

ALTERNATIVE MODELS FOR PERMANENT AFFORDABLE HOUSING

Program Goals: The Alternative Models for Permanent Affordable Housing program of House LA seeks to develop housing at scale through a process that is CERTAIN, FAST, FLEXIBLE, and PERPETUAL. The program will also cultivate RESIDENT LEADERSHIP and deploy PUBLIC LAND whenever feasible. With funding that House LA will have available after all tax credit resources are leveraged, the Alternative Models program is a bold and innovative approach to addressing the affordable housing crisis in Los Angeles, diversifying and enhancing efforts to ensure that Angelenos have a role in and access to healthy, stable, and permanently-affordable housing.

Eligibility Requirements: To be eligible for the program, developers must have experience in comparable affordable housing, have capacity to support tenant leadership and ownership alternatives, and establish a formal and co-beneficial partnership with a community based organization such as a tenant organization, a community land trust, or an emerging BIPOC developer. Long-term ownership and management of the housing must be by a public agency, non-profit affordable housing organization, Community Land Trust, and/or through limited-equity ownership by residents. Property Managers must have experience with comparable projects, and state how capacity to manage resident ownership will be incorporated into the property management team. Applicants are made aware of and commit to adhere to the labor standards in the language of Measure ULA.

Eligible Projects: New construction projects must be 40 units or more. The program will provide flexibility through a range of affordability, incl. reaching deeply to meet community needs by incorporating 20% Acutely Low-Income (ALI) and/or Extremely Low Income (ELI) units; while allowing for up to 20% market-rate units may if it supports the financial feasibility of the ELI/ALI units higher income units. There will be a 10% special needs requirement across the full portfolio, with 25% as a requirement if operating assistance is available. With the goal of creating scale, the minimum density should be 90 units/acre. Adaptive Reuse projects will have the same income requirements and special needs goals, and although such projects will not have a minimum project size, cost efficiency should be a factor in project selection. All projects must be in compliance with labor standards, and any acquisition of existing properties should not be advanced with the aim of skirting labor provisions.

Program strategies and procedures: In order to increase certainty, funding is based on meeting program thresholds, with either a non-competitive rolling application process, or if the fund is oversubscribed, with three to four NOFA rounds annually with prioritization applied to enhance alignment with the Measure's goals. Project speed is enhanced through a sole public financing source model, possibly paired with private equity, debt and/or other non-competitive funding sources as appropriate, and including operating support as appropriate/necessary. Funding will be available to projects beginning in predevelopment and continue through the construction and permanent phases as a grant and/or deferred payment loan. The minimum grant and/or loan size is \$1M, and the maximum grant and/or loan size is \$50M unless approved by City Council for greater. The maximum assistance per unit is \$600,000 for ELI & ALI, \$500,000 for very low-income (VLI), and \$400,000 for low-income (LI). Assistance limits to be adjusted by annual Consumer Price Index (CPI), and as needed based on construction cost changes. Permanent loans should be provided at 3% simple interest, deferred for 45 years. Funding assistance should be able to accommodate any of the ownership structures allowed under the program.

Resident Leadership: Through the Alternative Models, residents will have a meaningful voice in the management and ownership decisions of the properties where they live. For both Rental and Ownership properties, the developer is required to prepare a Resident Management Plan that meets minimum engagement activities related to predevelopment, leasing/sales construction, resident council, and resident training. The developer/owner should partner with a citywide resident-ownership and -management resource collaborative that is resourced through House LA's Capacity-Building for Tenant Ownership funding for training and support.