity to preserve the housing as affordable but float up rents gradually to a level in which income to the project will exceed expenses. Generally, “float up” language includes parameters that ensure that rent levels

are raised to the minimum extent necessary for project feasibility, in times of financial distress. This is a critical tool to prevent projects from failing and ensure that projects are able to be maintained as affordable.

For other public funding sources, existing regulatory agreements used by LAHD and other public lenders allow projects that have rental assistance or rental subsidy (such as project-based vouchers), to increase rents if the rental assistance terminates for reasons not attributable to the property owner. This is template language required by many lenders, but given the covenant requirements in ULA, would not be able to be included in the regulatory agreements for any ULA-funded housing.

To address these challenges, LAHD recommends a technical amendment to Admin Code Section 22.618.3(d)(1)(i)b to provide, notwithstanding Sections 22.618.3(d)(1)(i)b.1, b.2, and b.3, flexibility for the Los Angeles Housing Department and/or other public lenders to permit an adjustment of rents, not to exceed the affordability levels described in Section 22.618.3(d)(1)(i)b, in instances where there is a loss of rental subsidy/rental assistance due to reasons not attributable to the developer, following substantially similar rent float up procedures and policies as provided in existing public lender regulatory agreements.

An example of standard regulatory agreement language is provided in Attachment A. It is not the intention to codify the exact language in existing regulatory agreements, but to provide LAHD and public lenders with the flexibility to apply these standard provisions to regulatory agreements for projects funded by ULA.

This technical amendment would be consistent with the intent of ULA by supporting the long-term preservation of affordable housing funded by ULA, and by addressing lender constraints to facilitate timely construction and preservation of affordable housing.

### **ULA COC FINDINGS**

On March 26, 2026, the ULA COC considered a report from LAHD on the proposed technical amendments. During that meeting, the ULA COC approved a motion (Attachment B) that expressed the COC's support for the proposed technical amendments as presented to the ULA COC (Attachment C), and finding that the proposed technical changes further the purposes stated in Section 22.618.1 of the Admin Code and are consistent with the expenditure categories outlined in Section 22.618.3 of the Admin Code. The COC further directed LAHD to transmit the proposed technical amendments to the City Council for further action.

### **FISCAL IMPACT**

There is no impact to the General Fund.

Approved By:

A handwritten signature in black ink, appearing to read "Tiena Johnson Hall", is written over a horizontal line.

TIENA JOHNSON HALL  
General Manager  
Los Angeles Housing Department

ATTACHMENTS:

- Attachment A - Template Regulatory Agreement Language for Loss of Rental Subsidy
- Attachment B - COC Opinion on Proposed Technical Amendments
- Attachment C - LAHD Report to ULA COC on Proposed Technical Amendments

*LAHD Report on Recommended ULA Technical Amendments  
Attachment A*

If the Project is receiving necessary rental assistance from the Rental Assistance Program through the Housing Authority of the City of Los Angeles and/or through the Los Angeles County Department of Health Services (“Rental Assistance”) and said Rental Assistance is withdrawn or terminated due to reasons not attributable to the actions or inactions of the Borrower and approval to increase rents is received from the California Tax Credit Allocation Committee, the Borrower may petition LAHD and, upon confirmation of the circumstances outlined below, LAHD will approve specified modifications to the affordability restrictions and maximum rental charges designated in Exhibit N to the City Loan Agreement and Exhibit K(B) hereto, if all of the following circumstances exist: (a) alternative funding is unavailable, (b) the Project is otherwise in full compliance with all the terms of the funding for the Project, and (c) more restrictive funding requirements do not apply to the Project. Any allowed changes in the target population shall be to the minimum extent necessary to accommodate the new rent levels. In such event, LAHD will also allow changes to the Supportive Services Plan to reflect any change in the target population. Notwithstanding the foregoing, all modifications must comply with all funding and City requirements.



**ITEM 10 B ACTION: AD HOC COMMITTEE RECOMMENDATION ON PROPOSED ULA TECHNICAL AMENDMENTS TO SUPPORT ULA-FINANCED HOUSING DEVELOPMENT PROJECTS**

March 26, 2026

ULA Citizen Oversight Committee Meeting

**MOTION**

The ULA Citizen Oversight Committee (ULA-COC) supports the proposed technical changes shared in the Los Angeles Housing Department's (LAHD)'s presentation during the March 26, 2026 ULA COC Meeting. In accordance with section 22.618.8(b) of LA Administrative Code , the COC shall review any proposed amendment to ULA before City Council adopts the proposed amendment and may express an opinion on whether the amendment furthers the purposes stated in 22.618.1 of this article and is consistent with the expenditure categories in section 22.618.3 of this article.

The Policy Amendment Review Ad Hoc committee of the ULA-COC has been collaborating on these proposed technical changes with LAHD and the UHLA Coalition through a series of meetings and reviews to determine if the proposed technical changes outlined through the months-long collaborative process is consistent with Sections 22.618.1 and 22.618.3 of the Measure. Through recommendation of the Ad Hoc committee, the COC understands that the proposed technical changes to the Measure will assist LAHD in facilitating development of affordable housing projects awarded by the recent Homes for LA NOFA, which is in line with the Measure's goals of producing and preserving affordable housing and creating permanent funding streams in Los Angeles to serve key populations such as low income renters, seniors, and persons with disabilities as outlined by Section 22.618.1. Through reporting from LAHD and consistent with recommendation from the Ad Hoc committee, the COC finds that the proposed technical changes would not alter expenditure categories outlined in Section 22.618.3 of the Measure.

As such, the COC is pleased to move the technical recommendations presented during ITEM 10 of the March 26th, 2026 COC meetings through the following motion:

**I MOVE TO** find that the Citizen Oversight Committee (ULA-COC) of Measure ULA finds that the proposed technical changes further the purposes stated in Section 22.618.1 of the Measure

and that they are consistent with the expenditure categories outlined in Section 22.618.3 of the Measure.

**I FURTHER MOVE** to direct the Los Angeles Housing Department to transmit the proposed technical amendments to Measure ULA to the Los Angeles City Council for further action.



# Proposed ULA Technical Amendments

*Item 10*

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Measure ULA Citizen Oversight Committee  
March 26, 2026



# Background

- LAHD has identified legal and financial provisions of the ULA measure which may pose challenge to timely, efficient administration of the Affordable Housing Program funds, and recommends pursuing a narrow set of Technical Amendments
- LAHD, the ULA Coalition, SCANPH, and Affordable Housing Lenders have held multiple working group meetings to collaboratively develop proposed Technical Amendments that would address lender constraints while also ensuring that the intent of ULA is upheld
- As requested by the COC, LAHD has provided a report on the proposed Technical Amendments to the Policy Amendment Review Ad Hoc Committee

# Authority to Amend ULA

- Consistent with **LA Admin Code Section 22.618.8**, City Council has the limited authority to amend the ULA ordinance, with the input of the ULA COC, if amendments meet the following limitations:
  - Must further or facilitate the purposes stated in ULA and shall not alter the manner in which House LA funds are allocated and expended;
  - Shall not increase the amount of tax imposed; and
  - Shall not diminish the labor requirements for any ULA-funded construction.
- The ULA COC shall review any proposed amendment to ULA, before the City Council adopts the proposed amendment, and may express an opinion on whether the amendment **furtherers the purposes stated in ULA** (Admin Code Section 22.618.1) and is **consistent with the expenditure categories** in Admin Code Section 22.618.3.
- If the COC finds the amendment is not consistent, the City Council must make written findings to the contrary **supported by substantial evidence in the record** before it may proceed

# Proposed Process & Tentative Timeline

## MARCH 26 ULA COC

LAHD report to ULA COC; ULA COC consideration and possible findings on proposed Technical Amendments

March

April to June

## MAYOR & COUNCIL

LAHD report with recommendations and COC findings to Mayor; Mayor, Council Committee, and City Council consider report; Direction to City Attorney to prepare Ordinance

June to July

## DRAFT ORDINANCE

City Attorney preparation of Draft Ordinance

Aug. to Sept.

## FINAL ADOPTION

City Attorney transmits Draft Ordinance to City Council; COC and Council Committee consideration of Draft Ordinance; Consideration and adoption by City Council

Oct. to Nov.

## FIRST ULA LOAN CLOSINGS

Anticipated date for first loan closings for ULA projects funded by Homes for LA NOFA; Target date for adoption of Technical Amendments

# Technical Changes Identified

- 1. Exemption for Qualified Affordable Housing Organization** (LA Admin Code Sec. 21.9.14)
- 2. Covenant Requirements: Subordination** (LA Admin Code Sec. 22.618.3(d)(1)(i)b.722.618.3(d)(1)(i)b.7)
- 3. Covenant Requirements: Resale** (LA Admin Code Sec. 22.618.3(d)(1)(i)b.4)
- 4. Covenant Requirements: Loss of Rental Subsidy** (LA Admin Code Sec. 22.618.3(d)(1)(i)b.1, b.2, and b.3)

## Exemption for Qualified Affordable Housing Organization - Current

To qualify for the current exemption in LA Admin Code Sec. 21.9.14, the transferee must demonstrate a history of affordable housing development or management, and must be either:

1. a non-profit entity within Internal Revenue Code Section 501(c)(3);
2. a Community Land Trust, as defined in Admin Code Section 22.618.2;
3. a Limited-Equity Housing Cooperative, as defined by California Civil Code Section 817; or
4. a limited partnership or limited liability company in which only ***bona fide*** nonprofit corporations, Community Land Trusts, and/or Limited-Equity Housing Cooperatives ***are the general partners or managing members.***

## Exemption for Qualified Affordable Housing Organization - Proposed

Recommended Technical Amendment:

*Amend Section 21.9.14 to add non-profit, Limited Liability Company, and/or a Limited Partnership whose general partner or managing member is a Limited Liability Company or Limited Partnership **wholly controlled by nonprofit corporation(s)** meeting the affordable housing development qualifications.*

## Subordination - Current

Current language requires that the affordability restrictions required by ULA be senior to any lien position under any condition (Admin Code Sec. 22.618.3(d)(1)(i)b.7):

*7. The affordability restrictions shall be senior to and not subordinated to any lien, deed of trust or condition or restriction to be recorded against the property, except for any land use-related affordability covenant, such that any entity taking title to the property or a dwelling unit by foreclosure or deed-in-lieu of foreclosure shall take subject to the affordability restrictions.*

# Subordination - Proposed

Recommended Technical Amendment:

*Amend Section 22.618.3(d)(1)(i)b.7 to provide necessary flexibility for seniority of affordability restrictions to be determined based on the requirements of other public funders.*

## Resale - Current

Current language limits the resale of any ULA-funded rental property (Admin Code Section 22.618.3(d)(1)(i)b.4), in order to maintain long-term stewardship of publicly-funded affordable rental housing by mission-driven nonprofit organizations and housing cooperatives:

*4. Any resale of rental property funded by this initiative shall be restricted to non-profit entities or Limited-Equity Housing Cooperatives, including but not limited to affordable housing corporations and Community Land Trusts, to ensure the continued use of the dwelling units as affordable housing as provided in this section.*

# Resale - Proposed

Recommended Technical Amendment:

*Amend Section 22.618.3(d)(1)(i)b.4 to clarify that the language is not applicable in cases of transfers by foreclosure, deed-in-lieu of foreclosure, or other similar conveyance.*

# Loss of Rental Subsidy - Current

Several provisions within ULA restrict the ability for income-restricted units to float up in the rare instance of loss of rental subsidy, including the provisions in Admin Code Section 22.618.3(d)(1)(i)b.1, b.2, and b.3:

- 1. Each housing unit in the project shall be used exclusively as a residence for households at the respective income level.*
- 2. The housing cost or rent for such housing unit shall be no more than an affordable housing cost or affordable rent at the respective level of income.*
- 3. No housing unit may be leased or subleased, except to a household at the level of affordability and for no more than an affordable rent for which the unit was dedicated.*

# Loss of Rental Subsidy - Proposed

Recommended Technical Amendment:

*Amend Section 22.618.3(d)(1)(i)b to provide, notwithstanding Section 22.618.3(d)(1)(i)b.1, b.2, and b.3, flexibility for the Los Angeles Housing Department and/or other public lenders to permit an adjustment of rents, not to exceed the affordability levels described in Section 22.618.3(d)(1)(i)b, in instances where there is a loss of rental subsidy/rental assistance due to reasons not attributable to the developer, following substantially similar rent float up procedures and policies as provided in existing public lender regulatory agreements.*