



United to
House LA

Permanent Program Guidelines for Measure ULA Funding Programs

**Drafted by Area Experts Throughout ULA Coalition
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For general inquiries please contact:

- Joe Donlin, (joe@unitedtohousela.com); or
- Jackson Loop (jloop@scanph.org)

INTRODUCTION

Drafted by homeless service providers, affordable housing nonprofits, labor unions, and renters' rights groups, Measure ULA will create an unprecedented funding stream for affordable housing production and homelessness prevention in the City of Los Angeles. Over [200 organizations](#) signed on in support of the movement, which earned nearly 58% of the vote in November of 2022.

This coalition remains active in the implementation of Measure ULA, and has pulled together experts from over 140 organizations to draft the proposed permanent program guidelines in this document. These guidelines will ensure that every dollar spent through Measure ULA closely follows the ballot measure's language and the original intent of this coalition, providing a clear path forward to address the immediate housing needs in our communities and create a long-term, transformative vision for housing justice in Los Angeles.

MEASURE ULA STEERING COMMITTEE ORGANIZATIONS



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POINTS OF CONTACT: AFFORDABLE HOUSING PROGRAMS

Area	Name & Title	Organization	Email
Overall Coordination	Joe Donlin, Director	United to House LA Coalition	joe@unitedtohousela.com
	Jackson Loop, Policy Manager	Southern California Assoc. Of NonProfit Housing (SCANPH)	jloop@scanph.org
Multifamily Affordable Housing	Jackson Loop, Policy Manager	SCANPH	jloop@scanph.org
	Alan Greenlee, Executive Director	SCANPH	agreenlee@scanph.org
	Anne-Marie Otey, Communications Director	LA/OC Building Trades	amotey@laocbuildingtrades.org
Alternative Models for Permanent Affordable Housing	Alfonso Directo, Advocacy Director	ACT-LA	adirecto@act-la.org
	Sandra McNeill, Consultant	ACT-LA	sandra@sandramcneillconsulting.com
Acquisition/Rehab	Oscar Monge, Associate Director	T.R.U.S.T. South LA	oscar@trustsouthla.org
	Sandra McNeill, Consultant	Los Angeles Acquisition/Rehab Working Group	sandra@sandramcneillconsulting.com
Homeownership Opportunities	Gerald Phillips, Policy Director	Neighborhood Housing Services, LA County	gphillips@nhslacounty.org
Capacity Building for Tenant Ownership	Roberto Garcia Ceballos	Fideicomiso Comunitario Tierra Libre	roberto@fctl.org
Operating Assistance	Jackson Loop, Policy Manager	SCANPH	jloop@scanph.org
	Alan Greenlee, Executive Director	SCANPH	agreenlee@scanph.org
	Sandra McNeill, Consultant	ACT-LA / LA AcqRehab Working Group	sandra@sandramcneillconsulting.com
	Tommy Newman, Vice President	United Way, Greater LA	tnewman@unitedwayla.org

POINTS OF CONTACT: HOMELESSNESS PREVENTION PROGRAMS

Area	Name & Title	Organization	Email
Short-Term Emergency Assistance	Javier Beltran, Deputy Director	Housing Rights Center	jbeltran@housingrightscenter.org
Income Support for Seniors & Persons w/ Disabilities	Morgan Sutton, Homeless Initiatives Coordinator	United Way, Greater LA	morgan.sutton@unitedwayla.org
Eviction Defense	Barbara Schultz, Director of Housing Justice	Legal Aid Foundation of Los Angeles (LAFLA)	bschultz@lafla.org
Tenant Outreach & Education	Cata Romo, Director of Eviction Prevention Program	Strategic Actions for Just Economy (SAJE)	cromo@saje.net
	Pablo Estupiñan, Director of Right to Counsel Program	Strategic Actions for Just Economy (SAJE)	pestupinan@saje.net
Protections from Tenant Harassment	Stephano Medina	Public Counsel	smedina@publiccounsel.org
	Anna Hales	LAFLA	ahales@lafla.org
	Estuardo Mazariegos	ACCE	emazariegos@calorganize.org

MULTIFAMILY TAX CREDIT DEVELOPMENT PROGRAM

Themes below include delegating authority to staff, and providing high loan amounts and flexible leveraging.

1. Eligibility

- a. Applicants must demonstrate a history of affordable housing development and/or affordable housing property management experience. Community Land Trusts (CLTs) and Limited Equity Housing Co-ops can gain necessary experience by partnering with an experienced non-profit.

2. Early, Flexible Local Commitment

- a. Funding should be allocated over the counter, whenever possible
- b. If Notice of Funding Availability (NOFA) structure is used, NOFAs should be released a minimum of two times a year, with calendar regularity
- c. Highest loan amounts possible, ~\$350K per unit, adjusted over time to inflation
- d. Flexible local commitment: either fully fund projects locally or can be leveraged more heavily at state level, depending on project
 - i. If money is put into Managed Pipeline, eliminate scoring which awards projects for having committed funds to allow ULA dollars to be an early local commitment
- e. Rather than the City giving an award based on the need, LAHD could fully fund a project with the expectation that the developer will apply for other leveraged sources.
 - i. In order to balance both streamlining and leveraging, LAHD could request that developers apply to at least one round of other funding
 - ii. Developers would identify what leverage source would fit the project. If successful, LAHD can then reduce the local amount.
 - iii. Because homelessness is an emergency, projects with at least 40 units of permanent supportive housing could be absolved of any leverage requirement
- f. To continue responding to the homelessness crisis, LAHD should consider additional incentives to ensure adequate development of supportive housing with these funds, such as scoring bonuses or set asides.

3. Gap Funding

- a. This pot of funding could have a gap funding set aside, to be allocated to projects on a rolling basis at any time during the year.
- b. LAHD would have to develop strategies to vet projects and invest funds wisely

4. Target & Rental Subsidy

- a. If there is a lack of project-based vouchers, this program area should be coupled with funding for operating subsidies, especially when LAHD requires construction of deeply affordable units
- b. The ULA coalition has submitted a recommended program for ULA's operating subsidies money, which pools funds into an insurance pool, coupled with tenant-based voucher assistance that can be reviewed later in this packet.

5. Labor Standards

- a. Applicants are made aware of and commit to adhere to the labor standards in the language of Measure ULA.

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.

ACQUISITION AND REHABILITATION OF AFFORDABLE HOUSING

Program Goals:

Sixty three percent of Angelinos live in rental housing, almost all of them in homes that have requirements that they remain affordable. Those who live in “naturally occurring affordable housing” are at the highest risk of displacement when those properties go onto the market, particularly in gentrifying neighborhoods, in areas adjacent to robust transit infrastructure, and in high opportunity places with vibrant commercial districts and plentiful jobs, property owners are motivated to maximize profits by getting folks out of rent-controlled units, to reset at higher rents. It is only at that point, sometimes, that property owners who have already been extracting profit from their buildings by deferring maintenance finally invest in upgrades to the housing stock – for the benefit of new renters, not the long-standing renters that lived in worn and unhealthy conditions, often for decades before their displacement. **House LA’s Acquisition and Rehabilitation of Affordable Housing program is designed to address the precarious position of these vulnerable households by acquiring properties, rehabilitating them, and protecting them in perpetuity from speculative real estate practices by making them permanently affordable. The program requires working hand-in-hand with the residents to care for the building, and wherever it is feasible and the residents are interested, creating the opportunity for tenant ownership.**

ULA funds represent a unique chance to build a new program for the city, by converting NOAH properties to be permanently affordable, and then positioning the tenants differently in relation to their housing, to make tenants their own mom and pop landlords, to stabilize low-income residents in their housing, to be sustainable over the long-term, to promote resident participation in building management and operations, and to advance racial equity.

The Acq/Rehab program will provide funding to eligible entities to acquire and rehabilitate housing units, utilizing a fund manager to increase responsiveness to market pressures and be effective in removing properties permanently from the speculative market by establishing public, non-profit, and/or community. They may also include a plan for tenant ownership, such as a Limited-Equity Housing Cooperative. In coordination with the LA Housing Training Hub, the Acq/Rehab program will provide training and resources to advance resident’s role in management, as well as ownership opportunities. Through rapid acquisitions and a relatively low cost (6 times faster and at 47 % less expensive on a per-unit basis than a new construction for a comparable LA County program^[1]), the ULA’s Acq/Rehab Program can show rapid gains through the deployment of ULA dollars. By advancing a NOAH Acq/Rehab program, Los Angeles will by joining the efforts of the State, San Francisco, and Oakland in developing programs that support small site acquisitions and fund community and tenant ownership options to combat displacement, stabilize families, and prevent homelessness.

[1] [Preventing Tenant Displacement through Community Ownership Pathways](#). Lesar Development Consultants. October 2022.

HOMEOWNERSHIP OPPORTUNITIES

The city of Los Angeles and the state of California as a whole have substantial homeownership gaps with BIPOC families as compared to White families. As an effort to increase housing stability across all parts of the housing continuum, downpayment assistance for single-family home purchases shall (can) be set aside for BIPOC prospective homebuyers as an effort to maintain or grow diversity in the city of Los Angeles. All prospective homebuyers seeking to access these funds will be required to attend a HUD-certified homebuyer education course with an agency located in the city of Los Angeles. Considering the cost of single-family homes and condominiums in the city of Los Angeles, families seeking downpayment assistance from this source of funding will be allowed to have an income of up to 80% of the Area Median Income. Prospective homebuyers that are interested in purchasing 2-4 unit properties, will be required to occupy at least one of the units and complete landlord training to access funding through this source. Prospective buyers that purchase small multifamily properties will have to comply with tenant protections, and provide their tenants or non-profit organizations the opportunity to purchase if and when the properties are put up for sale.

As a result of increased activity in homeownership education and counseling, the City of Los Angeles shall pursue a contracted partnership with a HUD-approved homeownership counseling agency that is a Community Development Financial Institution (CDFIs) with an extensive background in neighborhood revitalization that is located in the City of Los Angeles that also offers construction management services to administer and distribute downpayment assistance funding. Funding from this source shall be used for downpayment assistance, and closing costs. Prospective buyers can apply for loans up to 20% of the purchase price and receive a grant for up to 10% of the purchase price based upon income eligibility. Prospective buyers are required to contribute 1% of the purchase price from their own funds. An example of a proposed financing structure is as follows:

Purchase price: \$700,000

Buyer Downpayment: \$7,000

Loan: \$140,000 (deferred)

Grant: \$70,000

Mortgage Amount: \$490,000

Monthly Payment: \$3,426 with 30 year fixed @ 7.5% (does not include taxes & insurance)

CAPACITY-BUILDING FOR TENANT OWNERSHIP

House LA has created unprecedented resources to position tenants to have a different relationship to their housing, bringing both new benefits and new responsibilities. Under the ULA's Alternative Models program, the ballot measure requires that developments give residents "the right to participate directly and meaningfully in decision-making concerning the operation and management of the project," and, where feasible, offer programs for resident ownership. ULA's Acquisition and Rehabilitation program has similar language around resident engagement and opportunity for ownership

In the traditional affordable housing model, the developer becomes the owner and the residents remain in a prescribed role as tenants. This means that residents are not engaged either in decisions about their housing, or looked at as potential owners. Tenants are usually not consulted on forming the operating and leasing policies, especially due to the prescriptive nature of the funding programs. Tenants are also not consulted on budgets and financial decisions about the building.

The new social housing approaches within House LA will give tenants unprecedented opportunity to have control over their housing. Acknowledging the differences in approach to tenant engagement, and in order to prepare for these shifting roles and responsibilities of and among the developer, owner(s), property manager, and residents involved in the social housing, House LA will fund the Capacity-Building for Tenant Ownership program.

United to House LA is proposing to establish and fund the LA Housing Training Hub to provide exactly this kind of support for tenant ownership. The Hub will provide:

- 1) DESIGN: Research and design models of resident management and ownership;
- 2) OUTREACH: Provide outreach workers/organizers to inform affordable housing developers, tenant unions and other stakeholders about community- and tenant-ownership opportunities;
- 3) TRAINING & TOOLS: Develop and provide training and tools to residents living in House LA-funded housing to enhance and support ongoing participation in the governance, management, and/or ownership of their communities; and to developers, building owners and property managers that are practicing resident-engaged management, and/or resident ownership.
- 4) MONITORING & COMPLIANCE: design and facilitate a system that is integrated with the above training activities, to monitor and support compliance with any regulatory agreements; and to evaluate activities related to the community- and tenant-ownership programs.

These capacity-building resources, including tools, templates, models, technical assistance and training, will be made available to the developer, community partner, owner, property manager, current residents, and potential future residents of projects that are seeking or have secured funding from House LA's Alternative Models of Permanent Affordable Housing and Acquisition and Rehabilitation of Affordable Housing programs, as well as other publicly-funded affordable housing projects in the LA region that similarly deploy resident and community ownership models of permanently affordable social housing.

OPERATING ASSISTANCE

Challenge

- Lack of operating assistance/rental subsidy to meet the needs of LA's lowest-income affordable housing residents creates a bottleneck in affordable housing production.
- All types of production and preservation approaches funded by Measure ULA may require some form of operating subsidy.
- If ULA raises \$600 M annually, approximately \$30M annually will go to operating assistance.

Solution: Measure ULA's Hybrid Operating Assistance Proposal

The UHLA Coalition's proposed guidelines on operating assistance involve three approaches. The funding amounts dedicated to each approach will be decided by the Citizens Oversight Committee at a later date.

- *Approach 1: Capitalized Operating Subsidy Reserve (COSR) for ULA Acq/Rehab Projects*
 - Existing tenants in buildings acquired through ULA's Acquisition and Rehabilitation of Affordable Housing Program may fall into ALI or ELI categories, but not have access to vouchers for rental subsidy.
 - A Capitalized Operating Subsidy Reserve (COSR) will be made available to Acquisition/Rehabilitation program funded projects serving households with an average AMI of 50% or less.
 - The program will be modeled after the COSR program within California Department of Housing and Community Development's Foreclosure Intervention Housing Preservation Program (FIHPP)
 - Up to \$175,000 per unit may be provided for the subsidy to cover anticipated operating deficits over a 20-year period. The maximum per-unit subsidy amount will be adjusted annually based upon increases in the Consumer Price Index. The total amount of COSR each project receives will be determined by the Acq/Rehab Fund Manager and based upon individual project underwriting and the availability of assistance.
- *Approach 2: Conventional, Project-Based Rental Subsidy for ULA Alternative Models Projects*
 - Conventional project-based vouchers funded through Operating Assistance will be dedicated to Alternative Models projects, to help meet that program's 10% special needs set aside
 - Projects with a minimum of 25% of project units reserved for special needs, or 50 special needs units, will be prioritized.
 - 20 year vouchers, can be continued by LAHD thereafter, if necessary for project sustainability
 - LAHD can reallocate funds from units, if they move into tenant ownership and no longer require operating subsidy

- *Approach 3: Tenant-Based Voucher Backstop*
 - Gap-financing tool that would guarantee the coverage of operating costs in the event that a unit dependent on tenant-based rental subsidy becomes vacant.
 - Under this model, the ULA operating subsidy dollars would act as an insurance pool, or “backstop,” until the unit can be filled.
 - The backstop allows developers to utilize existing tenant-based vouchers (which are more plentiful than project-based vouchers) and make them more secure in the long-term, because it lessens the risk of disrupted cash flow in cases of vacancy.
 - This makes projects relying on tenant-based vouchers more viable for private loans, reduces reliance on public subsidy, and allows ULA’s Operating Assistance Fund to sustain more units than it would through project-based subsidy.
 - Brilliant Corners administers an existing TBV Backstop program at LA County in collaboration with the Department of Health Services.
 - Program administrators use the backstop to cover rent shortfall during vacancies for 60 days while a replacement tenant is located – the Department of Health Services refers tenant-based voucher holders to the vacant units.
 - As of January 2024, the County backstop has \$3 million supporting 102 PSH units
 - Advantages:
 - Stretches ULA operating subsidy dollars further
 - Reduces risk associated with tenant-based vouchers if a tenant moves
 - Decreases reliance on project-based vouchers, which are scarce
 - Increases housing placements for tenant-based voucher holders

Timeline, Funding Apportionment, & COC Re-Evaluation

- Operating Assistance fund would accrue for one year, untouched
- Annual reevaluations required by LAHD in collaboration w/ COC and Inspector General
 - During reevaluation, COC shall decide in collaboration with LAHD on:
 - Apportionment of Fund between project-based rental subsidy, COSRs, and the Backstop for the following year
 - Possibility of making any commitments of funds to either the Backstop, COSRs, or project-based rental subsidy
 - At outset, any units coming online through ULA programs in need of operating assistance should be prioritized – either through Accelerator or Acq/Rehab
 - COC can call for an audit of the Operating Assistance Fund at any time, beyond minimum required annual evaluation
- Annual reapportionment shall consider:
 - Revenues (previous year and projected)
 - Amount currently accrued in Operating Assistance Fund to date
 - ULA COC Housing Needs Assessment
 - Number of units the Backstop is supporting at that time
 - Number of existing conventional rental subsidy commitments at that time
- Regardless of unknown variables, the COC should seek to make the Backstop the primary use of this Fund in order to maximize the number of units it supports

SHORT-TERM EMERGENCY ASSISTANCE

What is Measure ULA's Short-Term Emergency Assistance?

Below is the Measure ULA initiative definition of Short-Term Emergency Assistance:

"Five percent of the House LA Fund-Programs shall be annually allocated to provide short-term emergency funding to tenant households at risk of becoming homeless. Funds will stabilize low-income tenants at risk of losing their housing due to one-time economic shocks and may cover the entirety of rent payments for a short-term period of up to 6 months. Priority eligibility shall be established for lower income households."

Who Will be Impacted by Short-Term Emergency Assistance?

Tenants that are eligible for Short-Term Emergency Assistance will be able to access this emergency assistance. The following are proposed guidelines for Short Term Emergency Assistance:

1. Renter of residential rental property living within Los Angeles city limits;
2. Household income must be below 80% AMI*; and
3. Description of one-time economic hardship or shock.

In addition to the initial tenant eligibility criteria, LA City RAP requires the following:

- Employees of contracting provider(s) and their direct family members are ineligible for rental assistance

What Are the Issues to be Determined With Short-Term Assistance?

- Prioritize low-income applicants and households living in rent-stabilized units along with vulnerable tenants or communities that are facing displacement on a large scale.
- Ensure tenant protections are in place while tenants apply for short-term rental assistance which include protections from eviction filings by the landlord while tenants' applications are pending or approved.
- In order to ensure landlord participation in the short-term rental assistance program and complying with the program requirements, City entities such as Los Angeles City Attorney's Office or Los Angeles Housing Department need to inform non-participating landlords that they are in violation of City ordinances and state fair housing law based on discrimination based on source of income.
- The landlord's failure to participate or not properly providing the required documentation to the short-term rental assistance program will result in monetary penalties.
- We recommend a short-term assistance program that contracts with several community based organizations along with city affiliated agencies to provide more in-person technical support for prospective applicants throughout the pending application process. Such assistance can provide greater digital and language accessibility for tenants.
- We recommend the short-term assistance be flexible by allowing the 6 months assistance to be applied either for arrears or prospective rent.
- We recommend a stand alone program that would emphasize pre-eviction solutions (such as an eviction diversion program) that can be developed to reduce the number of LA city evictions and target the use of short-term rental assistance to tenants in imminent risk of an unlawful detainer filing.
- We recommend the continued practice to pay landlords directly. However, we recommend that the City also explore the policy to provide tenants direct payments in situations where their landlords refuse to participate in the short-term rental assistance program and the City not require overly burdensome oversight for these rental payments. Providing oversight for these payments would create a heavy administrative burden and significantly increase administrative costs.

INCOME ASSISTANCE FOR SENIORS AND PERSONS WITH DISABILITIES

Through the City's front funding of \$150 million toward ULA, there will be \$23 million dedicated toward Income Assistance for Seniors and Persons with Disabilities. The primary goals should be to prevent seniors and people with disabilities from experiencing homelessness through resolving immediate rental arrears and targeted income assistance based on need. Below is recommended allocation of funding:

- Up to 40% for Component One: Rental Debt Resolution for Seniors and Disabled Persons
- At least 50% for Component Two: Targeted Income Assistance Based on Need
- Up to 10% for Program Administration

Component One: Rent Debt Resolution for Seniors and Persons with Disabilities

There continue to be wait-listed seniors and persons with disabilities for the Short-Term Emergency Rental Assistance Program (ERAP) due to the significant back-rent that continues to burden renters. On any given day in the City, there are about 100k senior renters who are severely rent burdened and there are at least 8,700 seniors and persons with disabilities facing significant rental arrears, based on the LA Housing Department's ULA [Short Term Emergency Rental Assistance Program data](#). Therefore, the first component of ULA's Income Assistance for Seniors and Persons with Disabilities Program must be:

- Immediate Rent Debt Resolution for wait-listed LA City Seniors and Persons with Disabilities
- Administer through ERAP, a separate TLS Income Assistance Fund or Flexible Funds
- If the previously rent-burdened senior can live independently or in shared housing but continues to need a modicum of financial support (e.g., by supplementing their SSI/SSP income with a housing allowance or shallow subsidy), then the City should quickly transition participants to the income assistance program funded by Component Two as a viable next-step prevention strategy.

Component Two: Targeted Income Assistance Based on Need

Recent evidence is increasingly showing that direct cash transfers to tenants in poverty are more efficient at reducing administrative burdens and give recipients freedom of self-determination. Therefore, we recommend the City structure Component Two as a direct-to-tenant income "assistance based on need" and pair that assistance with other ULA-funded supports like Right to Counsel and/or Tenant Outreach/Education. The second component should be administered as follows:

- Use the CA Policy Lab's existing [Prevention Targeted Tool \(PTT\)](#) to determine the individuals at highest risk of experiencing homelessness, like the Community Investment and Families Department's use of PTT for the Solid Ground Homelessness Prevention Program.
- Ensure the front-door of self-identification is clear and accessible to the aging and disability communities and the multiple systems that serve them (e.g., Senior Centers, Area Agencies on Aging, Disability Resource Centers).
- Provide \$500 to \$800 a month in targeted income assistance based on need.

Model the method of payment after the [California Middle Class Tax Refund \(MCTR\) Program](#) and the City of Santa Monica's Preserving Our Diversity (POD) program - a debit card system to transfer the assistance to a separate account for each eligible participant. If an outside agency is already providing these services, the City should consider contracting with a provider equipped with appropriate tech that can provide this recommended direct income assistance service.

EVICTION DEFENSE/RIGHT TO COUNSEL

A. What ULA funds are expected?

1. 10 % of the Homelessness Prevention Bucket.
 - a. Projected Dollar Amount for FY2024 = \$61,824,000

B. What is a Right to Counsel?

1. Attorney representation of Eligible Tenants who are sued by landlords for unlawful detainer (eviction)

C. What is the goal?

1. All Covered Tenants should be able to retain an attorney, at no cost to the tenant, to represent them in unlawful detainer (eviction) proceedings. The expected outcomes are that tenants can either stay in their homes or achieve a settlement that permits them to find new housing, thus avoiding becoming unhoused.
2. A full Right to Counsel is achieved in approximately five years.

D. Who is a Covered Tenant?

1. Lower-income households (80% area median income and below) in the City of Los Angeles
 - a. 80% AMI for a family of four in 2023 is \$100,900 annually
2. Within covered zip code during phase-in

E. How will it be achieved (overview)

1. 5 year phase-in by zip codes, based on vulnerability index and geographic diversity (see below)
 - a. Court representation for tenants in covered zip codes
 - b. Limited legal assistance for tenants outside covered zip codes in years 1-4.
 - c. Workshops available for all tenants, regardless of income or zip code (see Tenant Outreach & Education)

F. How will it be Implemented

1. LAHD shall oversee the provision of eviction defense and prevention legal services by contracting with nonprofit legal services provider(s).
2. Full Scope Legal Representation shall be phased in by zip codes during a period of time that is approximately 5 years, in a manner that LAHD determines appropriate, based on all relevant factors including:
 - a. the prioritization of certain groups of vulnerable individuals in zip codes utilizing the City of Los Angeles's forthcoming anti-displacement mapping tool which will identify and predict existing and future direct and indirect displacement risks as part of LAHD's efforts to implement goals, policies and objectives.;
 - b. the availability of funding from all sources;
 - c. the availability of trained and qualified attorneys to provide legal representation;
 - d. geographic considerations vis-a-vis shared zip codes with other jurisdictions;
 - e. the scope of the need for legal representation; and
 - f. any other appropriate logistical consideration.

TENANT OUTREACH AND EDUCATION

Providing residents with access to education and outreach will help mitigate and reduce the serious threats to the public health, safety and general welfare of residents in Los Angeles caused by the displacement and eviction of thousands of Angelenos. To address this array of concerns, House LA will allocate a projected \$16 million of annual funding to support tenant outreach and education with the following goals:

- Educate tenants about their rights to prevent displacement and eviction
- Empower tenants to assert their rights through providing an array of services including brief to comprehensive tenant navigation, in which a tenant continues to receive sustained support to address their immediate issue.
- Prevent and reduce homelessness by connecting residents to resources such as rental assistance, wrap-around services, supportive services.
- Maintain and preserve the current affordable housing stock, by informing tenants of their rights, how to seek repairs, file complaints with the City and address code violations, and more.

House LA funding will support the following work:

1. Eviction Prevention via Stay Housed L.A.

- a. **Public Awareness:** City-wide multilingual campaign to educate residential tenants about their rights, responsibilities, and available services
- b. **Outreach:** Phone & text banking, canvassing, flyer distribution, door-to-door outreach to tenants about renters rights, responsibilities, and available services
- c. **Education:** Inclusive workshops, clinics, other educational events on related housing and tenant rights' topics
- d. **Public Events:** Inclusive public events that offer childcare, food, multi-lingual materials, and other resources
- e. **Tenant Navigation:** Assistance to tenants navigating housing rights and broader legal system through Q&As, paperwork help, referrals, and connections with legal services

2. Topics for education should include, but not be limited to:

- a. Eviction and Court Process
- b. Landlord Harassment
- c. Habitability and Code Enforcement
- d. Section 8 Housing
- e. Informal Housing

3. Eligibility:

- a. This work will focus on tenants in the City of Los Angeles, not landlords. Additionally, any subcontractors engaged to complete this work must be approved by the Stay Housed LA Steering Committee and ULA Citizens Oversight Committee.

PROTECTIONS FROM TENANT HARASSMENT

Section 22.618.3(d)(2)ii.c. of House LA, which establishes the Protections from Tenant Harassment Program, is designed “to fund non-profit organizations and City services to monitor and enforce protections against tenant harassment and other tenant rights, and to inform tenants of such protections and support them in exercising their rights.”

Recommendation: As close to 70% of Program funds as possible should be spent directly by the City of Los Angeles.

Los Angeles Housing Department

LAHD should create a Tenant Anti-Harassment (TAH) division as part of its Regulatory Compliance and Code Bureau. TAH should employ Investigators, similar to Code Enforcement, to assess reports of harassment and make written determinations about whether conduct that violates the City’s Tenant Anti Harassment Ordinance occurred. TAH should work in conjunction with the RSO, CE, and Compliance divisions. TAH should refer identified harassment to the City Attorney or nonprofit grantees for enforcement.

City Attorney

The City Attorney shall establish a division or unit dedicated to bringing criminal or civil lawsuits under Tenant Anti-Harassment Ordinance (TAHO).

Recommendation: As close to 30% of Program funds be spent on programs led by nonprofit organizations.

Legal Services Provider Grants

LAHD should award grants to LSPs, as defined in the Eviction Defense/Prevention Program, to support them enforcing TAHO. Grants should last 3 years, but grantees should get wind-down funds if they don’t receive another 3 year grant. The grant should provide funding to the Legal Service Provider to 1) provide full-scope legal representation to tenants in filing lawsuits against landlords for violations of TAHO; and 2) provide limited-scope services to tenants, such as advice & counsel, assistance with filing complaints, and providing referrals.

Community Based Organization Grants

LAHD should award grants to Community Based Organizations (CBOs), as defined in the Eviction Defense/Prevention Program, to support education about and enforcement of TAHO. Grants shall similarly be 3 years with wind-down funds available. The grant should provide funding to the CBO to 1) educate tenants about TAHO via clinics, workshops, and online resources; 2) assist tenants with filing complaints; and 3) support tenants experiencing harassment as they assert their rights. CBOs should work to partner with LSP grantees to coordinate efforts. The Department should explore modeling the CBO grants after the REAP/UMP Outreach Contractor program.

Appendix A

Multifamily Affordable Housing Full Program Guidelines

Overall Objective

Guidelines for this program area should remain consistent with the ballot measure's language and funds from this area of ULA's program should be dedicated to efficiently produce affordable units.

Intention Setting: Equity

United to House LA was created to make Los Angeles more equitable. For that reason, the final guidelines of the Multifamily Affordable Housing program area should be designed with racial equity in mind and engage in the following practices:

- Anti-displacement/eviction measures
 - For new construction, production of more units than demolishing at a ratio of 2:1
 - Developers should consider income targeting and household sizes of returning population, if building units for an existing population to return to.
- Stakeholder Engagement
 - The ULA Coalition would like the community to feel like they are part of the projects this program creates, that they are informed, and do not feel intruded upon
 - Particularly, the Coalition wants to listen most to the voices of the populations these developments are serving, to welcome these communities to be part of the process, create spaces that are comfortable to them, and include them in design of the neighborhoods
 - For these reasons, these guidelines should require projects to submit community engagement plans, that may include:
 - Contacting community-based organizations
 - Community meetings
 - The development of tools to keep community members informed about projects and their progress
 - The Coalition is interested in partnering with LAHD to design requirements that are not so onerous that they slow down development, but can still ensure projects financed by ULA are sensitive to the communities they are in.
 - We hope to have more meetings with the Department on this topic moving forward.
- Commitment to desegregation
 - Guidelines that encourage construction of affordable housing in high-opportunity areas, while keeping a balanced allocation of funding throughout the City, including in disadvantaged communities
- These are challenging goals that will require continuous conversation with Coalition, COC, and City. Coalition asks that LAHD bring NOFAs back to COC before publishing for comments, particularly around engagement with affordable housing developers and community members.

Eligibility

- Applicants must demonstrate a history of affordable housing development and/or affordable housing property management experience to be eligible for Affordable Housing Program funds
 - CLTs and Limited Equity Housing Coops can gain necessary experience by partnering with an experienced non-profit.
 - LAHD can develop other experience requirements as needed.
- Developers that can construct minimum 40-unit buildings through tax credit program that are 100% affordable, matching Measure ULA's ballot measure language on eligibility criteria
- LAHD should create tailored eligibility criteria depending on funding process (i.e. more strict for over-the-counter funding than competitive)

Delegated Authority

- City Council should be consulted only for approval of program guidelines in collaboration with the Citizens Oversight Committee.
- Thereafter, the Los Angeles Housing Department should have fully delegated authority to issue Notice of Funding Availability, accept applications, and make funding/award decisions without City Council approval.

Local Commitment, Funding Frequency, and Subsidy Amounts

- Because Measure ULA represents a new injection of funds outside of the current affordable housing ecosystem, this is a chance to create a nimbler system for financing these projects.
- The funding from this program area should be used as a flexible local commitment, either to fully fund projects locally or be leveraged more heavily at the state level, depending on the project.
 - Generally, projects that are competitive for state programs would expect to leverage local funding and regulations could be tailored for that
 - Projects that are not as competitive would have higher subsidy at local level because they're less suited to gain money at state level
 - Projects should still be vetted to meet City housing priorities
- Whenever possible, funding should be committed over the counter for projects, similar to how the Community Redevelopment Agency was structured, based on specific and non-discretionary criteria determined by LAHD. Projects that do not meet the criteria should have an opportunity to obtain funding awards through a separate competitive process.

- If a NOFA model is used, LAHD should release it with calendar regularity, at least twice per year. Schedule should be consistent year to year. Regulations should be opened for public comment at least once per year.
- If ULA money is injected into the Affordable Housing Managed Pipeline, scoring which awards projects for having other committed funds should be eliminated, to keep true to ULA's goal of utilizing its funds as an early local commitment.
 - As an early source of funding, this program area could also be dedicated to acquisition/pre-development costs.
 - Could save money on interest and extreme organizational strain
 - LAHD would have to work through how best to vet applications, NYC, SF manage to do this.
- To incentivize streamlining and ensure ULA is productive quickly, maximum subsidy amounts should be set high. Developers can then take ULA money and then quickly move on to tax credits and construction. A similar structure in San Jose set subsidy amounts at \$350,000 per unit.
- This would have to be adjusted annually for inflation and to address other systemic changes to cost, like that of building materials. LAHD could also consider flexible loan limits based on depth of a project's affordability—similar to HCD's loan limit structure. LAHD might also include a per-unit or per-bedroom funding boost for projects in high opportunity neighborhoods.
 - Rather than the City giving an award based on the need, LAHD could fully fund a project with the expectation that the developer will apply for other leveraged sources. Developers would identify what leverage source would fit the project. If successful, LAHD can then reduce the local amount.
 - In order to balance both streamlining and leveraging, LAHD could request that developers apply to at least one round of other funding. For example, if the developer has one unsuccessful application for other sources, then the developer gets a full local subsidy amount, up to \$50 million maximum (approximately 140 units @ \$350,000 per unit).
 - Because homelessness is an emergency, projects with at least 40 units of permanent supportive housing could be absolved of any leverage requirement so that they can proceed as quickly as possible.
 - LAHD would also have to develop requirements to ensure that this supportive housing is high quality, including things like healthy case manager ratios, higher reserves, etc. To support efforts to obtain maximum state resources, LAHD could contract with a third party to vet projects for leveraging viability, readiness, state-level competitiveness, development timeline, etc. and make funding decisions based on this information.
 - This system could allow greater local subsidy to move projects through faster, while ensuring that state funding for the City of LA is not left on the table.
- To ensure the City continues responding to its homelessness crisis, LAHD should consider additional incentives to ensure adequate development of supportive housing with these funds, such as scoring bonuses or set asides.

Approvals

- LAHD could develop a pre-approval process rather than re-underwriting a developer for every round.
 - For example, if projects meet a certain set of general requirements, they could be pre-approved for fast track/over the counter processing. Non-pre approved, or projects that don't easily fit those criteria would go through more rigorous approval.
 - At a minimum LAHD should only require compliance checks once or twice yearly per organization. Once compliance is approved, this should stand for a calendar year, as opposed to being checked on a per deal basis.

Funding for Projects on Publicly Owned Land

- If the City is disposing of publicly owned land through a Request for Proposals, the land awarded should come with funding from this program area to minimize risk for the project. This will also help streamline the development timeline for the given project.

Gap Funding and Accelerating the Pipeline

- ULA could help institutionalize the gap funding that LAHD has done in the past, providing more funding for projects that previously received awards and need more money to begin or finish construction.
- ULA funds could have a gap funding set aside, to be approved on a rolling basis at any time during the year, not through rounds of funding.
- City would have to develop strategies to vet projects and ensure gap financing is invested wisely.

Targeting and Rental Subsidy

- In the event there is a lack of project based vouchers, ULA money from this program area should be coupled with funding for operating subsidies. This is particularly important when LAHD requires the construction of deeply affordable units.
- This coalition recommends that if the Department mandates a certain percentage of dollars go to units that are below 30% AMI, the Department should ensure there is a corresponding allocation for operating subsidies. It would be the City's responsibility to couple production dollars with operation dollars. This step is also helpful for streamlining.
- The ULA coalition has submitted a recommended program for ULA's operating subsidies money, which pools funds into an insurance pool, coupled with tenant-based voucher assistance. [That program can be reviewed here.](#)

- To the extent that property subsidies are funded by COSR due to lack of vouchers, the COSR should not be included in total development cost calculations. Developers turn to COSR when PBVs are not available. COSR increases total development costs. The shortage of these vouchers should not count against high cost test calculations.

Draw Funding, Transfer of Funds, & Construction Loans

- Mayor Bass's administration has suggested they will attempt to revamp the City's system for draw funding.
- If draw funding can be allocated efficiently, LAHD could set up a pot of funding for providing construction loans utilizing money from this ULA program area.
- This could fund construction at a lower interest rate (3%) than the market provides and help projects save money. The fund would also become renewable as loans were paid back.
- LAHD could set up a maximum loan amount at its discretion.
- Whenever possible, City should transfer funds electronically.

Conduit Bonds

- LAHD should set up a process to allow developers to acquire conduit bonds outside of the city, under a certain threshold. Staffing limitations may cause issues for processing bonds associated with new construction created by ULA funds

Appendix B

Alternative Models for Permanent Affordable Housing Full Program Guidelines

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Article III. Resident Participation in Management and Ownership

- Section A. Overview**
- Section B. Minimum Required Resident Engagement Activities for Rental**
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- Section D. Contingency Planning**
- Section E. Evaluation, Reporting and Compliance**

ATTACHMENTS

1. Summary of Requirements for Alternative Models of Permanent Affordable Housing
2. Social Housing Operations Policies

The following attachments are to be developed by LAHD

3. Rental project application, including development and operating budgets, unit mix, affordability levels, income and rent chart, building conceptual plans, funding plan with amount requested from UHLA
4. Ownership project application, including development budget, unit mix, affordability levels, income and sales price chart, building conceptual plans, funding plan with amount requested from UHLA, sales plan
5. Regulatory agreement
6. Loan agreement, Trust Deed, Promissory Note
7. Subordination Agreement
8. Planning approval evidence
9. Template for Resident Leadership Plan
10. Evidence of meeting other policy requirements: e.g. transit oriented, high density, resource neighborhood, etc.
11. Relocation documents
12. Reporting Forms
13. Compliance Forms
14. Project Labor Agreement
15. See existing City documents as applicable

Article 1. General Overview

Section A. Introduction and Context

The November 2022 Citizens Ballot Measure ULA, which established the Los Angeles Program to Prevent Homelessness and Fund Affordable Housing (“House LA”), was written by affordable housing practitioners and successfully secured the support of 58% of voting Angelinos. The measure establishes robust funding to implement an array of homelessness prevention, tenant protection, housing preservation and housing production strategies. Among these approaches, House LA’s authors first sought to fully fund traditional approaches to affordable housing production in order to maximize federal and state resources that can be brought to Los Angeles. Anticipating that House LA’s transfer tax mechanism will then create ample resources above and beyond those that will attract leveraged resources, the authors have directed an identical percentage of the annual tax revenue to alternative models of housing production, prioritizing scale, speed, flexibility, longevity of public benefit through permanent affordability, and an enhanced role of residents in their own housing.

These guidelines are designed specifically for this new House LA program, Alternative Models for Permanent Affordable Housing.

Since the Tax Reform Act of 1986, the Low Income Housing Tax Credit program (“LIHTC”) has formed the foundational financing of most affordable housing production. It has some beneficial and detrimental effects. On one hand: the program has created a cadre of seasoned affordable housing developers and allied professionals to produce and manage such housing; in California, it has incentivized various state and local housing funding programs to supplement the LIHTC equity; and it has generated several million affordable housing units across the country.

On the other hand, there are many undesired consequences of the heavy reliance on this program. LIHTC does not come close to financing the affordable housing needed to serve income-qualified households and does not provide operating support in the long-term. And LIHTC does not fully fund projects: in California, developers must cobble together four to five sources of funding to supplement the LIHTC equity, making the endeavor inefficient and time consuming. Additionally, in Los Angeles County, due to the divergent income and rent growth trends over the last 30-40 years, the program income and rent levels do not serve the truly low income nor the not quite moderate income. At the same time, over-reliance on LIHTC has substantially reduced or eliminated other affordable housing options like public housing, and community ownership strategies like Community Land Trusts (“CLTs”) and Limited Equity Housing Cooperatives (“LEHCs”); and even though California imposes a 55-year affordability covenant on LIHTC projects, given the size of the subsidy needed to produce a unit, perpetual affordability is a more appropriate restriction but legally and regulatorily difficult to attain. Finally, there is an absence in resident leadership in the production, management and

ownership of such housing, impairing the relevance of community aspiration and resident governance in their home and neighborhood.

To address this array of concerns, House LA allocates 22.5-25%¹ of programmatic funding to alternatives to the LIHTC model. These alternatives, based on the measure's language and these guidelines, should include the following elements (each of which is further detailed in the following sections of these guidelines).

- Certain: In order to sustain production scale, the City of Los Angeles Housing Department ("the Department") will award funding based solely on meeting program thresholds through a rolling application process that is non-competitive. However, in the first three years post-adoption of House LA Permanent Program Guideline, the Department will award funding in two Call for Projects per year with scoring that prioritizes between projects. Unsuccessful applications can opt in to stay in queue for the next round or reapply with a different proposal.
- Fast: Sole public financing source for all phases of project development, possibly paired with private equity, debt and/or other non-competitive funding sources as appropriate, and includes operating support as appropriate/necessary;
- Flexible: Range of affordability, reaching deeply to both meet housing affordability needs of ALI and/or ELI households, and higher income units to cross subsidize that affordability when financially beneficial;
- Perpetual: Affordability covenant does not have an expiration date; and
- Resident leadership: Residents have a meaningful voice in the management and ownership decisions of the properties where they live.

Since a scaled-up approach to resident management and resident ownership is a new approach for the City of LA, special sections of these guidelines are dedicated to this concept.

Implementation of these strategies will be complemented by House LA's Capacity Building program (SEC.22.618.3(d)(1)ii.d.), which will provide Capacity-Building funding for CLTs and other organizations that serve and have representative leadership from Disadvantaged Communities and facilitate tenant ownership., and which will support developers, community partners, property managers and residents with implementing the appropriate resident leadership plan as per the type of management and ownership model selected for the project.

¹ Section 22.618.3(d)(1)(ii).e of Measure ULA establishes a Program Stabilization Fund: "Five percent (5%) of the House LA Fund-Programs shall annually be allocated to address periodic revenue shortfalls for House LA Affordable Housing and Homelessness Prevention Programs that require a consistent revenue stream, as advised by the Department and the Oversight Committee and subject to City Council approval, to include project-based Operating Assistance, Income Support for Rent-Burdened At-Risk Seniors and Persons with Disabilities, Eviction Defense, and Tenant Outreach & Education programs, as those terms are used in this section. When the balance of the Program Stabilization Fund reaches two hundred million dollars (\$200 million), excess revenue shall be evenly divided between and supplement the Multifamily Affordable Housing program in Section 22.618.3(d)(1)(ii).a., and the Alternative Models for Permanent Affordable Housing program in Section 22.618.3(d)(1)(ii).b. of this Code. If the Program Stabilization Fund falls below two hundred million dollars (\$200 million), it shall be refunded to that amount before support to these two affordable housing programs may resume."

Section B. Purpose and Scope

The purpose of these Program Guidelines is to implement House LA Program Section 22.618.3(d)(1)ii.b. of House LA, which establishes the Alternative Models for Permanent Affordable Housing Program to support the construction of new supportive and affordable rental and ownership housing of 40 units or more, or pay the principal and interest on debt incurred for such purpose. These program funds may also be used for acquisition/rehabilitation, adaptive reuse, for land leasing costs, for operating expenses, for any or all phases of project development, and/or to pay principal and interest on debt incurred for such purpose.

See Attachment 1 for a summary of program requirements detailed in Measure ULA.

Section C. Commitment to Racial Equity

House LA's Goals include: "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." (SEC. 22.618.1(f)). In alignment with this purpose, the Alternative Models for Permanent Affordable Housing Program seeks to enhance racial equity through resource distribution, implementation strategies, and outcomes. For example, scoring prioritizes development in High Opportunity neighborhoods such as those that have been historically exclusionary, as well as areas that have been subject to disinvestment and high levels of displacement. Per Measure ULA, the Department and the Citizens Oversight Committee (COC) must incorporate racial equity metrics in public program reports and evaluation and adjust implementation accordingly.

Article II. Program Requirements and Procedures

Section A. Eligible Projects

In order to contribute to meeting House LA's overarching program goals, and in accordance with House LA's requirements for the Alternative Models for Permanent Affordable Housing Program summarized above, project eligibility will be based on the following:

New Construction Projects:

- Must be 40 units or above.
- On the portfolio level, it is the goal that at least 10% of the program units as measured on a two-year period basis will serve special needs populations, including people who are formerly homeless, people with mental and/or physical disabilities, survivors of domestic violence, transitional age youth, and reunification families. In any year when the Department determines that there is no or limited operating support and/or rental vouchers available for such populations, 100% of the program funds can go towards permanent affordable housing, with the intention to meet the portfolio-wide goal in subsequent year(s). In those years when such operating support is available (including but not limited to operating resources funded via House LA), the Department can fund such projects and units to the extent permitted by the available operating funds up to the special needs units shortfall accumulated in prior years. Every even-numbered year, the Department shall report to the COC on the percentage share of program units constructed in the prior two years that have been reserved for persons with special needs, and this analysis will be used by the Department to identify special needs target numbers and resource needs for each program year.
- Eligible Projects must permanently covenant at least 20% of the units for ELI and ALI households. Units serving the special needs populations may also count towards the minimum 10% special needs goal. Up to a maximum of 20% of units can be free of income and rent restrictions to cross subsidize the units that generate very little rent for the purpose of covering operating costs.

Acquisition/Rehab and Adaptive Reuse Projects:

- No minimum project size
- The same special needs goals and income restrictions described above for new construction applies.

Section B. Eligible Applicants

- Housing units shall be developed by development teams which demonstrate the following experience. Affordable housing developers ("developers") must have at least

three completed projects in the prior ten years with A) building typology comparable to the proposed project, B) project financing and affordability covenants equivalent to or more complicated than the proposed project, and C) property management track record demonstrating positive cash flow, current building repairs and maintenance and compliance with financial and affordability audits. The organization may use the experience of its principal to satisfy this requirement.

- Development teams must demonstrate the capacity to support ownership alternatives and/or tenant management models. Developers that do not have capacity themselves to support ownership alternatives and/or tenant management models must formally partner with a community-based organization, CLT or other organizations with tenant leadership experience. Developers must demonstrate having this capacity themselves or having a formal partnership as detailed in Section E by including in their funding application to the Department either (a) an executed contract with a community organization (as defined in Section E) that details relevant capacity-building and technical assistance services to guide the developer through the tenant management and/or ownership process, and/or (b) a Letter of Recommendation from a ULA-funded Capacity Building entity that details how the developer possesses relevant capacity can count toward this requirement.
- Development team must include an architect with experience designing high-quality housing developments, with attention to integrating and relating to various uses including community-serving retail and services, gardens and/or open space, climate resilience elements, and transit-oriented features.
- Community Land Trusts (CLTs), or Limited-Equity Housing Cooperatives (LEHCs) may qualify for funding from this initiative without demonstrating a history of affordable housing development and/or affordable housing property management experience by (a) partnering with experienced non-profit organizations and/or developers, or (b) showing evidence of staff capacity adequate to manage and administer the project.
- **Developer and Community Organization Partnership:** Developers that do not have capacity themselves to support ownership alternatives and/or tenant management models must partner with a locally-based non-profit organization that (i) has a demonstrated history of advancing or advocating for community-oriented and/or community-controlled development, or facilitating community input into local development projects; and (ii) is a non-profit organization advancing tenants rights, a labor union or workers center, or a Community Land Trust. Partnership agreements should show (i) allocation of share of the developer fee, cash flow, and net sale proceeds and (ii) outline of roles and responsibilities between developer and partner organization(s) – for example, agreement should show how tasks related to resident participation in management and ownership will be allocated.

Housing units shall be owned and/or managed by a public entity, a local housing authority, a CLT, a LEHC, or a non-profit entity which demonstrates a history of affordable housing development and/or affordable housing property management experience as detailed below. A formal partnership as detailed in Section E can count toward this requirement:

- Owners and/or managers must demonstrate the capacity to support ownership and/or tenant management models. A formal partnership as detailed in Section E, an executed contract with a community organization (as detailed in Section E) that details relevant capacity-building and technical assistance services to guide the developer through the tenant management and/or ownership process, and/or a Letter of Recommendation from a ULA-funded Capacity Building entity that details how the developer possesses relevant capacity can count toward this requirement.
- Owners and/or managers must demonstrate asset management capacity by describing asset management staffing plans that show how they manage the financial performance and capital needs of their existing and future assets, including timely performance of capital needs assessments, maintaining adequate replacement reserves and timely collection of tenant rents if applicable.
- Owners and/or managers must demonstrate program and property management capacity by confirming that:
 - Resident selection procedures that meet the fair housing requirements
 - A monitoring plan to ensure meeting regulatory compliance
 - A plan to ensure that properties in the organization's portfolio are transferred to another Eligible Sponsor that will maintain long-term affordability if the organization shuts down, is determined to be out of compliance, or is otherwise no longer a fit and willing owner.
- Owners and/or managers of properties to be managed as affordable homeownership units must also demonstrate that they have a plan for managing resales, including a resale formula to determine the new sales price.
- A CLT or a LEHC without a demonstrated history of affordable housing development and/or affordable housing property management experience may qualify by (a) partnering with an experienced non-profit organization or (b) showing evidence of staff capacity adequate to manage and administer the affordable housing project.
- **Owner and Community Organization Partnership:** If the owner is different from the developer, the same requirements for partnership between "Developer and Community Organization Partnership" detailed above apply to the owner.

Section C. Eligible Costs

Eligible project costs include:

- Acquisition costs during predevelopment

- Predevelopment costs, including costs for Environmental Review and Historic Preservation; and Phase I Environmental Assessment Report, Phase II Environmental Assessment Report, if required, and Lead/Asbestos Reports as defined in the Department's Affordable Housing Managed Pipeline Program Requirements (Sept. 2022)²
- Construction and rehabilitation cost
- Soft costs as related to the construction and development of the project, including conventional financing, architecture & engineering (A&E), program & funding (P&F/budget table), entitlement processing, etc.
- Ongoing annual operating cost and principal & interest if required, but only for special needs and ALI & ELI that require operating assistance

Section D. Assistance Terms and Limits

The following are terms and limits for the City's commitment of House LA funding to the project. LAHD subsidy may be split between loan and grant, based on analysis of anticipated residual receipt payments that the project will be able to carry. Pre-construction loans can subsequently roll into construction/permanent loan financing.

- **Maximum loan/grant size:** \$50,000,000 in 2022 dollars to be adjusted by annual CPI, unless approved by City Council
- **Minimum loan/grant size:** \$1,000,000 to be adjusted by annual CPI
- **Maximum loan/grant per unit:** \$600,000 for ELI & ALI; \$500,000 for VLI; \$400,000 for LI to be adjusted by annual CPI. Due to the unpredictable global market in the purchase of materials, other methods of adjusting loan limits due to construction cost changes may be used.
- **Pre-construction loan size:** Based on evidence and proposed budget, not to exceed 25% of total project loan request, 0-1% simple interest, deferred for 24 months with one 12 month extension.
- **Permanent loan:** 3% annual percentage rate (APR) simple interest, deferred for up to 45 years, to be repaid consecutively not concurrently with any private financing. Loans will allow for transfer to a legal entity owned by and/or controlled by residents. LAHD reserves the right to determine a lower interest rate of no less than 1% if it is found to be necessary for project feasibility.
- **Maximum developer and community partner team fee:** The lesser of 15% of hard and soft costs (excluding land cost) or \$2.5 million for projects at or under 100 units. For projects over 100 units, development teams may receive an additional \$10,000 per unit. Due to this program's requirement for resident leadership, development teams will also receive an additional fee of \$500,000 per project, which may be retained by the

² <https://housing2.lacity.org/wp-content/uploads/2022/09/2022-AHMP-Regulations-final-Clean-9.16.2022v2.pdf>

developer or utilized for community partnership expenses. Changes to these numbers must be approved by the House LA Citizens Oversight Committee.

- **Development Contingency:** The Department to set aside an extra 10% of loan amount and to be disbursed at its discretion in response to legitimate unexpected cost overrun.
- **Permanent affordability covenant**

Section E. Threshold Requirements

This program is intended in future years to be a rolling application/award program, but during the first three years of the program following City Council adoption of these House LA permanent program guidelines, the Department will release two Call for Projects annually. Qualified projects will be scored, underwritten and notified of funding decisions within 90 days. Projects that do not meet these threshold requirements shall not qualify for funding through the Alternative Models of Permanent Affordable Housing Program.

Projects must meet the following thresholds to receive funding:

1. **Affordability Mix:** Affordability mix is determined in collaboration with the community partner, ULA affordability requirements apply. Per Measure ULA Section 22.618.3(d)(1)(a), in order to prevent the displacement of households that qualified for a unit upon initial occupancy but thereafter exceed the income limits, the developer agrees not to displace over-income residents. However, the owner may charge these over-income households a rent (or maintenance fee in the case of a cooperative) up to 30% of their current income levels, as allowable under current local and state policies.
2. **Family unit mix minimums:** Project design addresses the mixture of family unit needs at the neighborhood level as detailed in the most recent COC's Housing Needs Assessment and the project's Statement of Public Purpose, per Article III, Minimum Requirements for Resident Engagement, of these program guidelines
3. **Unit size minimums:** Apply TCAC minimums and account for the unit size needs at the neighborhood level as detailed in the most recent COC's Housing Needs Assessment and the project's Statement of Public Purpose
4. **Site Resources and Amenities minimums:** Apply TCAC minimums regarding open space, community room, washers/dryers, and include in the project's design the needed resources and amenities as detailed in the most recent COC's Housing Needs Assessment and the project's Statement of Public Purpose
5. **Building Energy and Efficiency Standards:** Title 24 requirements minimum
6. **Parking:** consistent with current zoning, Density Bonus, or state law
7. **Financial Planning:** Starting minimum Debt Service Coverage Ratio (DSCR) of 1.15 and maximum of 1.3

8. **Resident Leadership Plan:** Meet the requirements of Article III, Minimum Requirements for Resident Engagement, of these program guidelines to maintain the physical, financial, and community health of the property.
9. **Developer, Owner, and Community Partnership:** If required by Article II, Section B, the developer and the owner/manager must present a partnership agreement or Memorandum of Understanding (MOU) with a locally-based non-profit organization (“community partner”) as detailed in Section B, Eligible Applicants.
10. **Property Management Experience:** Property managers must have experience with at least five projects, and must present a statement clarifying how the manager will directly and meaningfully engage resident owners in property management activities. Additionally, special needs housing may have additional property management requirements. In each case, senior leaders in a property management organization may use their professional experience to meet this threshold. Partnering with an organization with tenant management experience, such as a community-based organization, CLT, or an established management firm, can count toward this requirement.

In addition to and superseding project selection based on the above threshold requirements:

- In the years when long-term special needs rental vouchers are available, the Department will prioritize special needs projects – with a minimum of 25% of units reserved for people with special needs, or 50 special needs units, whichever is smaller – as a threshold requirement until such vouchers are all committed.

Section F. Application and Award Process

The Department will apply the following assessment and scoring criteria to determine funding priority and award project accordingly. The Department will submit a summary report to the House LA Citizens Oversight Committee annually on all Project applications, whether approved or denied, and if denied, the reasons for denial.

Criteria ID	Points (55 max)	Scoring Criteria Description
A	10	Located on public land
B	5	Experience in leading required resident engagement activities
C	4-5	Experience with a functioning resident ownership building [5 points] or a building that is in transition to resident ownership [4 points]
D	2-3	Located ¼ mile of High Quality Transit [3 points], or within ½ mile of High Quality Transit [2 points]

Criteria ID	Points (55 max)	Scoring Criteria Description
E	3-4	Located in Highest Opportunity Area [4 points], or in a High Opportunity Area [3 points]
F	2-3	Located in Extreme or High Displacement Risk Area [3 points], or in Elevated or Probably Displacement Risk [2 points] for 0% to 50% of AMI households
G	7-9	Affordability mix → Project proposes a clear and financially-feasible strategy for resident ownership at an average affordability of deed-restricted units at 60% AMI and below [9 points] or 70% AMI and below [7 points]; or, for rental projects, an average affordability of deed-restricted units for rental projects if using the TCAC rent schedule at 50% AMI and below, or for rental projects if using the HCD rent schedule at 60% AMI [7 points] (Note that the allowable 20% market units are not included in calculation of the average.)
H	3-4	Project incorporates one [3 points] or two [4 points] or three or more [5 points] amenities that are above TCAC minimums, including but not limited to wellness, recreation, commercial and/or cultural amenities that enhance community livability and sustainability, such as affordable groceries, open space and and nearby (¼ mile or less) access to a public elementary, middle, and/or high school
I	4	Incorporates building decarbonization measures
J	4	Incorporates environmentally sustainable design standards as defined by Leadership in Energy and Environmental Design (LEED)
K	5	Incorporates streetscape features to enhance transit accessibility and service in the project design, including but not limited to public restrooms, shade trees or structures, and publicly available seating.
L	-5	If project is also eligible for House LA's Acquisition and Rehabilitation of Affordable Housing Program

Section G. Underwriting Process and Criteria (to be developed by COC/LAHD)

Section H. Legal Documents (to be developed by LAHD)

Section I. Reporting and Performance Requirements (to be developed by LAHD, inclusive of fair housing and racial equity metrics)

Section J. Labor Provisions (to be detailed by LAHD, consistent with ULA Section 22.618.7.)

- All projects: Prevailing Wage
- New construction and rehabilitation of 40 units and up: Project Labor Agreement

Section K. Defaults & cancellations (to be developed by LAHD)

Article III. Resident Participation in Management and Ownership

Section A. Overview

The purpose of the Alternative Models for Permanent Affordable Housing program is to house people and build stronger individuals, families and communities actively engaged in the work of producing and managing the housing. In the traditional affordable housing model, the developer becomes the owner and the residents remain in a traditional tenant role. Tenants are usually not consulted on forming the operating and leasing policies, which is in large part due to the prescriptive nature of the funding programs and the feudal history of the landlord-tenant relationship. Tenants are also not consulted on budgets and financial decisions in the building. The Alternative Models program will address racial segregation and dismantle racially exclusionary practices through locating a significant proportion of developments in historically exclusionary communities, and it will promote racial equity in housing through systems that allow for resident leadership, tenant authority, and tenant control over the management of their buildings to advance self determination in low income communities of color.

An alternative model that shifts the relationship between the tenant and their housing can be structured in many ways. Residents could be involved as elected resident representatives and have a say on the policies and financial decisions of the building. A formally-organized tenant association or Resident Council can act as the intermediary between the owner and the building-wide residents, or even with other stakeholders in a neighborhood. Like a union, this body can negotiate the policies and decisions with the owner directly. Direct operating and financial authority will likely require an ownership model, which may be limited equity, among other non-market features. Legally-organized tenant association or mutual housing association organized across multiple buildings are another ownership model when the association becomes co-owners of the property in a joint venture with a developer; this model includes authority but not an equity stake held by individual households. In an intermediate model, the owner – either a non-profit developer or an organization like a CLT – could reserve seats on its Board of Directors specifically for residents.³

The following sections outline resident leadership opportunities through 1) resident-engaged management of rental housing, and 2) ownership housing, including properties that will be initiated as rental housing and will convert to a form of community and/or resident ownership in the future. Additional details regarding operations are provided in *Attachment 2: Operations Policies for Alternative Models of Permanent Affordable Housing*.

The developer will be required to submit a Resident Leadership Plan as part of the funding application, which should detail the planned approach to meet the resident engagement requirements outlined below.

³ <https://shelterforce.org/2022/08/16/breaking-nycs-housing-speculation-cycle/>

Within this alternative approach to housing production and operations, as required by the Measure, the tenants will be playing an enhanced role in the management and/or ownership of their housing, and therefore the roles and responsibilities of not only the residents but also of the developer, owner and property manager will shift from what are conventional roles as of Measure ULA's passage in 2022. ULA provides funding specifically to support tenant ownership, and the Department will distribute House LA's Capacity-Building program (Section 2.618.3(d)(1)(ii).d.) funds to a Capacity-Building for Tenant Ownership contractor which will provide the following services: (1) DESIGN: Research and design models of resident management and ownership; (2) OUTREACH: Provide outreach workers/organizers to inform affordable housing developers, tenant unions and other stakeholders about community- and tenant-ownership opportunities; (3) TRAINING & TOOLS: Develop and provide training and tools to residents living in House LA-funded housing to enhance and support ongoing participation in the governance, management, and/or ownership of their communities; and to developers, building owners and property managers that are practicing resident-engaged management, and/or resident ownership; and (4) MONITORING & COMPLIANCE: design and facilitate a system that is integrated with the above training activities, to monitor and support compliance with any regulatory agreements; and to evaluate activities related to the community- and tenant-ownership programs. These capacity-building resources, including tools, templates, models and training, will be made available to the developer, community partner, owner, property manager, and residents, but use of the resources is not required, unless otherwise directed by the Department.

Section B. Minimum Required Resident Engagement Activities for Rental Housing

The following are activities that, at a minimum, are required for rental properties funded through House LA's Alternative Models for Permanent Affordable Housing:

1. **Predevelopment:** The developer and community partner will review the COC's housing needs assessment and submit in the team's funding application a statement of public purpose that states how the project will meet the public needs identified in the housing needs assessment through the project's community outreach and final design. The project's statement of public purpose must be informed by and must include a comprehensive analysis of public health impacts from the cumulative effects of environmental hazards on occupants of the site, regardless of where the hazards originate. This public health analysis must draw on results of community engagement focused on identifying public health impacts from such environmental hazards, and include mitigation measures or environmental hazards removal plans, which do not additionally pose a threat to public health. If the project is located in an area designated as moderate resource, low resource, or high segregation and poverty on the most recent version of the California Tax Credit Allocation Committee's (TCAC's) Opportunity Maps, at least one community meeting or a similar forum must be held to solicit input from

local area residents. Notices for any community meetings or process should be translated into the prevailing local languages and provided to every resident within 1,000 feet of the development project. Further community input can be gathered through activities designed and executed by the developer's community partner (established pursuant to Article II. Section E) such as focus groups, workshops, pop-up events, intercept surveys, and attending other community meetings and events. Community engagement activities must be focused on engaging lower income neighborhood residents who represent similar income categories as are intended to be served by the Program, prospective tenants, and/or others with lived experience of housing unaffordability and insecurity. Community engagement activities must also solicit community members' input in order to identify public health impacts from known or reported environmental hazards and potential mitigation or removal measures, including those that are not officially documented in public agency lists of Brownfield sites such as the Department of Toxic Substances Control's (DTSC's) Cortese List.

2. **Rehabilitation:** While the intent of Alternative Models funding is to fund new construction, to the extent there is rehabilitation, developers will at a minimum follow all legal requirements for relocation, as detailed in SEC.22.618.3(d)(1)ii.c. of the measure. The developer and the community partner will be jointly responsible to ensure proper coordination of the temporary relocation of tenants, including comparable accommodations for temporary relocation and Relocation Assistance Determination. If the developer is temporarily relocating tenants into other units owned or controlled by the developer, the tenants should have the option of permanently relocating, if the tenant so chooses, to avoid multiple moves. Tenants should be provided information and education, the purpose of which is to advance the efficacy of quickly completing the rehabilitation while making current tenants as comfortable as possible.
3. **Construction:** Refer to Project Labor Agreement requirements in Measure ULA.
4. **Leasing:** In preparation for lease up, and during the lease up period, developer and/or property management team will engage the community partner in development of the lease up plan, which will include coordination with the Coordinated Entry System for any units set aside for special needs populations, any established system for selecting social housing tenants, and conduct neighborhood-based outreach to inform and market the available units to income-qualified neighborhood residents with the goal of Affirmatively Furthering Fair Housing, for example prioritizing outreach to lower-income residents in areas with a history of civic disengagement, displacement, and economic marginalization.
5. **Property Management:** Building owners (if applicable) and property managers will engage residents in the process of ascertaining the financial, physical and community health of the property. Resident engagement activities should at a minimum include:
 - o Initial meeting or series of meetings with residents to inform and collaborate on creating Community Agreements.

- o Monthly office or informal gathering between property management and residents to support community cohesion and/or to discuss and resolve specific building issues as they arise (in addition to issues that need immediate attention throughout the month)
 - o Quarterly residents meetings with property management to review the operations and management status of the building and adjust the Community Agreements and leasing parameters as appropriate and in accordance with laws and regulations
 - o Twice-yearly, at mid-year and end of budget year, meetings between property management and residents to review the building budget and actual financials to determine operating expense and capital investment priorities as well as to set the budget for the following year.
6. **Governance:** Resident Council must be formed to engage with the property manager and/or building owner regarding the above matters, and is a representative body that is elected by the residents. Building owners will be responsible for convening the Resident Council within 6 months after the building is initially leased up, for ensuring a regular and on-going meeting schedule, and for identifying capacity-building resources as necessary to support establishment and operations of the Resident Council. The Resident Council may represent the building when engaging with other neighborhood stakeholders such as its Neighborhood Council, elected and appointed representatives including Measure ULA's citywide Tenants Council and Citizen Oversight Committee, as well as area businesses and institutions to advocate for economic and quality of life improvements.
7. **Resident Training:** Residents should receive training, on an on-going basis, to learn about all aspects of managing a residential, mixed use, and/or joint use development, as applicable. Resident training may include topics such as establishment and operations of a Resident Council, decision-making procedures, leadership styles and strategies, organizing tools, mediation, property management, building budgeting, systems & repairs, and tenant-landlord law. This training will also assist residents, resident representatives, and property managers to be clear about their distinct roles, including that property managers are responsible for collecting the rent, maintaining the building, reporting to owner/lenders/investors, and leasing. In contrast, Resident Councilmembers are responsible for representing residents in the development to building owners, property managers, and the public; and maintaining policy and performing oversight, including budgeting, financial review, reviewing of asset management and long-term capital improvement plans, facilitating community cohesion, and setting broad leasing policies in accordance with all relevant laws. Building owners should inform residents and resident leaders of their right to meaningfully and directly participate in the management and ownership of the development and should refer residents and resident representatives of the resource entity to be funded by Measure ULA capacity building program funds to provide residents with ongoing building management and operations training and resources.

Section C. Minimum Required Resident Engagement Activities for Ownership Housing

The following are activities that, at a minimum, are required for resident-ownership properties funded through House LA's Alternative Models for Permanent Affordable Housing, such as covenanted-affordable (resale restricted) condominiums or Limited Equity Housing Cooperatives (LEHCs):

1. **Predevelopment, Rehabilitation, and Construction** - same minimum requirements as with rental social housing (see section above)
2. **Equitable Marketing Plan:** For a new construction ownership project, a minimum of 12 months prior to the anticipated completion and sales of the units or cooperative shares, the developer and/or community partner will create and launch a marketing plan that includes outreach to area stakeholders involved in community stabilization and anti-displacement activities, and marketing of the housing to area residents, especially lower-income residents and residents in communities of color, with the goal of the marketing plan to identify residents interested in ownership and may income pre-qualify for specific units.
3. **Rental to Ownership Conversion:** If the property is being converted from rental to ownership, then financial and design plans for ownership should engage current residents and/or resident representatives such as those on any elected governance body; and such plans should be structured to maximize retention of current residents and their conversion from tenants to owners.
4. **Cooperative Living Preparation, Skill-building, and Pre-qualification to Purchase Shares or Units:** For traditional affordable single family homeownership, a 10:1 ratio of applicants to buyers is common, and therefore in traditional homeownership pre-qualification, education, and preparation during the year prior to purchase are critical to success. Cooperative ownership requires financial preparation similar to traditional homeownership and additionally requires cooperative living skills that must be built over time. Whenever feasible, future cooperative owners should receive training on collective decision-making in the process of becoming cooperative owners.
 - a. The marketing and sales effort, and homebuyer training that will be conducted in conjunction with the sales of homes or shares, may be coordinated through or conducted by the House LA-funded capacity building entity, a developer with the requisite experience, a partner CLT or other affordable homeownership organization, or other qualified trainer. The homebuyer training team will work with prospective shareholders and homebuyers to remove barriers they face to successfully qualify for mortgages and/or co-op loans and sustain ownership costs in the long-term, which includes topics such as improving credit scores and debt-to-income ratios. These activities may be centralized through the House LA-funded capacity building contractor, in order to achieve volume of activity and

create expertise across the city, and/or in conjunction with an affordable homeownership counseling program

5. **Governance:** After the construction completion and owners move-in, or after a rental-to-ownership conversion is completed, and with the support and training of provided through House LA Capacity Building program (if desired), the developer and/or community partner will work with the resident-owners to:
- a. form either a homeowners association (HOA) or co-op board (depending on ownership structure) and to elect its leaders/officers;
 - b. assist the resident-owners and HOA or co-op board to hire the property manager; and
 - c. ensure on a monthly, quarterly and annual basis that the financial, physical and community health of the building is strong, with the oversight body (e.g. HOA or co-op board) trained to understand their role, and with such oversight items agendaized in their regular meetings.

Resident owners should engage in the process of ascertaining the financial, physical and community health of the property. Activities should at a minimum include the following, although may be designed for more intense engagement commensurate with increase authority over property and asset management:

- d. Monthly office or informal gathering between property management and residents to support community cohesion and/or to discuss and resolve specific building issues as they arise (in addition to issues that need immediate attention throughout the month)
- e. Quarterly residents meetings with property management to review the operations and management status of the building and adjust the house rules and leasing parameters as appropriate and in accordance with laws and regulations
- f. Twice-yearly, at mid-year and end of budget year, meetings with property management to review the building budget and actual financials to determine operating expense and capital investment priorities as well as to set the budget for the following year.

The Capacity-Building contractor will support all above activities by making case studies, models and templates available to prospective developers, property managers and/or community partners, as well as provide direct technical assistance and support access to legal resources as needed. Furthermore, the contractor can provide on-going training in residential leadership, organizing, mediation, property management, building budgeting, building systems and repairs, ownership financing, HOA/coop members' rights and responsibilities, and other areas of needs

identified by developers, property managers, Resident Councils, HOA or co-op boards, and individual residents.

Section D. Contingency Planning

Rental and ownership buildings should incorporate financial and sociological strategies from the early stages of project development to set up the building for long-term success. This will include as a minimum the following:

1. **Operating Reserves:** An operating reserve fund to provide a cushion for future shortfalls in the monthly and annual operations of the property, including vacancy. The Operating Reserves will be established through the development budget, and repaid as necessary from building cash flow.
2. **Replacement Reserves:** A capital reserve fund to address the physical needs of the property will be established through the development budget, and/or will be maintained as an on-going operating expense. In the case that ownership of land is separated from ownership of housing, any ground lease with building owners -- whether a non-profit developer or tenant association, a LEHC, or individual homeowners -- will include requirements for establishment and maintenance of the replacement reserves.
3. **Community Conflicts:** An early activity in each building is to engage residents in establishing a Community Agreement, as a building-wide compact about how people choose to live together. It is critical to build and sustain trust through regular and meaningful communication among all parties and ensure the participation of all residents in the governance of their community. Inevitably, however, conflicts will arise, between residents and between residents and property management and/or owners.

Section E. Evaluation, Reporting and Compliance

The Developer, Community Partner, and/or Property Manager will be responsible for providing reports to the Department, and made available to the Citizens Oversight Committee, on implementation of the Resident Management Plan, twice-annually during Years 1-3 (post construction) and annually Years 4-15. The report shall, at a minimum, include:

- Progress during the reporting period on the Resident Leadership Plan, and any changes to the Plan that have been implemented and/or are proposed;
- Survey of residents' community satisfaction;
- A revenue/expense report as well as project balance sheet; and
- Self-evaluation and 360-evaluation by owner/developer, community partner, and property manager – and resident governance body, coop board and/or HOA board if such an entity exists -- regarding the state of the property and community, The evaluation should cover physical upkeep, leasing and vacancy, rent collection, resident complaints and resolutions, community events and participation levels, as well as projecting forward challenges and solutions.

ATTACHMENT 1: SUMMARY OF REQUIREMENTS FOR HOUSE LA'S ALTERNATIVE MODELS FOR PERMANENT AFFORDABLE HOUSING

Program requirements detailed in the measure are as follows:

- **Development:** Housing units shall be developed by entities qualified for funding as follows: To qualify for funding from the Affordable Housing Program, an applicant must demonstrate a history of affordable housing development and/or affordable housing property management experience, as the Department defines those terms consistently with the purpose of this article. Community Land Trusts and Limited-Equity Housing Cooperatives may qualify for funding from this initiative without demonstrating a history of affordable housing development and/or affordable housing property management experience by (a) partnering with experienced non-profit organizations, or (b) showing evidence of staff capacity adequate to manage and administer the affordable housing project, as determined by the Department and consistent with the purpose of this article. (SEC.22.618.3(d)(1)ii.b.1. and SEC.22.618.3(d)(1)ii.d.)
- **Ownership and Management:** Housing units shall be owned and/or managed by a public entity, a local housing authority, a Community Land Trust, a Limited Equity Housing Cooperative, or a non-profit entity within Internal Revenue Code Section 501(c)(3), which demonstrates a history of affordable housing development and/or affordable housing property management experience, through a process the Department shall determine. A Community Land Trust or a Limited-Equity Housing Cooperative without a demonstrated history of affordable housing development and/or affordable housing property management experience may qualify for funding under this subsection by (a) partnering with an experienced non-profit organization, as determined by the Department and consistent with the purpose of this Article, or (b) showing evidence of staff capacity adequate to manage and administer the affordable housing project, as determined by the Department and consistent with the purpose of this article (SEC.22.618.3(d)(1)ii.d.)
- **Affordability:** A project may accommodate a mix of household income types including Acutely Low Income Households, Extremely Low Income Households, Very Low Income Households, and Low Income Households. (SEC.22.618.3(d)(1)ii.b.2.) A minimum of 20% of a project's housing units shall be reserved for Acutely Low Income and/or Extremely Low Income households. (SEC.22.618.3(d)(1)ii.b.3.) All units shall be subject to a covenant that meets the requirements of Section 22.618.3(d)(1)(i).b., except that according to criteria established by the Department consistently with the purposes of this Article, and only for the purpose of increasing the financial stability of Acutely Low Income, Extremely Low Income, and Very Low Income Household units in the project, up to 20% of units may be unrestricted as to income and rent levels. (SEC.22.618.3(d)(1)ii.b.4.) The Department shall adopt a policy to prevent the displacement of households that qualified for a unit upon initial occupancy but thereafter exceed the income limits. Such households may be charged a rent commensurate with their current income levels. (SEC.22.618.3(d)(1)i.a.)

- **Covenants:** Each property and affordable unit, whether in rental or ownership housing, shall be made subject to a recorded covenant that establishes permanent affordability, as detailed in the measure.⁴ (SEC.22.618.3(d)(1)i.b)
- **Replacement, Relocation and Right of First Refusal:** Requirements for replacement housing, relocation of residents in an occupied property, and the right of first refusal on units made available in the future, as detailed in the measure, will apply. (SEC.22.618.3(d)(1)ii.c.)
- **Resident Participation in Management:** Residents shall have the right to participate directly and meaningfully in decision-making concerning the operation and management of the project. (SEC.22.618.3(d)(1)ii.b.5.)
- **Resident Ownership:** Where feasible and desirable, the project shall include resident ownership, including but not limited to Limited-Equity Housing Cooperatives. (SEC.22.618.3(d)(1)ii.b.6.)
- **Use of Public Land:** Where feasible and desirable, projects shall use public land. (SEC.22.618.3(d)(1)ii.b.7.)
- **Construction Work:** As detailed in the measure, prevailing wages will be paid for any construction or rehabilitation project receiving House LA funding; and all construction and rehabilitation projects of 40 units and greater⁵ are subject to a Project Labor Agreement. (SEC.22.618.7)

⁴ The measure provides these additional details: 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. 4. Any resale of rental property funded by this initiative shall be restricted to non-profit entities or LEHCs, including but not limited to affordable housing corporations and CLT, to ensure the continued use of the dwelling units as affordable housing as provided in this section. 5. In the case of owner-occupied housing units, initial sales and all resales shall be restricted to purchasers whose household income does not exceed the income level to which the unit is dedicated and who do not pay in excess of affordable housing cost at that income level; or LEHCs or similar entities providing for resident ownership and affordability in perpetuity with an average affordability level for Lower Income Households and which allows not more than 20% of units to be owned and occupied at unrestricted market rates. Unrestricted market rate units shall not be used to calculate average affordability of units in a project. 6. The term of the affordability restrictions contained in the covenant shall be in perpetuity, or such other maximum length of time as may be permitted by applicable law, except that an affordability covenant with a fixed term of no less than 55 years shall be acceptable only if necessary to meet requirements of other funding sources. 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. (SEC. 22.618.3(d)(1)(i).b.)

⁵ The number of units means the maximum number of units authorized in any entitlement granted by the land use permitting authority for the development project, regardless of whether construction proceeds in phases or ownership is divided.

ATTACHMENT 2

Social Housing Operations Policies

Social housing aspires to be accessible to all, with a low barrier to entry and creating a community where conflicts are resolved with communication and mediation. Success is defined by stable residency with low eviction rates in a well-maintained and financially viable building. Residents are respected; there are non-punitive measures to address financial crises or disruptions to the building's community; and residents participate in the meaningful governance of their community. Properties may be operated as rental housing in the long-term, or resident ownership opportunities may be in place at the outset or developed over time. Resident ownership, if established, may be through direct financial participation by the residents, or may be through a non-profit entity controlled by the residents. In all cases, affordability will be achieved and maintained in perpetuity.

To reach these aspirations, housing operators may apply the following policies at their discretion and risk, subject to applicable federal, state and local laws and regulations. These policies have drawn from Housing First principles, as well as incorporating and building on recommendations found in the Tenant's Bill of Rights prepared by Keep LA Housed⁶.

Application Process for Rental Housing

- No citizenship or immigration status check
- No criminal background check
- An applicant with adverse credit report information will be immediately notified and offered referral to a social service or tenant advocacy organization to help clarify any issues, correct any mistakes and repair any defects. Defaults such as medical bills and student loans will not be included in the review. Alternative documentation of payment history is acceptable subject to the judgment of the leasing agent. This may include prior rent payment history, utilities bills and receipts, etc. In the event the unit is leased prior to the resolution of the credit issues, the applicant will be offered the next available unit with the appropriate income limit and household size.
- Except in the case where a Section 8 rental subsidy is attached to the unit or applicant, an applicant with high rent-to-income ratio will be immediately notified and offered referral to a social service or tenant advocacy organization to ensure that all income sources are included and the ratio reworked and reviewed. If the applicant has consistently paid rent in excess of the rent of the indicated unit or if the applicant can find a guarantor for the first 12 months of occupancy, this subject ratio threshold can be eliminated.

⁶ <https://drive.google.com/file/d/1T5KUFnps0-RRTSNNr3aMNH2DPA9MOq-V/view?pli=1>

- Priority to Qualified Households who have been displaced as a result of publicly-financed projects
- Any additional priorities or preferences established through a Right of First Refusal, Right of Return, or any future local preference policy.

During Operation

- Non-payment of rent: Prior to initiating Unlawful Detainer action, given that the goal of social housing programs is to eliminate evictions, the housing operator will seek every measure to avoid displacement. These activities should at a minimum include privately discussing the matter with the tenant to arrange a payment plan and asking the tenant in writing for permission to refer them to a social service or tenant advocacy organization to help with rent payment from grant or loan sources. The tenant should be provided a minimum of 60 days from the operator's written request for permission to resolve the issue.
- Residents conflict leading to breach of quiet enjoyment, safety of other residents or damage to property: Rather than initiating Unlawful Detainer action, and given that the goal of social housing programs is to eliminate evictions, the housing operator will seek every measure to resolve the conflict, such as privately discussing the matter with all involved parties to seek resolution, asking the tenants in writing for permission to refer them to a social service or tenant advocacy organization for mediation, and asking the Resident Council, Co-op Board, or HOA to appoint three members to adjudicate the dispute. If a Resident Council, Co-op Board or HOA has not been formed, the ULA-funded Capacity Building entity may support by selecting active residents to participate in an ad-hoc mediation team or will provide staff support towards mediation.

Appendix C

Acquisition/Rehab Full Program Guidelines

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Article III. Resident Participation in Management and Ownership

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ATTACHMENTS

1. Summary of House LA Requirements for Acquisition and Rehabilitation of Affordable Housing Program
2. Prevailing Wage Requirements (to be developed by LAHD)
3. Project Labor Agreement (to be developed by LAHD)
4. Template for Resident Leadership Plan
5. Additional City documents as applicable (to be developed by LAHD)

Article I. General Overview

Section A. Introduction and Context

The November 2022 Citizens Ballot Measure ULA, which established the Los Angeles Program to Prevent Homelessness and Fund Affordable Housing (“House LA”), was written by affordable housing practitioners and successfully secured the support of 58% of voting Angelinos. The measure establishes robust funding to implement an array of homelessness prevention, tenant protection, and housing production strategies, as well as housing preservation. By crafting an Acquisition and Rehabilitation⁷ for Affordable Housing Program as part of House LA, the authors have directed resources to the preservation of Naturally Occurring Affordable Housing (NOAH), with the goal of removing that housing from the speculative real estate market, in order to stabilize current tenants in their homes, provide resources to rehabilitate properties which have often faced disinvestment from previous owners, to ensure affordability in perpetuity, and to provide an opportunity for tenants to play an enhanced role in the management of their housing, and/or establishing tenant ownership.

Section B. Purpose and Scope

The purpose of these Program Guidelines is to implement House LA Program Section 22.618.3(d)(1)ii.c. of House LA (as set forth in Chapter 192 of Division 5, Section 22.618.4 of Los Angeles City Charter), which establishes the Acquisition and Rehabilitation for Affordable Housing Program (“Program”) for the acquisition, preservation, rehabilitation, lease, or operation of existing housing including but not limited to rent-controlled properties, Residential Hotels, Accessory Dwelling Units, and Junior Accessory Dwelling Units, either without existing covenants requiring affordability or with such existing covenants that will expire within ten (10) years of project onset, or to pay the principal and interest on debt incurred for such purpose. As directed by the Measure, ten percent (10%) of House LA Fund-Programs is to be allocated annually for this Program.

A summary of program requirements detailed in House LA are included in Attachment 1.

Section C. Commitment to Racial Equity

House LA’s Goals include: “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.” (SEC. 22.618.1(f)). In alignment with this purpose, the Acquisition and Rehabilitation for Affordable Housing Program seeks to center racial equity through resource distribution, implementation strategies, and outcomes.

Furthermore, these Program Guidelines have been established in accordance with the Vision of the City of Los Angeles’ Office of Racial Equity, which states that “We envision a City that authentically engages communities most harmed by systemic racism, as leaders and collaborators, in the process of identifying data, distributing public resources, and reforming policies that impact outcomes of Civil + Human Rights

⁷ “The preservation of unsubsidized affordable housing occupied by low-income residents, also known as acquisition-rehabilitation. The unique characteristics of acquisition-rehabilitation – such as working with tenants in place and preserving a smaller and aging building stock as permanently affordable – require a tailored approach and multi-sector support and investment.” ([Enterprise 2020. Preserving Affordability. Preventing Displacement](#)).

and Equity.” Due to this, the Department must incorporate racial equity metrics in public program reports and evaluation.

Article II. Program Requirements and Procedures

Section A. Fund Manager Eligibility Criteria, Role and Implementation Plan^{8,9}

The Los Angeles Housing Department (“Department”) shall contract with a Fund Manager to award and manage the House LA Acquisition and Rehabilitation for Affordable Housing Program Funds. The contract with the Fund Manager will be for a five (5)-year term with an automatic five (5)-year renewal option, provided that funds are available. *Fund Manager Eligibility Criteria*

The Fund Manager must be a nonprofit financial institution with experience making real estate loans and grants for the purpose for predevelopment, acquisition, rehabilitation, and preservation of affordable housing for low- or moderate-income residents. The Fund Manager must meet the following criteria:

- Has originated and serviced at least fifty million dollars (\$50,000,000) in loans to develop, maintain, improve, or acquire affordable housing, including loans for NOAH.
- Has demonstrated an ability to process grants and/or loans for property acquisitions in a manner that is sufficiently expedient to facilitate the purchase of real property by a non-profit affordable housing organization within a 45 day escrow period.
- Has experience working with nonprofits which acquire and rehabilitate small multifamily properties (including Community Land Trusts (CLTs) and community development corporations (CDCs)) and that are deeply connected to residents in neighborhoods and communities, with an emphasis on historic communities of color that are facing Elevated, High and/or Extreme Displacement Pressures (as indicated by [Urban Displacement Map](#), pending development of a city-specific methodology).

Furthermore, the Fund Manager selected during the first five-year cycle of House LA must:

- Have managed pools of funds;
- Have previous experience implementing affordable housing lending activities involving local, state, or federal funds;
- Have an office in Southern California; and
- Currently conduct lending activities within the boundaries of the City of Los Angeles.

Additionally, it is desired that the Fund Manager has demonstrated experience both granting and lending funds for NOAH Acquisition and Rehabilitation Projects that include Projects that are owned by the residents, or are planned for conversion to tenant ownership through a Limited Equity Housing Cooperative (LEHC) or other form

⁸ Adapted from Foreclosure Intervention Housing Preservation Program Draft Guidelines, May 2022
<https://www.hcd.ca.gov/docs/grants-and-funding/Foreclosure-Intervention-Housing-Preservation-Program-Draft-Guidelines.pdf>

⁹ Adapted from Permanent Affordability Program Set-Aside for Community Land Trusts/Limited Equity Housing Cooperatives. City of Oakland Housing and Community Development Department. Dec 2020.
<https://cao-94612.s3.amazonaws.com/documents/ACAH-2020-CLT-COOP-Program-Guidelines-Dec-17.pdf>

of tenant ownership.

Overview of Fund Manager's Role

In order to facilitate expeditious acquisition of properties in the real estate market, the City will contract with a Fund Manager to implement House LA's Acquisition and Rehabilitation for Affordable Housing program to serve eligible Project Sponsors across the City, with a prioritization of neighborhoods where lower-income renters are facing displacement pressures. The Fund Manager will be the Department's main point of contact with Project Sponsors, and will be responsible for disbursing House LA Acquisition and Rehabilitation funds as specified in the contract. The Fund Manager will also oversee all communications with Project Sponsors, and monitor each Project that receives funding through stabilization, including disbursing rehabilitation funds in accordance with the funding agreement.

The Fund Manager will record the Department's pre-approved covenant at the time of acquisition closing, and the Department will be responsible for all monitoring and enforcement duties under the terms of the covenant from the time that it is recorded. The Fund Manager shall not be responsible for monitoring or enforcement of the covenant.

Upon contracting with the Department, the Fund Manager will take the following steps, which are described in more detail below:

1. Develop Fund Manager Implementation Plan, Predevelopment Fund criteria and structure, and Project application materials
2. Prequalify Project Sponsors
3. Accept potential Projects from pre-qualified Project Sponsors
4. Apply threshold criteria to assess Project pipeline
5. Notify Project Sponsors regarding Project funding
6. Fund Projects
7. Monitor Projects
8. Report to the Department

Fund Manager Implementation Plan

The Fund Manager will develop an Implementation Plan pursuant to these Guidelines, that shall include actions to be taken by the Department and the Fund Manager to develop the application process and forms pursuant to these Guidelines, for review and approval by the Department. These forms may include but not be limited to the following:

- Application materials and process for establishing eligible Project Sponsors
- Criteria and structure for a Predevelopment Fund, to support escrow deposits and due diligence expenses
- Project application, including development and operating budgets, unit mix, affordability levels, income and rent chart (or, if moving directly to ownership, Income and sales price chart), funding plan with amount of House LA funds requested, and form for submitting documents related to scoring in Article II, Section E
- Guidelines regarding percentage, funding and use limitations of any commercial component (e.g., use limited to nonprofit or small business, with reasonable rent to support cash flows for the overall

- building operations)
- Approval process, waiver process, amendments and post-close increases
- Legal Documentation: Regulatory agreement, Loan agreement, trust deed, promissory note
- Subordination agreement, and any other documents legally required to secure the City's interest in the property
- Reporting and Compliance forms
- Format for Resident Leadership Plan

The Fund Manager will then implement a qualification process for prospective Project Sponsors, roll out the Predevelopment Fund based on established structure and criteria, review and approve funding applications, and make grants and/or loans pursuant to these Guidelines.

The Implementation Plan shall also include actions to be taken by a Fund Manager (e.g., revision of the Project review and approval process) if funded Projects have a high rate of significant problems (e.g., acquisition falls through, rehabilitation costs greatly exceed initial estimates, Project does not achieve stabilization in a reasonable timeline).

Within 120 business days of contract execution, the Fund Manager must submit the Implementation Plan to the Department. Prior to submission, the Fund Manager will vet the proposed Implementation Plan with nonprofit affordable housing organizations based in Los Angeles that have experience with acquisition and rehabilitation during the three years prior. The Department will review the Implementation Plan and either approve it or request changes within 15 business days. If necessary, the Fund Manager will submit a revised plan based on the Department's feedback within 15 business days, subject to final approval by the Department, which will not be unreasonably withheld, within 5 business days.

Fund Manager Monitoring and Reporting Process

The Department will develop and implement a clear reporting plan to monitor Fund Manager activities and progress toward the program goals established by the House LA Citizens Oversight Committee. The Department will conduct an annual evaluation based on program-wide goals and commitments established by the House LA Citizens Oversight Committee, including racial equity metrics and outcomes pursuant to Article I, Section C of these Guidelines. The results of the evaluation will be made available to the Citizens Oversight Committee.

Section B. Fund Disbursal to Fund Manager¹⁰

House LA Program Funds designated for the House LA Acquisition and Rehabilitation for Affordable Housing Program will be provided by the City to the Fund in the form of annual grants, in an amount determined by the budget prepared by the House LA Citizens Oversight Committee and approved by City Council.

These funds will be utilized in accordance with program goals and commitments as established by the Citizens Oversight Committee and pursuant to Article II, Section D and Article III of these Guidelines.

¹⁰ Adapted from Foreclosure Intervention Housing Preservation Program Final Guidelines. Jan 2023.
<https://www.hcd.ca.gov/sites/default/files/docs/grants-and-funding/2022-Foreclosure-Intervention-Housing-Preservation-Program-Final-Guidelines.pdf>

At the time of contract execution between the Department and the Fund Manager, an initial disbursement of \$10 million will be made and \$40 million will be disbursed after the Fund Manager Implementation Plan is approved by the department. The Fund Manager can request that the Department release the next \$50 million in funding (or the remaining funds if less than \$50 million of Program Funds remains to be disbursed) each time the Fund Manager can demonstrate that 75 percent (75%) of the most recent disbursement received has been committed to projects per a written and approved commitment letter between the Fund Manager and qualified Project Sponsor. If any funds remain within the House LA Fund budgeted for the Program by June 30th of the Fiscal Year, the Department has the option to disburse some or all of the remaining funds to the Fund Manager by that date.

The Fund Manager will be compensated for all fund management activities through the annual grant of 2% of grant award amount, which shall be subtracted from the grant award.¹¹ The Fund Manager will be fully compensated through this mechanism for all management responsibilities related to the Acquisition and Rehabilitation fund, and will not charge additional fees associated with House LA-sponsored grants or loans made from the fund. In addition to this annual compensation, the Fund Manager will receive \$500,000 to fund "start up" activities and costs, in order to get systems, infrastructure, documents, etc. in place to operate the program.

Any interest accrued on idle funds held by the Fund Manager should be kept in a segregated account and any interest earned on such funds shall be used for making additional grants or loans to Project Sponsors. Interest accrued on City loans will be recycled back into the Program, with the goal of creating a very long-term source of revenue for the Acquisition and Rehabilitation for Affordable Housing Program. Accounting of accrual and use of interest will be included in an annual report to the Department. The report will be made available to the Citizens Oversight Committee.

Section C. Pre-Qualification of Project Sponsors¹²

To be eligible to receive funding for Projects from the Fund Manager, a Project Sponsor shall be any one of the following:

- A. A Community Land Trust (CLT) which is a non-profit corporation within Section 501(c)(3) of the Internal Revenue Code that satisfies all of the following: (I) Has as its primary purposes the creation and maintenance of permanently affordable single-family or multifamily residences; (II) All dwellings and units located on the land owned by the non-profit corporation are sold to a qualified owner to be occupied as the qualified owner's primary residence or rented to Lower Income Households or Moderate Income Households, or held by the non-profit corporation for the same purpose; (III) When a dwelling or unit that is situated on land owned by the non-profit corporation is sold to a qualified owner, the land is leased by the non-profit corporation to the

¹¹ Adapted from Affordable Housing Preservation Loan Term Sheet. New Generation Loan Fund. August 2021. <https://static1.squarespace.com/static/5140e3b6e4b089f4051fb2c1/t/62a8c0158fd079787cee4a93/1655226389267/NGF+Vacant+Property+Loan+Term+Sheet+%26+Preservation+%28Aug-21%29+-+Uploaded+6-22.pdf>

¹² Adapted from Foreclosure Intervention Housing Preservation Program Final Guidelines. Jan 2023. <https://www.hcd.ca.gov/sites/default/files/docs/grants-and-funding/2022-Foreclosure-Intervention-Housing-Preservation-Program-Final-Guidelines.pdf>

income-qualified owner for the convenient occupation and use of that dwelling or unit for a renewable term of 99 years.

- B. A Limited Equity Housing Cooperative (LEHC) as defined in Section 817 of the California Civil Code.
- C. A non-profit entity within Internal Revenue Code Section 501(c)(3), which demonstrates a history of affordable housing development and/or affordable housing property management experience, as defined in the experience criteria below.

Additionally, Project Sponsors must meet the following experience criteria:

1. Project Sponsors must have experience in acquiring and rehabilitating at least three (3) properties and maintaining it as affordable housing with building typology comparable to those of Article II, Section D of these Guidelines, within the last ten (10) years. Details on all completed Affordable Housing Development projects within the last ten (10) years should be provided and demonstrate good financial performance along with proper habitability standards. This documentation must also show program design and planning for the projects' long-term affordability, as well as proper compliance if required by a funding source (e.g., annual verification of primary residence, annual income verification (for rental properties), resident selection procedures that meet fair housing requirements).
2. Project Sponsors must have a minimum of two (2) years of experience with resident engagement in design and/or management, community organizing or providing services to low-income communities, preferably with specific experience in affordable housing ownership by residents or by organizations that are controlled by a majority of lower-income community residents. Partnering with a community-based organization, CLT or other organizations with tenant leadership experience can count toward this requirement.
3. Project Sponsors shall maintain employees or hire consultants with professional experience necessary to carry out the duties of managing the acquisition, rehabilitation, leasing, and management of affordable housing projects.
4. Project Sponsors (or all entities in a Partnership) must have a demonstrated commitment to advancing racial equity and reducing racial disparities in housing outcomes, as evidenced by¹³:
 - a. 1. A profile describing the organization's mission, length of existence, staff experience, characteristics of its Board of Directors, and its commitment to affordable housing and advancing racial equity;
 - b. 2. A narrative analysis of racial disparities in housing outcomes in the organization's geographic coverage area, e.g., income by race, housing cost burden by race, history of displacement of residents of color;
 - c. 3. A description of actions the organization is already taking to reduce racial disparities in housing outcomes, e.g., tracking the race and ethnicity of residents served by the organization, engaging with residents to inform the organization's work, marketing projects to different racial and ethnic groups, using a tenant or homebuyer selection process that does not disadvantage certain racial groups (e.g., using a lottery for Project

¹³ Adapted from Foreclosure Intervention Housing Preservation Program Final Guidelines. Jan 2023.
<https://www.hcd.ca.gov/sites/default/files/docs/grants-and-funding/2022-Foreclosure-Intervention-Housing-Preservation-Program-Final-Guidelines.pdf>

- Sponsors selection rather than first-come-first-served, reducing or eliminating use of criminal background checks or credit checks); and
- d. 4. A plan for additional actions the organization will take to reduce racial disparities in housing outcomes (see examples under previous item).
- 5. Project Sponsors must have the following property management experience or contract with a company meeting this criteria:
 - a. The Applicant or the Applicant's management agent must have managed at least one Affordable Housing Development for at least 24 months.

In accordance with SEC.22.618.3(d)(1)ii.c.1. of the measure, if a CLT or LEHC does not fully meet the eligibility and capacity criteria, the organization may qualify for funding from this initiative without demonstrating a history of affordable housing development and/or affordable housing property management experience by either:

- A. Partnering with experienced non-profit organizations, as evidenced by:
 - a. Presenting a partnership agreement or Memorandum of Understanding (MOU) with an experienced non-profit organization that meets the eligibility and capacity criteria
 - b. Partnership agreements should show (i) allocation of share of the developer fee, cash flow, and net sale proceeds and (ii) outline of roles and responsibilities between developer and partner organization(s)--for example, agreement should show how tasks related to resident leadership development will be allocated;¹⁴ or
- B. Showing evidence of staff capacity adequate to manage and administer the affordable housing Project, as determined by the Fund Manager and consistent with the purpose of this House LA Program.

With each request for funding renewal, the Fund Manager will submit a report to the Department on all Project Sponsors, whether approved or denied, and if denied, the reasons for denial. The report will be made available to the Citizens Oversight Committee.

Section D. Eligible Project Type and Threshold Requirements

Eligible Project Type

In order to contribute to meeting House LA's overarching Goals, Eligible Project Types include one or more of the following:

- Acquisition, preservation, rehabilitation, leasing, or operation of existing housing including but not limited to rent-stabilized properties that are not regulated by existing covenants requiring affordability.
- Preservation and rehabilitation of properties that are regulated by existing covenants requiring affordability that will expire within ten (10) years of Project onset, have been funded through a tax-credit program and are approaching end of compliance and not seeking resyndication, with tenants on track to take ownership of their buildings, and the property meeting all other requirements.

¹⁴ Program Parameters and Guidelines for House LA's Alternative Models for Permanent Affordable Housing.

- Acquisition, preservation, rehabilitation, lease, or operation of Residential Hotels, as defined in Section 50519(b)(1) of the California Health and Safety Code.
- Acquisition, installation, construction rehabilitation, legalization and/or permitting, lease or operation of Accessory Dwelling Units (ADUs), Junior Accessory Dwelling Units (JDUs), and Unpermitted Dwelling Units (UDUs)

Threshold Requirements

In addition to being an Eligible Project Type, the Project must meet all of the following Threshold Requirements:

- A majority of a property's units, at 50% or more, must be occupied by Lower Income Households upon acquisition, which shall be assumed if a majority of tenants return attestations that their incomes are at or below the lower-income level in a manner the Department shall determine. Notwithstanding the above, funds may be utilized for acquisition and rehabilitation of any property that was used as a Residential Hotel within the five years preceding the application for funding.
- Existing residents of properties acquired pursuant to SEC.22.618.3(d)(1)i.a. of this Acquisition and Rehabilitation of Affordable Housing program shall not be permanently displaced unless otherwise required by law, even if their incomes exceed the Lower Income Household limits, or any lower income limit set for a unit. Projects shall achieve 100 percent occupancy by Lower Income Households (or any lower Project-specific income limit) over time through unit turnover.
- Site control is not required at the time of application but funds will only be released at the time of or after fully documented site control.
- All residential units must meet City's definition of 'dwelling unit' and fully conform to applicable local codes. If a Project includes unpermitted or illegal units, whether occupied or unoccupied at time of acquisition, legalization and permitting of the units must be included in the Project scope.
- Properties with commercial spaces are eligible, so long as the majority of the project is residential. Subsidy calculation and use requirements for the commercial space will be based on guidelines established by the Fund Manager.
- Project Sponsor must submit a draft Resident Leadership Plan to incorporate existing and future residents of properties acquired pursuant to this Acquisition and Rehabilitation of Affordable Housing program into the Resident Engagement activities pursuant to Article III of these Guidelines. The Plan will be updated after escrow and based on initial engagement with existing tenants.
- Properties acquired with the intent of converting to LEHCs should be considered as homeownership projects.¹⁵
 - Existing tenants have the right to remain in units as tenants.
 - Project Sponsor is required to coordinate resident engagement pursuant to Article III of these guidelines.

¹⁵ Adapted from Berkeley Small Sites Program
<https://berkeleyca.gov/sites/default/files/2022-04/Housing-Trust-Fund-Guidelines.pdf>

Section E. Process for Pre-Qualified Project Sponsors to Request Funding for Eligible Projects

This program is intended to be a rolling application program. Only Project Sponsors that have been successfully prequalified may request funding for Eligible Projects. An LLC, partnership, or joint venture composed entirely of prequalified entities is considered a Pre-qualified Project Sponsor and is also eligible to request funding. Funding requests will be reviewed by the Fund Manager in the order they are received. To be eligible, all Projects must meet Eligible Project Type and Threshold Criteria outlined in Section D. The Fund Manager may require periodic updates of pre-qualification application materials (e.g. financials, portfolio strength, any changes to key staff).

Eligible Projects will be underwritten, notified of funding decisions, and receive funding within the constraints of a 30-45 day escrow period. If the Project Sponsor negotiates longer escrow terms, the Fund Manager will extend the fund processing deadlines to match requirements of the escrow timeline. Alternatively, the Fund Manager may opt to accommodate a shorter escrow timetable if requested by the Project Sponsor on a given Project, but is under no obligation to do so.

In the case that the Program is oversubscribed, for applications received within ten (10) business days of each other, if the Fund Manager seeks to diversify geographic distribution of funded Projects, and/or if the Fund Manager seeks to distribute funding more equitably across Pre-qualified Project Sponsors, the Fund Manager will apply the following assessment and scoring to determine funding priority:

Criteria ID	Points (20 max)	Scoring Criteria Description
A	2	Building is at imminent risk of Ellis Act eviction
B	1-9	<p>Property has tenants at high risk of displacement, as evidenced by:</p> <ul style="list-style-type: none"> a. Landlord Harassment [1 point] (Documentation may include copies of emails, texts, letters, or a written narrative from tenant of landlord harassment) b. 3-Day Notices, No-Fault Eviction Notices [1 point] (Documentation shall include copies of 3-Day Notices and/or No-Fault Eviction Notices) c. Rent Burdened Households (at least 10 percent of households are paying more than 50 percent of their monthly household income in rent) [1 point] (Documentation may include evidence from the rent roll provided with application, and/or information provided on rent burden on the application form) d. Households that have received a rent increase of greater than 10 percent within the last 12 months [1 point] (Documentation may include copies of lease agreements documenting rent level changes over the last 12 months). e. Property owner is in violation of, or has multiple complaints related to, documentable City rental housing laws, including other properties owned by the same owner in Los Angeles. [1 point] (Documentation shall include copies of written complaints submitted to the City by tenant(s), hearing decisions, Code Enforcement notices, or City-issued citations.) f. For occupied properties, at least 51% of current tenants include vulnerable populations including families with minor children (age 17 and under), seniors (age 62 and older), disabled as defined by the California Government Code at §12955.3 of the California Government Code, and/or those with language barriers. [2 points] g. At least fifty-one percent (51%) of residents are extremely low-income (at or below thirty percent Area Median Income (30% AMI). [2 points]
C	1	Property is in substandard condition (Documentation shall include photos/videos of the property; Written narrative detailing the substandard condition of the property; and/or Written documentation of violations of, or multiple complaints related to, documentable housing or building code deficiencies filed pursuant to California Housing Law or Los Angeles Code, including other Los Angeles properties owned by the same owner.)

D	3	At least 51% of current tenants are supportive of and actively participating with the Project Sponsor in the effort to purchase the property (Documentation shall include sign-in sheets, agendas or minutes from tenant meetings, signed tenant petition, and/or signed statements from tenants.)
E	2	Project Sponsor has experience in leading required resident engagement activities as outlined in Article III. (Documentation shall include sign-in sheets, agendas or minutes from tenant meetings, signed tenant petition, and/or signed statements from tenants.)
F	2-3	Property is located in the following tiers of the Urban Displacement Project's Gentrification and Displacement Urban Displacement Map: Probable or Elevated Displacement Pressures [2 points], High or Extreme Displacement Pressures [3 points] (https://www.urbandisplacement.org/maps/california-estimated-displacement-risk-model/#) (pending city-specific methodology)

The Fund Manager may choose to review any Pre-qualified Project Sponsor's status for a probable cause, and request that that Project Sponsor reapply for qualification before requesting funding for future Projects.

The Fund Manager will submit a report to the Department on all Project applications, whether approved or denied, and if denied, the reasons for denial, to the Department with each request for funding and/or contract renewal. The report will be made available to the Citizens Oversight Committee.

Section F. Eligible Costs¹⁶

Eligible Project costs include:

- Pre-acquisition due diligence costs
- Purchase costs
- Holding costs associated with the property such as taxes, insurance and debt service
- Option fees, to be repaid no later than the date of the purchase of the property
- Due diligence reports, including environmental assessments and property inspections
- Legal costs
- Architectural and engineering expenses, as applicable
- Appraisals
- Gap financing costs
- Construction costs associated with rehabilitation
- Capitalized replacement and operating reserves

¹⁶ Adapted from Permanent Affordability Program Set-Aside for Community Land Trusts/Limited Equity Housing Cooperatives. City of Oakland Housing and Community Development Department. Dec 2020.
<https://cao-94612.s3.amazonaws.com/documents/ACAH-2020-CLT-COOP-Program-Guidelines-Dec-17.pdf>

- Temporary and/or permanent relocation costs, as required by law and in accordance with SEC.22.618.3(d)(1)ii.c. of the measure
- Other costs reasonably associated with acquisition and rehabilitation and initial operations of the site, as approved by the Fund Manager
- Construction, installation, rehabilitation and/or permitting and legalization costs for ADUs, JDUs, and UDUs
- Payment for the fees, principal and interest on debt incurred for any of the above

Capitalized Operating Subsidy Reserves¹⁷

A reserve shall be established by the designated Fund Manager to cover Project operating deficits. Any eligible project serving households with an average AMI of 50% or less is eligible for *Capitalized Operating Subsidy Reserve* for up to 20 years of operating subsidy if there is a demonstrated financial need, as determined by the Fund Manager. Up to \$175,000 per unit may be provided for the subsidy to cover anticipated operating deficits. The maximum per-unit subsidy amount will be adjusted annually based upon increases in the Consumer Price Index. The Fund Manager will determine the total amount of each project subsidy based upon the individual project underwriting performed by the Fund Manager pursuant to the requirements of these guidelines. Eligible uses funding the Project Sponsor's staff costs and overhead expenses throughout the subsidy term that are reasonably allocable to the following deliverables, as applicable:

- Verification of applicable tenant income and other qualifications;
- Submission of annual operating budgets to the Fund Manager;
- Submission of all other reports and information required under these guidelines; and
- General project management after project stabilization.

Cost Limitations¹⁸

The Fund Manager will be responsible for developing Project-level underwriting criteria and guidance on cost limitations, including minimum developer fee (not less than 15% Total Development Cost including acquisition) and maximum developer fees, commensurate with the need for financial stability of Project Sponsors. Smaller Projects are unable to achieve the same economies of scale as larger Projects; therefore, items like per-unit property management and asset management costs are likely to be higher. When developing Project-level underwriting criteria and guidance on minimums and maximums for pro forma assumptions, the Fund Manager should base the numbers on actual values (e.g., costs, vacancy rates) for small-scale acquisition and rehabilitation Projects. Additionally, the Fund Manager should ensure Projects are adequately capitalized for long-term success, including with adequate contingencies and operating and replacement reserves.

The Fund Manager will vet proposed underwriting criteria and cost limitations with nonprofit affordable housing organizations based in Los Angeles that have experience with acquisition and rehabilitation of occupied multifamily properties during the previous three years.

¹⁷ Adapted from Foreclosure Intervention Housing Preservation Program Final Guidelines. Jan 2023.
<https://www.hcd.ca.gov/sites/default/files/docs/grants-and-funding/2022-Foreclosure-Intervention-Housing-Preservation-Program-Final-Guidelines.pdf>

¹⁸

The Fund Manager will submit initial underwriting criteria and guidance on cost limitations to the Department within 120 business days of contract execution. The Department will review and either approve the initial underwriting criteria and guidance on cost limitations, or request changes within 15 business days. The Fund Manager will submit revisions within 15 business days, subject to final approval by the Department within 5 business days.

The Fund Manager should refine the underwriting criteria and pro forma guidance numbers over time as real-time cost information is gathered through funded acquisition and rehabilitation Projects. The Fund Manager may submit revised underwriting and cost limitations for approval by the Department whenever additional funds are drawn down, or more frequently as required based on changing market conditions. The Department will respond within the same timeframe as indicated above.

Accessibility Costs

Any construction or rehabilitation project receiving House LA funding will meet all accessibility regulations under Section 504 of the Rehabilitation Act of 1973, Americans with Disabilities Act, as amended, and California Building Code. However, Projects funded through the House LA Acquisition and Rehabilitation for Affordable Housing Program will be exempted from requiring a report from a Certified Accessibility Specialist, as the additional requirements and lengthy timetable make the Goals and terms of this Program infeasible.

Operating Assistance - Vouchers

Any project that receives House LA acquisition/rehabilitation program funding is eligible to request additional operating assistance from House LA's Operating Assistance Program, in the form of Project Based Vouchers (PBV), a backstop for tenant-based Section 8 vouchers, or similar resource. Such operating assistance requests should be sized to cover anticipated or discovered operating deficits attributable to eligible units that are restricted to serve Acutely Low Income and Extremely Low Income Households (30% AMI and below), and/or special needs households. Project Sponsors should indicate if they anticipate requesting operating assistance based on 15 year budget projections. Project Sponsors should make requests for House LA Operating Assistance Program only after exhausting other options to secure operating assistance.

Awarded Project Sponsors will be required to submit updated budget projections including unit mix and operating budgets to the Fund Manager post-closing. The total amount of Operating Assistance each project receives will be determined based upon the individual project underwriting and the availability of assistance. The award notification must be received within the time constraints of the underwriting process, which is in turn scheduled to meet escrow deadlines.

Section G. Assistance Terms and Limits

*Overview:*¹⁹

Assistance will be provided on a per Project basis in the form of grants and loans.

¹⁹ Adapted from Foreclosure Intervention Housing Preservation Program Draft Guidelines. May 2022.
<https://www.hcd.ca.gov/docs/grants-and-funding/Foreclosure-Intervention-Housing-Preservation-Program-Draft-Guidelines.pdf>

House LA funds can be used for up to 100 percent of eligible Project costs. No developer equity is required. Project Sponsors may but are not required to leverage House LA funds with other funds. Specifically, as per SEC.22.618.3(d)(1)ii.c.6 of the measure, neither the Department nor the Fund Manager shall allow leveraging of additional forms of funding if such additional funding makes any of the conditions set forth in this subsection infeasible, or if funding precludes the future conversion of the property to tenant ownership.

The amount of House LA funding provided will vary based on the household income levels the Project will serve. Any maximum loan and/or grant amounts established by the Fund Manager will be adjusted annually based upon increases in the Consumer Price Index.

Fund Managers may make additional funding available on a case-by-case basis for Projects that provide exceptional community benefit (for example, providing very deep affordability and/or preventing displacement).²⁰ Priority scoring criteria in Section E may assist the Fund Manager in determining projects that provide such exceptional benefit.

All units shall be subject to a covenant that meets the requirements of Section 22.618.3(d)(1)(i).b. Permanent affordability agreements or regulatory agreements will be recorded on the property at the time the loan is closed and will restrict the property to low-income occupants at certain income limits in perpetuity.

Assistance Terms

The Fund Manager shall provide Project Sponsors with the choice to receive funding in the form of a grant, a 1% interest loan with up to 60 year term, or a combination of the two. The underwriting process may, for example, start with a 60 year, fully amortized, 1.00% loan, potentially with an interest-only period to start (e.g. 3, 5, 10 years), and with grant funding allocated to fund the remaining gap.

Grants and loans under this program will be assigned to the Department, and will be transferred to the Department in an expeditious manner through a pre-approved process to ensure the Fund Manager is not burdened with debt. Loan funds from this program will be used by the Department with a goal of creating a regenerative pool of funds dedicated to the long term development and sustainability of this program.

In order to comply with requirements of SEC.22.618.3(d)(1)ii.c.5.,²¹ City grant and loan agreements will specifically allow for future or, when applicable, contemporaneous conversion to tenant ownership. Among other permissible activities and outcomes, any loan should be assumable by any entity that is owned or controlled by the tenants.

Fund Manager shall make predevelopment funding, including funds for earnest money deposits and funds for pre-acquisition due diligence activities and reports, available to approved Project Sponsors in

²⁰ Adapted from Foreclosure Intervention Housing Preservation Program Final Guidelines. Jan 2023. <https://www.hcd.ca.gov/sites/default/files/docs/grants-and-funding/2022-Foreclosure-Intervention-Housing-Preservation-Program-Final-Guidelines.pdf>

²¹ "The Department shall cooperate and facilitate plans for tenant ownership, and shall not unreasonably impose requirements that prohibit such ownership conversion. (SEC.22.618.3(d)(1)ii.c.5.)

an expeditious manner, including before the organization has a specific eligible Project to pursue. The Fund Manager may place a per sponsor maximum on this predevelopment funding.

The Fund Manager is encouraged to develop additional creative ways to work with Pre-qualified Project Sponsors on a more programmatic basis rather than just Project-by-Project; for example, by instituting some form of a “line of credit” the organization can easily draw on,

In many cases, Pre-qualified Project Sponsors must acquire properties quickly in order to compete with investors, limiting the amount of due diligence that can be done prior to acquisition. NOAH properties serving low to extremely-low income households are also expected to have significantly higher need for rehabilitation, some that may be discovered after property acquisition that could not have reasonably been known before acquisition. If the Project Sponsor discovers additional rehabilitation needs after property acquisition that could not have reasonably been known before acquisition, the Project Sponsor can apply for additional funds for the additional rehabilitation. If no additional funds are available, the project will be in line for funding from a subsequent tranche.

As the Project approaches stabilization, the Project Sponsor may consult with the Fund Manager to identify how much (if any) outside financing the Project can/will secure from other sources to ensure long term financial stability. The Department recognizes that some Projects, particularly small rental Projects that serve Very Low-Income households, may not be able to secure outside financing and will need all of the initial House LA funds to remain with the Project as long-term gap financing.

Loan Documentation and Security

Each grant shall be documented by a grant agreement and recorded regulatory agreement or affordability agreement, as applicable. Each loan shall be documented by a loan agreement, promissory note, deed of trust, and recorded regulatory agreement or affordability agreement, as applicable. The City will draft such documents within 60 days of allocation of Program Funds, and in consultation with the Fund Manager and potential/likely future Project Sponsors, whose recommendations will be incorporated as is appropriate and feasible.

The Department may agree to subordinate its deed of trust, if it becomes necessary to do so for Project feasibility. The City will not subordinate its regulatory agreement or affordability agreement to private lenders.

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.²²

Upon closing, the loan documents are automatically assigned to the Department, except in the case where a services agreement is tied to the Project, providing the Fund Manager with the responsibility

²² Adapted from Permanent Affordability Program Set-Aside for Community Land Trusts/Limited Equity Housing Cooperatives. City of Oakland Housing and Community Development Department. Dec 2020.
<https://cao-94612.s3.amazonaws.com/documents/ACAH-2020-CLT-COOP-Program-Guidelines-Dec-17.pdf>

and adequate compensation to oversee the disbursement of proceeds during rehab and manage this process for some period of time, not to exceed 90 days post rehab completion.

Section H. Fund Manager Application and Award process (to be developed by LAHD)

Section H. Legal documents (to be developed by LAHD)

Section I. Reporting and performance requirements (to be developed by LAHD, inclusive of fair housing and racial equity metrics)

Section J. Labor provisions (to be detailed by LAHD, consistent with ULA SEC.22.618.7.)

- All Projects: Prevailing Wage
- New construction and rehabilitation of 40 units and up: Project Labor Agreement

Section K. Defaults & cancellations (to be developed by Fund Manager and LAHD)

Article III. Resident Participation in Management and Ownership

Section A. Overview

The Acquisition and Rehabilitation for Affordable Housing program will address racial segregation, dismantle racially exclusionary practices, and promote racial equity in housing through resource distribution, implementation strategies, and outcomes to advance wealth building and self determination in low income communities of color. A primary way to accomplish this is to build in resident engagement and opportunity for ownership in preservation projects, as the Acquisition and Rehabilitation program pursues its goals of preventing displacement and increasing access to permanently affordable housing. Unlike the traditional affordable housing model, ULA preservation Projects will require active engagement of tenants in the governance of their multifamily buildings that will build their capacity and confidence for managing their building collectively, whether as renters or as owners.

In the context of Acquisition and Rehabilitation Program, an alternative approach that shifts the relationship between the tenant and their housing can be structured in many ways. Residents could be involved as elected or appointed resident representatives that have a say in the policies and financial decisions of the building. A formally-organized Resident Council can act as the intermediary between the owner and the building-wide residents, or even with other stakeholders in a neighborhood. Like a union, this body can negotiate the policies and decisions with the owner directly, but still be subject to the prescription of the funders. However, the Acquisition and Rehabilitation program is also designed to support residents establishing direct and sole operating and financial authority through an ownership model, which is likely to be collective such as through a cooperative, and which will place limitations on accrual of equity, in service of program requirements to provide affordability in perpetuity for the benefit of current and future residents. Legally-organized tenant association or mutual housing association organized across multiple buildings are another ownership model when the association becomes co-owners of the property in a joint venture with a developer; this model includes authority but not an equity stake held by individual households. In an intermediate model, the owner – either a non-profit developer or an organization like a CLT – could reserve seats on its Board of Directors specifically for residents.

The following sections outline resident leadership opportunities through; 1) resident-engaged management of rental housing, 2) ownership housing, or 3) properties that will be initiated as rental housing and will convert to a form of community and/or resident ownership in the future.

Project Sponsors are required to submit a Resident Leadership Plan as part of the Project application, which should detail the planned approach to meet the resident engagement requirements outlined below. Given the tight timeline anticipated for acquisitions under this program, it is anticipated that the Resident Leadership Plan will be in draft form during the initial Project application, and should be refined over time as the Project Sponsor learns more about the building's residents, their situation, and their aspirations.

Within properties acquired and rehabilitated through this Program, and as required by the Measure, the tenants will be playing an enhanced role in the management and/or ownership of their housing, and therefore the roles and responsibilities of not only the residents but also of the developer, owner and property manager will shift. ULA provides funding specifically to support tenant ownership, and the Department will distribute House LA's Capacity-Building program (Section 2.618.3(d)(1)(ii).d.) funds to a Capacity-Building for Tenant Ownership contractor which will provide the following services: (1) DESIGN: Research and design models of resident management and ownership; (2) OUTREACH: Provide outreach workers/organizers to inform affordable housing developers, tenant unions and other stakeholders about community- and tenant-ownership opportunities; (3) TRAINING & TOOLS: Develop and provide training and tools to residents living in House LA-funded housing to enhance and support ongoing participation in the governance, management, and/or ownership of their communities; and to developers, building owners and property managers that are practicing resident-engaged management, and/or resident ownership; and (4) MONITORING & COMPLIANCE: design and facilitate a system that is integrated with the above training activities, to monitor and support compliance with any regulatory agreements; and to evaluate activities related to the community- and tenant-ownership programs. These capacity-building resources, including tools, templates, models and training, will be made available to the developer, community partner, owner, property manager, and residents, but use of the resources is not required, unless specifically directed by the Department.

Section B. Minimum Required Resident Engagement Activities for Rental

The following are activities that, at a minimum, are required for rental properties funded through House LA's Acquisition and Rehabilitation of Affordable Housing Program during each stage of acquisition and rehabilitation:

- **Acquisition:** Prior to the acquisition of a Project (when such contact is approved by a seller), or within 30 days after acquisition (when seller objects to Project Sponsor's contact with tenants prior to acquisition), the Project Sponsor will outreach to property residents to complete income-based attestations pursuant to SEC.22.618.3(d)(1)ii.c.1.²³
- **Predevelopment:** As early as possible in the process, the Project Sponsor and/or property management team will engage residents. During predevelopment, outreach is to include engagement in decision-making regarding rehabilitation aspirations, and discussing property management aspirations and leasing concerns. Engagement may also include discussion regarding increasing unit size, adding ADUs/JDUs, and/or legalizing any UDUs. Resident input and preferences will be considered and incorporated into the Project to the maximum extent feasible, while prioritizing health code violations, ensuring quality, and not deterring increased density and/or expeditious timeline for the Project. If this resident engagement is coordinated with or performed by a community partner instead of Project Sponsor, the type and intensity of outreach can be determined collaboratively. After initial income verifications are completed and

²³ "1. A majority of a property's units must be occupied by Lower Income Households upon acquisition, which shall be assumed if a majority of tenants return attestations that their incomes are at or below the lower-income level in a manner the Department shall determine. Notwithstanding the above, funds may be utilized for acquisition and rehabilitation of any property that was used as a Residential Hotel within the five years preceding the application for funding." (SEC.22.618.3(d)(1)ii.c.1.)

while engaging tenants about development and rehab needs and aspirations, early outreach may include, as is feasible and appropriate: education on conversion to restricted affordability; potential tenant roles in property and/or asset management; community land trust stewardship (if a CLT is involved in the Project); and/or potential opportunities for tenant-ownership.

- **Rehabilitation:** Rehabilitation of apartment buildings is required to at a minimum follow all legal requirements for ensuring habitable conditions, as noted in SEC.22.618.3(d)(1)ii.c. of the Los Angeles Administrative Code and Tenant Habitability Program ordinance as noted in Los Angeles Municipal Code, Chapter XV, Article 2. It is also the responsibility of the Project Sponsor to ensure proper coordination of the temporary relocation of tenants, including comparable accommodations for temporary relocation and Relocation Assistance Determination. When requested, the House LA-funded capacity building contractor may provide support via information and education to the tenants, the purpose of which is to advance the efficacy of quickly completing the rehabilitation, while making the current tenants as comfortable as possible.
- **Property Management:** Residents should be engaged in the process of ascertaining and deciding on the financial, physical and community health of the property. Resident engagement activities should at a minimum include:
 - Monthly office hours or informal gathering between property management and residents to discuss and resolve specific building issues as they arise (in addition to addressing issues that need immediate attention throughout the month). These meetings can also serve to build the capacity of residents to engage in ascertaining and deciding on property and asset management issues.
 - Quarterly residents' meeting with property management to review the operations and management status of the building and adjust the house rules and leasing parameters as appropriate and in accordance with laws and regulations.
 - Bi-annually at mid-year and end of budget year, meeting with property management to review the building budget and actual financials to determine operating expense and capital investment priorities as well as to set the budget for the following year.

When requested, the House LA-funded capacity building contractor may provide support via skill-building training and on-going support to residents, building owners (if applicable) and/or property managers, to support these activities and to promote collaboration. In order to ensure that residents can effectively engage in these activities, the Project Sponsor, and/or as requested, the contractor, will provide training directly to residents regarding building finance and operations, as well as skill-building strategies related to communication and decision-making. These activities may be launched with residents as early as before- or upon-acquisition, when desired and permitted by the seller.

- **Leasing:** In preparation for lease up of vacant units, and during the lease up period, the Project Sponsor and/or property management team will engage residents in development of the lease up plan, which should include neighborhood-based outreach to inform and market the available units to neighborhood residents in accordance with Affirmatively Furthering Fair Housing. When the property is intended to convert to ownership, outreach must incorporate education on affordability compliance qualifications, and opportunity/plans for tenant-ownership. As requested, the Capacity-Building contractor will provide tools, templates, models and training to

support this process, as well as supporting engagement with any centralized system that provides preferences or placement priorities.

- **Residents Council:** If residents desire, Project Sponsor staff will work with residents, the building's property manager, and potentially also the building's owner to support the formation of a Residents Council as a formal body to engage with the property manager and/or building owner regarding the above matters. Additionally, the Resident Council may represent the building when engaging with other neighborhood stakeholders such as its Neighborhood Council, elected and appointed representatives as well as area businesses to advocate for economic and quality of life improvements. As requested, the Capacity-Building contractor will provide tools, templates, models and training to support this process.
- **Resident Training:** Project Sponsor staff will organize training on an on-going basis to help residents learn about everything related to managing a residential building, including leadership, organizing, mediation, property management, asset management, building budgeting, systems & repairs, and tenant-landlord law. Project Sponsor staff will also assist residents and property managers to be clear about their distinct roles. As requested, the Capacity-Building contractor will provide tools, templates, models and training to support this process.

Section C. Minimum Required Resident Engagement Activities for Ownership

The following are activities that, at a minimum, are required for resident-owned properties funded through House LA's Acquisition and Rehabilitation of Affordable Housing Program:

- Financial, legal and design plans for ownership that should engage current residents and/or any elected Resident Council; and such plans should be structured to maximize retention of current residents and their conversion from tenants to owners.
- Cooperative ownership requires both financial preparation and cooperative skills that must be built over time, and whenever feasible, training and engagement in decision-making and legal formation by future cooperative owners should be incorporated into the process.
- If necessary and desired, the Project Sponsor may provide, or create access to resources, to work with residents to improve their credit scores, debt-to-income ratios, and remove other barriers in order to successfully qualify for mortgages and/or coop loans, as well as sustain ownership costs in the long-term. These activities may be centralized through the House LA-funded capacity building contractor, in order to achieve volume of activity and create expertise across the city, and/or in conjunction with an affordable homeownership counseling program.
- The Project Sponsor and/or community partner will work with the resident-owner to:
 - Form either the Homeowners Association (HOA) or coop board (consistent with the ownership structure) and to elect its leaders/officers;
 - Assist the resident-owners and HOA or coop board to hire the property manager; and
 - Ensure -- on a monthly, quarterly and annual basis -- that the financial, physical and community health of the building is strong.

This formation/convening may occur before or after a rental-to-ownership conversion is completed, depending on how the process is designed. As requested, the Capacity-Building contractor will provide support and training; and by making case studies, models and templates

available to the Project Manager, property manager and/or community partner, as well as provide direct technical assistance and support access to legal resources as needed, in addition to making available on-going training in leadership, organizing, mediation, property management, building budgeting, systems and repairs, ownership financing, HOA/coop members' rights and responsibilities, and other areas of needs identified by developers, property managers, Resident Councils, HOA or coop boards, and individual residents.

Section D. Planning for the Unexpected

The buildings, whether rental or ownership, should incorporate financial strategies, during rehabilitation and in the long-term, to set up the building for long-term success. This will include as a minimum the following:

- **Operating Reserves:** An operating reserve fund to provide a cushion for future shortfalls in the monthly/annual operations of the property, including vacancy. The Operating Reserves will be established through the development budget, and repaid as necessary from building cash flow. The requirement of the Operating Reserves should not limit the funds from being deployed as emergency housing-payment assistance with possible payback options as defined by each individual project.
- **Replacement Reserves:** A capital reserve fund to address the physical needs of the property and possible resident temporary relocation will be established through the development budget, and contribution to the replacement/capital reserves will be maintained as an on-going operating expense. Any lease with building owners -- whether a non-profit developer, a CLT, a tenant association, an LEHC, or individual homeowners -- will include requirements for establishment and maintenance of the replacement reserves.
- **Community Conflicts:** An early activity in each building is to engage residents in establishing a Community Agreement, as a building-wide compact about how people choose to live together. It is critical to build trust through regular and meaningful communication among all parties and ensure the participation of all residents in the governance of their community. Inevitably, however, conflicts will arise, between residents and between residents and property management and/or owners. One of the roles of the Capacity-Building contractor, as requested, will be to facilitate access to mediation resources and services, and to support intrapersonal and building-wide relationships.

ATTACHMENT 1: SUMMARY OF HOUSE LA REQUIREMENTS FOR ACQUISITION AND REHABILITATION OF AFFORDABLE HOUSING PROGRAM

House LA Program Section 22.618.3(d)(1)ii.c. of House LA establishes the Acquisition and Rehabilitation for Affordable Housing Program (“Program”) for “the acquisition, preservation, rehabilitation, lease, or operation of existing housing including but not limited to rent-controlled properties, Residential Hotels, Accessory Dwelling Units, and Junior Accessory Dwelling Units, either without existing covenants requiring affordability or with such existing covenants that will expire within ten (10) years of project onset, as the Department defines that term consistently with the purposes of this article, or to pay the principal and interest on debt incurred for such purpose,” subject to various conditions listed in the measure.

Section of House LA that relate to this Program are summarized here:

- Acquisition and Management: Housing units shall be acquired and managed by a public entity, a local housing authority, a Community Land Trust, a Limited Equity Housing Cooperative, or a non-profit entity within Internal Revenue Code Section 501(c)(3), which demonstrates a history of affordable housing development and/or affordable housing property management experience, through a process the Department shall determine. A Community Land Trust or a Limited-Equity Housing Cooperative may qualify for funding by (a) partnering with an experienced non-profit organization as defined by the Department, or (b) showing evidence of staff capacity adequate to manage and administer the affordable housing project, through a process determined by the Department. (SEC.22.618.3(d)(1)ii.c.1.)
- Affordability: A majority of a property's units must be occupied by Lower Income Households upon acquisition, which shall be assumed if a majority of tenants return attestations that their incomes are at or below the lower-income level in a manner the Department shall determine. Notwithstanding the above, funds may be utilized for acquisition and rehabilitation of any property that was used as a Residential Hotel within the five years preceding the application for funding. (SEC.22.618.3(d)(1)ii.c.1.) The Department shall adopt a policy to prevent the displacement of households that qualified for a unit upon initial occupancy but thereafter exceed the income limits. Such households may be charged a rent commensurate with their current income levels. (SEC.22.618.3(d)(1)i.a.)
- Covenants: Each property and affordable unit, whether in rental or ownership housing, shall be made subject to a recorded covenant that establishes permanent affordability, as detailed in the measure. Additionally: 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. 4. Any resale of rental property funded by this initiative shall be restricted to non-profit entities or LEHCs, including but not limited to affordable housing corporations and CLT, to ensure the continued use of the dwelling units as affordable housing as provided in this section. 5. In the case of owner-occupied housing units, initial sales and all resales shall be restricted to purchasers whose household income does not exceed the income level to which the

unit is dedicated and who do not pay in excess of affordable housing cost at that income level; or LEHCs or similar entities providing for resident ownership and affordability in perpetuity with an average affordability level for Lower Income Households and which allows not more than 20% of units to be owned and occupied at unrestricted market rates. Unrestricted market rate units shall not be used to calculate average affordability of units in a Project. 6. The term of the affordability restrictions contained in the covenant shall be in perpetuity, or such other maximum length of time as may be permitted by applicable law, except that an affordability covenant with a fixed term of no less than 55 years shall be acceptable only if necessary to meet requirements of other funding sources. 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. (SEC. 22.618.3(d)(1)(i).b.)

- Replacement, Relocation and Right of First Refusal: Requirements for replacement housing, relocation of residents in an occupied property, and the right of first refusal on units made available in the future, as detailed in the measure, will apply. (SEC.22.618.3(d)(1)ii.c.)
- Not Displacing Current Residents: Notwithstanding the affordability provisions set forth in Sections 22.618.3(d)(1)(i).a. and 22.618.3(d)(1)(i).b. of this Code, existing residents of properties acquired pursuant to this Acquisition and Rehabilitation of Affordable Housing program shall not be permanently displaced, even if their incomes exceed the Lower Income Household limits, or any lower income limit set for a unit. Projects shall achieve 100 percent occupancy by Lower Income Households (or any lower Project-specific income limit) over time through unit turnover. (SEC.22.618.3(d)(1)ii.c.4.)
- Resident Management and Resident Ownership: Through a process the Department shall determine, the entity that acquires a property shall submit a plan for engaging residents in building management and operations, which may include a plan for tenant ownership such as a Limited-Equity Housing Cooperative. The Department shall cooperate and facilitate plans for tenant ownership, and shall not unreasonably impose requirements that prohibit such ownership conversion. (SEC.22.618.3(d)(1)ii.c.5.)
- No Leveraging Required: Project funding may take the form of grants or loans, but shall not require the leveraging of additional forms of funding if such additional funding makes any of the conditions set forth in this subsection infeasible, or if funding precludes the future conversion of the property to tenant ownership. (SEC.22.618.3(d)(1)ii.c.6.)
- Fund ADUs/JDUs: Funds may be used to acquire, install, construct, or rehabilitate housing, including Accessory Dwelling Units (“ADUs”) and Junior Accessory Dwelling Units (“JDUs”), so long as all ADUs and JDUs are used as affordable rental housing or affordable homeownership. The Department may verify the use of ADUs and JDUs covered by this provision from time to time. (SEC.22.618.3(d)(1)ii.c.7.)
- Acquiring Assisted Properties with Expiring Covenants: The Department shall facilitate the use of funds from this Acquisition and Rehabilitation of Affordable Housing program to make offers to purchase assisted housing developments which are required to provide qualified entities an opportunity to purchase under California Government Code Section 65863.11 by acting within the deadlines established by that law. (SEC.22.618.3(d)(1)ii.c.8.)

- Construction Work: As detailed in the measure, prevailing wages will be paid for any construction or rehabilitation project receiving House LA funding; and all construction and rehabilitation Projects of 40 units and greater are subject to a Project Labor Agreement. The number of units means the maximum number of units authorized in any entitlement granted by the land use permitting authority for the development Project, regardless of whether construction proceeds in phases or ownership is divided. (SEC.22.618.7).

Appendix D

Homeownership Opportunities Full Program Guidelines

Article I. Homeownership Opportunities

The city of Los Angeles and the state of California as a whole have substantial homeownership gaps with BIPOC families as compared to White families. As an effort to increase housing stability across all parts of the housing continuum, downpayment assistance for single-family home purchases shall (can) be set aside for BIPOC prospective homebuyers as an effort to maintain or grow diversity in the city of Los Angeles. All prospective homebuyers seeking to access these funds will be required to attend a HUD-certified homebuyer education course with an agency located in the city of Los Angeles. Considering the cost of single-family homes and condominiums in the city of Los Angeles, families seeking downpayment assistance from this source of funding will be allowed to have an income of up to 80% of the Area Median Income. Prospective homebuyers that are interested in purchasing 2-4 unit properties, will be required to occupy at least one of the units and complete landlord training to access funding through this source. Prospective buyers that purchase small multifamily properties will have to comply with tenant protections, and provide their tenants or non-profit organizations the opportunity to purchase if and when the properties are put up for sale.

As a result of increased activity in homeownership education and counseling, the City of Los Angeles shall pursue a contracted partnership with a HUD-approved homeownership counseling agency that is a Community Development Financial Institution (CDFIs) with an extensive background in neighborhood revitalization that is located in the City of Los Angeles that also offers construction management services to administer and distribute downpayment assistance funding. Funding from this source shall be used for downpayment assistance, and closing costs. Prospective buyers can apply for loans up to 20% of the purchase price and receive a grant for up to 10% of the purchase price based upon income eligibility. Prospective buyers are required to contribute 1% of the purchase price from their own funds. An example of a proposed financing structure is as follows:

Purchase price: \$700,000

Buyer Downpayment: \$7,000

Loan: \$140,000 (deferred)

Grant: \$70,000

Mortgage Amount: \$490,000

Monthly Payment: \$3,426 with 30 year fixed @ 7.5% (does not include taxes & insurance)

Appendix E

Capacity Building for Tenant Ownership

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Article I. General Overview

Section A. Introduction

The November 2022 Citizens Ballot Measure ULA, which established the Los Angeles Program to Prevent Homelessness and Fund Affordable Housing (“House LA”), was written by affordable housing practitioners and successfully secured the support of 58% of voting Angelenos. The measure establishes robust funding to implement an array of homelessness prevention, tenant protection, housing production and housing preservation strategies. As a complement to these approaches, House LA Section 22.618.3(d)(1)ii.d. establishes that ten percent (10%) of the House LA Fund-Programs shall annually be allocated in the following percentages to the three program areas: (1) Homeownership Opportunities: Up to 40% of this Fund, (2) Capacity-Building for tenant-ownership: No less than 10% of this Fund, and (3) Operating Assistance: No less than 50% of this Fund. Although these three programs can exist and operate independently from one another, each provides essential funding to grow and diversify housing opportunities in Los Angeles.

- The Capacity Building Program, which based on this allocation will receive 1% of House LA Funds-Program on an annual basis, is described in the Measure as follows: *“The program will provide Capacity-Building funding for Community Land Trusts and other organizations that serve and have representative leadership from Disadvantaged Communities and facilitate tenant ownership.”*

For all but the highest income earners in the City of Los Angeles, pathways to homeownership are largely inaccessible due to the extraordinary cost of buying housing. House LA supports new models for collective homeownership for low-income households. Where ownership is not feasible, House LA supports greater tenant input into their building management.

House LA has created various opportunities for lower-income residents to develop additional authority over their housing, either through increased management responsibilities, or through a form of ownership. These opportunities are expressly included in the Alternative Models for Permanent Affordable Housing and the Acquisition and Rehabilitation for Affordable Housing Programs. The Alternative Models program requires that *“Residents shall have the right to participate directly and meaningfully in decision-making concerning the operation and management of the project.”* (SEC.22.618.3(d)(1)ii.b.5.) and *“Where feasible and desirable, the project shall include resident ownership, including but not limited to Limited-Equity Housing Cooperatives.”* (SEC.22.618.3(d)(1)ii.b.6.) The Acquisition and Rehabilitation program requires that *“...the entity that acquires a property shall submit a plan for engaging residents in building management and operations, which may include a plan for tenant ownership such as a Limited-Equity Housing Cooperative. The Department shall cooperate and facilitate plans for tenant ownership, and shall not unreasonably impose requirements that prohibit such ownership conversion.”* (SEC.22.618.3(d)(1)ii.c.5.). House LA Affordable Housing Programs also allows multiple additional pathways throughout the measure for Community Land Trusts and Limited Equity Housing Cooperatives to be exempted from the transfer tax, and to pursue various pathways to establish eligibility as fund recipients. Through this language, House LA’s authors have created unprecedented resources to position tenants to have a different relationship to their housing, with new benefits and also new responsibilities. These new benefits and structures of resident management and resident

ownership will require infrastructure, and House LA is equipped to provide Capacity-Building for Tenant Ownership resources in order to build that infrastructure.

Section B. Program Summary

Given the highly specialized nature of this program and that the necessary skills and expertise do not currently exist in-house, the Department will identify a contractor to carry out this program to inform, facilitate and support an alternative approach where residents are playing an enhanced role with their housing. In accordance with House LA's requirements, the Department will release a Request for Proposals (RFP) in order to solicit a qualified entity to convene and deliver capacity-building services that include design of resident management and ownership models; providing outreach services to inform stakeholders about opportunities; providing training and tools to residents as well as developers, owners and property managers regarding tenant engagement in governance, management, and/or ownership; and providing monitoring and compliance services. These functions are explained more fully in Article III, and will be described in detail through a Scope of Work included with the RFP.

Article II. Contractor Selection Process

Section A. Eligible Proposers (Threshold Requirements)

The Department will secure a Tenant Ownership Capacity-Building contractor ("contractor") to provide capacity-building resources, both directly and through subcontracted Community Based Organizations (CBOs) and other consultants, to perform the agreed-upon Scope of Work (See Article III). Proposers must meet all of the following threshold requirements:

- 1) Be a non-profit 501(c)3 organization with offices in the County of Los Angeles, in good standing with the California Secretary of State, and with a mission and/or program work that includes support of affordable housing and/or tenant rights initiatives;
- 2) Have a minimum of two (2) years of continuous experience within the past five (5) as a City of LA Contractor or subcontractor, performing services to tenants for the Los Angeles Housing and Community Development Department;
- 3) Not carry an outstanding debt which has not been repaid or for which a repayment agreement plan has not been implemented, if the proposer has previously contracted with the State of California or the City of Los Angeles. The proposer must not have any outstanding disallowed costs or other liability to the City under previous contracts with LAHD;
- 4) Have a minimum of four (4) years of experience identifying and subcontracting CBOs to perform tenant services that include outreach, curriculum design, and training; and
- 5) Has conducted research and program analysis in the fields of affordable housing and tenant-management/ownership.
- 6) Have one or more established partnerships with organizations that have active tenant-ownership projects, including Community Land Trusts and housing cooperatives.

Section B. Evaluation Criteria

The Department will review and score each complete and fully responsive proposal. Proposals shall be evaluated based on the following categories and may include consideration of any or all of the listed factors at the City's sole discretion.

<u>EVALUATION CRITERIA</u>	<u>POINTS</u>
<u>Demonstrated Ability:</u> History and experience providing the scope of work for the City of Los Angeles and/or similar clients. Explanation of specialized experience related to the scope of work in terms of past accomplishments or work references, quality of the work performed, compliance with performance schedules and accuracy of deliverables.	30
<u>Qualifications:</u> Technical competence to perform the scope of work. Indication of expertise and knowledge base as it relates to the services for which the proposer is applying. Identification of key staff members, subcontracted CBOs and consultants who will provide dedicated support in the provision of services and their education, training and/or certifications.	30
<u>Service Approach:</u> Description of the methodology or protocol as to how the proposer intends to complete the scope of work, including by enlisting a collaborative of: 1) locally-based CBOs that have experience serving tenants or provide tenant-management/ownership training; 2) legal counsel with experience advising community- and tenant-ownership organizations; and 3) national experts in the field of tenant-ownership.	30
<u>Proposed Fees:</u> All proposed fees that are consistent with the scope of work. Fees will be rated based on reasonableness and appropriateness of the proposed fees in relation to all other proposals.	10
Total Points	100

Section C. Proposal Review Timeline and Process

The Department will issue an RFP, receive responses, conduct review of applications, and notify the selected applicant within 90 days of the start of the first House LA program year in which Capacity-Building funding is available. The RFP will include reference to the funding level recommended by the Citizens Oversight Committee and approved by City Council for the first program year, with indication that future annual funding amounts are pending Citizens Oversight Committee recommendation and Council approval.

The proposal review process shall include the following major activities to ensure that the procurement meets audit standards:

1. All proposals shall be reviewed to determine that the minimum eligibility criteria (threshold requirements) are met (See Article II, Section A). Ineligible proposers will be informed in writing.
2. All eligible proposals shall be reviewed, scored, and ranked.
3. Each eligible proposal shall be reviewed for costs that are reasonable, allowable, necessary, and competitive, as measured by a review of a line-item budget, and its competitive standing as compared to all other proposals.
4. At the City's sole discretion, oral interviews may be held with top-scoring proposers. The results of the oral review may determine the final funding recommendations.
5. Proposers shall be notified in writing about funding recommendations and evaluation results.

Section D. Contract Term

The contract shall commence on or about November 1, 2024. All contract terms will be for a one-year period with an option to extend for up to two (2) additional one-year terms, subject to the availability of funds based on annual budgets recommended by House LA Citizens Oversight Committee and approved by City Council, contractor's continuing compliance with applicable Federal, State, and local government legislation, and an evaluation of contractor's performance in accordance with program goals and commitments as established by the Citizens Oversight Committee and pursuant to Article III of these Guidelines.

The first payment will be made at contract execution for the upcoming one year period. Subsequent payments will be made after submission and approval of all required financial and program reporting (See Article IV).

Article III. Capacity-Building for Tenant-Ownership Services

Section A. Overview

In the traditional affordable housing model, the developer becomes the owner and the residents remain in a prescribed role as tenants, and are not engaged either in decisions about their housing, or as potential owners. Tenants are usually not consulted on forming the operating and leasing policies, which is in large part due to the prescriptive nature of the funding programs. Tenants are also not consulted on budgets and financial decisions about the building.

In order to prepare for these shifting roles and responsibilities of and among the developer, owner(s), property manager, and residents, the selected Tenant Ownership Capacity-Building contractor will be responsible for providing the following services:

- 1) DESIGN: Research and design models of resident management and ownership;
- 2) OUTREACH: Provide outreach workers/organizers to inform affordable housing developers, tenant unions and other stakeholders about community- and tenant-ownership opportunities;
- 3) TRAINING & TOOLS: Develop and provide training and tools to residents living in House LA-funded housing to enhance and support ongoing participation in the governance,

management, and/or ownership of their communities; and to developers, building owners and property managers that are practicing resident-engaged management, and/or resident ownership.

- 4) **MONITORING & COMPLIANCE:** design and facilitate a system that is integrated with the above training activities, to monitor and support compliance with any regulatory agreements; and to evaluate activities related to the community- and tenant-ownership programs.

These capacity-building resources, including tools, templates, models and training, will be made available to the developer, community partner, owner, property manager, current residents, and potential future residents of projects that are seeking or have secured funding from House LA's Alternative Models of Permanent Affordable Housing and Acquisition and Rehabilitation of Affordable Housing program, as well as other publicly-funded affordable housing projects in the LA region that similarly deploy resident and community ownership models of permanently affordable social housing.

These Capacity-Building for Tenant Ownership Services are detailed in the sections below.

In the future, activities funded through the Capacity-Building program may also include predevelopment funding, working capital and/or equity for under-resourced and under-represented organizations seeking to develop expertise in resident management and resident ownership models. However, such activities should not be duplicative of predevelopment or other funds provided through the other House LA programs, and instead should uniquely target organizations that require additional and tailored resources to get these tenant-centered, innovative projects moving forward.

Section B. Design

The contractor will conduct case study research and then design models that articulate various approaches to resident management and/or resident ownership that could be supported by either Alternative Models of Permanent Affordable Housing or Acquisition and Rehabilitation of Affordable Housing. The contractor will incorporate the case study research, analysis and subsequent models as a tool (as per Section D below) distributed to developers, community partners and residents interested in pursuing social housing models via House LA and/or other funding sources.

As an example, tenant-engaged housing models can be structured in many ways. Residents could be involved as elected or appointed resident representatives that have a say in the policies and financial decisions of the building. A formally-organized Resident Council can act as the intermediary between the owner and the building-wide residents, or even with other stakeholders in a neighborhood. When established as informal or formal groups, Resident Councils can have a substantial decision making role in the operations of their buildings. In smaller buildings, a council may involve all residents in the deliberation, decision-making and operating negotiation process; and in this situation, a formal organization may not be necessary; while in larger buildings, may want to incorporate, elect officers, and have a more formal process in its dealings with ownership and management. Like a union, this body can negotiate the policies and decisions with the owner directly, but remains subject to the prescription of the funders. Direct and sole authority by residents over operations and building finances are likely to occur only through an ownership model, which may include individual or collective/cooperative structure, and will incorporate non-market features such as a resale formula or other shared equity

strategy that supports the obligation under House LA's social housing programs to provide permanent affordability. An intermediate model could create an enhanced tenant role through a community-ownership strategy, such as when the owner – either a non-profit developer or an organization like a CLT – reserves seats on its Board of Directors specifically for residents.²⁴

Section C. Outreach

The contractor will provide outreach workers/organizers to inform affordable housing developers, tenant unions and other stakeholders about community- and tenant-ownership opportunities; and will educate community members who may be interested in participating in or supporting a future or current social housing project

The contractor will demonstrate the required cultural, linguistic, and community capacity to achieve the following objectives:

- EDUCATE 1. Inform residents, resident counsels, and CBO's about services being provided. 2. Communicate key messages about what services are provided for capacity building, and how to participate. 3. Effectively answer questions about capacity-building services. 4. Assess what services are needed.
- MOTIVATE 1. Share relevant and compelling information to motivate residents to participate in forming a resident council or housing cooperative 2. Address information concerns. 3. Encourage participation through trusted messengers and channels.
- ACTIVATE 1. Remind residents and CBO's to attend services or trainings. 2. Provide outreach in community venues to continue promoting services. Outreach should detail culturally and linguistically tailored strategies for educating, motivating, and activating the least likely to respond to residents. Strategies can mix what has worked in the past and innovative/creative ideas.

Section D. Training and Tools for Residents, Developers, Building Owners and Property Managers

The contractor will provide training and support upon request to residents, developers, community members, building owners and property managers who are currently or plan to practice resident-engaged management, and/or pursue resident ownership. The contractor will support both rental and ownership projects throughout various stages of the development process, providing on-going training in residential leadership, organizing, mediation, property management, building budgeting, building systems and repairs, ownership financing, tenant-landlord law, HOA/coop members' rights and responsibilities, and other areas of needs identified by developers, property managers, Resident Councils, HOA or co-op boards, and individual residents.

The contractor may offer support with the formation and governance of Resident Councils, HOAs or co-op boards, if established, in conjunction with and at the request of developers, community partners, building owners and property managers, and/or the residents themselves. All interested residents

²⁴ See range of models at <https://shelterforce.org/2021/07/09/housing-solutions-centering-community-in-ownership-control-and-long-term-affordability/>

regardless of governance and/or ownership model utilized can be trained in relevant subjects related to housing operations..

The contractor will support all above activities by making case studies, models and templates available to prospective developers, property managers and/or community partners, as well as provide direct technical assistance and support access to legal resources as needed.

For rental projects this can include: tools, templates, models and training to support predevelopment, leasing and/or property management activities, with an overall focus on tenants' training and education. If rehabilitation is required, the contractor can provide education to the tenants on their rights and the rehab process.

For ownership projects this can include: supporting the marketing plan, providing homebuyer training, forming Homeowners Association (HOA) or co-op boards, and providing ongoing training to ensure the financial health and sustainability of the buildings. The contractor's role may evolve over time based on future policies established by the City to advance resident management and ownership opportunities.

Among other tools, the contractor will create a Resident and Organizer Property Management/Oversight Training Manual, to be updated on-going.

Section E. Monitoring and Compliance:

In order to create on-going improvement and maximize success, the City must establish a monitoring and compliance system for the new resident leadership requirements embedded in House LA's Alternative Models of Permanent Affordable Housing and the Acquisition and Rehabilitation of Affordable Housing programs, and integrate the monitoring and compliance with the aforementioned training programs and other capacity-building functions of House LA

- (1) *Regulatory Compliance:* The Department will utilize the contractor to monitor compliance of stewardship activities. This should include monitoring of regulatory agreements to ensure that cooperative housing or other resident-owned or resident-managed entities are in compliance with affordability and other requirements. At the Department's discretion, and in order to ensure sustainability of the monitoring and compliance practice, such services may be compensated on a fee basis by the resident owned and/or managed communities, with such services and fees budgeted into the projects as confirmed through the underwriting process.²⁵
- (2) *Resident Management Engagement:* Compliance activities should be geared toward ensuring long-term stability and operating solvency of the resident-owned and -managed properties, as well as ensuring adherence to any Resident Leadership Plan approved with funding applications. To maximize success and effectiveness, compliance monitoring should be integrated with evaluation procedures that engage residents and resident councils, as well as developers, building owners, community partners and property managers.

²⁵ The City of New York has a fee-based system to support Limited Equity Housing Cooperatives through contractors that provide both compliance monitoring and training to the co-op residents/shareholders. See <https://www.nyc.gov/site/hpd/services-and-information/rfps-rfqs-rfeis.page>

- (3) *Coordination*: The compliance monitoring and evaluation should also be coordinated with the training activities identified in the proceeding section, and may be most effectively carried out as an additional role of the contractor. In practice, the contractor will proactively engage the resident-owned and -managed communities when budgets need to be prepared, elections held or reports regarding affordability compliance submitted; provide them with training as necessary in each of these areas; and then monitor and oversee those activities.

ARTICLE IV. Program Evaluation and Reporting

The Department will also need to ensure that the City's investment of House LA's funds in resident management and resident ownership meets the House LA program goals and requirements. To generate opportunities for reflection, learning, troubleshooting, and co-creation of strategies for improvement, this should be an ongoing evaluation process.

Evaluation Activities: On an annual basis, or more frequently depending on terms defined in the grant, the contractor will provide a report to the Department. The goals of the report are to include but not be limited to: (1) ensuring that the contractor and the Department are co-learning about resident management and resident ownership best practices, (2) informing the Department about developer/owner participation in the program in order to create accountability assessing the impact of collective resident management and resident ownership goals of House LA, and (3) assessing developer/owner program compliance to ensure accountability measures are implemented and evaluating the racial equity of the program implementation.

Commitment to Racial Equity: Measure ULA was rooted in the acknowledgment that the City of Los Angeles must reckon with and directly address the systemic racism built into our neighborhoods and the housing in our City. Assessing the programmatic implementation through a racial equity lens will be critical to making sure that there is continued commitment to dismantling those systems and building capacity in a way that addresses and engages that history.

House LA's Goals include: "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." (SEC. 22.618.1(f)). In alignment with this purpose, the Capacity Building Program seeks to enhance racial equity through resource distribution, implementation strategies, and outcomes. Furthermore, these Program Guidelines have been established in accordance with the Vision of the City of Los Angeles' Office of Racial Equity, which states that "We envision a City that authentically engages communities most harmed by systemic racism, as leaders and collaborators, in the process of identifying data, distributing public resources, and reforming policies that impact outcomes of Civil + Human Rights and Equity" The Year 1 report will include, as a minimum:

- Design of role, operation, functions and processes;
- List of training modules that have been developed or are in development and
- Racial equity metrics

In addition to the evaluation report on the program implementation produced by the contractor, metrics to gauge the contractor's success on-going will include:

- Numbers of properties, units and residents being supported by the contractor;
- General health of the properties (and if there are problems, the explicit plans to address them with residents' agreement);
- Staffing ratio;
- Number, type of training conducted and tools developed (for developers, community partners, property managers, and/or residents);
- Collaboration and cross-training activities with developer, community partners and/or property management staff;
- Participation numbers;
- General community satisfaction level (via resident surveys); and
- Racial equity metrics.

Appendix F

Operating Assistance

Section A. Overview

House LA will provide long-term Operating Assistance that supports new construction, acquisition, and/or rehabilitation of existing housing in the form of project-based, multi-year rental subsidies, operating subsidies, or service subsidies. Operating Assistance will prioritize projects housing Acutely Low Income Households and/or Extremely Low Income Households; and projects that will maintain non-profit ownership, Community Land Trust stewardship, and/or shared-equity tenant ownership. All monies allocated from House LA's Operating Assistance shall only be awarded to projects financed by other House LA dollars through the Multifamily Affordable Housing, Alternative Models of Permanent Affordable Housing, and Acquisition and Rehabilitation for Affordable Housing programs. Although the Operating Assistance program shares the same allocation as programs for Homeownership Opportunities and Capacity Building, in no case shall Operating Assistance funding fall below fifty percent (50%) of the Homeownership Opportunities, Capacity-Building, and Operating Assistance allocation, as per Measure ULA.

The Housing Department will make available a number of rental subsidies and operating subsidies, prioritizing housing that serves Acutely Low Income Households and/or Extremely Low Income Households, who earn 30% AMI and below. Operating Assistance eligibility and process will vary by the production program which creates the units in need of such subsidy.

These guidelines propose a combination of three approaches detailed below: a ULA-funded, Capitalized Operating Subsidy Reserves (COSR) program tailored to Acquisition and Rehabilitation projects (Section B); a ULA-funded, project-based voucher program for Alternative Models projects (Section C); and a "Backstop," or insurance pool approach (Section D), which could be used by any of the production programs under ULA's funding, including the Multifamily Affordable Housing, Alternative Models for Permanent Affordable Housing, and Acquisition and Rehabilitation of Affordable Housing programs. The timeline, percentage of the fund dedicated to each approach, and involvement of the ULA Citizen Oversight Committee is discussed in Section E.

Section B. Operating Assistance for House LA Acquisition and Rehabilitation for Affordable Housing Program

A Capitalized Operating Subsidy Reserve (COSR) will be made available to Acquisition/Rehabilitation program funded projects serving households with an average AMI of 50% or less. Operating subsidies shall be awarded for a 20-year period if there is a demonstrated financial need. There is no minimum special needs set-aside for acq/rehab program funded projects, but to ensure consistency with the Measure's language, the COSR will be designed to support Projects that anticipate or discover operating deficits in serving ALI and ELI households.

Per Acquisition and Rehabilitation Program Guidelines, awarded Project Sponsors will be required to submit updated budget projections including unit mix and operating budgets to the Fund Manager post-closing. Up to \$175,000 per unit may be provided for the subsidy to cover anticipated operating deficits. The maximum per-unit subsidy amount will be adjusted annually based upon increases in the Consumer Price Index. The total amount of COSR each project receives will be determined by the Acq/Rehab Fund Manager and based upon individual

project underwriting and the availability of assistance. The award notification must be received within the time constraints of the underwriting process, which is in turn scheduled to meet escrow deadlines. Coordination between the Fund Manager and LAHD is critical during this period, to facilitate timely award decisions, which LAHD may defer to the Acq/Rehab Fund Manager.

LAHD, or if relevant, the Acq/Rehab Fund Manager, will make an annual COSR disbursement to the Project based on the actual operating budget for the prior operating year.

For projects that show a continued need for operating assistance after 20 years, LAHD or if relevant, the Acq/Rehab Fund Manager has the right to 1) provide continued assistance upon verification of need and availability of funds or 2) Approve an increase in income levels served by the Project upon natural unit turnover to the minimum extent required for fiscal integrity so as long the Project adheres to affordability requirements per Measure ULA Section 22.618.3(d)(1)(ii)(c)(4).

For projects that convert from affordable housing rentals to cooperative tenant ownership prior to 20-year period, LAHD or if relevant, the Acq/Rehab Fund Manager has the right to 1) reallocate remaining reserve funds from projects that no longer demonstrate a need for operating subsidy; 2) determine an annual disbursement schedule of remaining reserve to support the transition of projects from rentals to tenant ownership; and 3) in the case of conversion to a limited equity housing cooperative (LEHC), to earmark operating assistance toward interest payments in order to allow subsidized tenant-owners' carrying charges to pay down the co-op's principal, thereby enhancing wealth-building opportunities for those residents.

By directing these subsidies to House LA Acquisition and Rehabilitation funded projects, the Department will meet the Program's priority of funding housing for ALI and/or ELI households; as well as the second priority of funding projects that will maintain non-profit ownership, Community Land Trust stewardship, and/or shared-equity tenant ownership.

Section C. Operating Assistance for House LA Alternative Models for Permanent Affordable Housing Program

A number of project-based vouchers, or similar assistance, will be made available to new construction or major adaptive reuse projects funded by the Alternative Models for Permanent Affordable Housing Program, to assist in meeting the new construction portfolio level goal of at least 10% of the program units (on a two-year period basis) serving special needs populations, including people experiencing homelessness, people with mental &/or physical disabilities, domestic violence survivors, transitional age youth, and reunification families. Vouchers shall be awarded for a 20-year period.

Operating assistance will support units that are leased to ELI and ALI households earning 30% AMI or less.

For projects proposing to serve special needs populations (including people experiencing homelessness, people with mental &/or physical disabilities, domestic violence survivors, transitional age youth, and reunification families), the Department will prioritize special needs projects with a minimum of 25% of total project units reserved for people with special needs or 50 special needs units, with the highest priority given to projects serving the greatest number of special needs households.

For projects that show a continued need for operating assistance after 20 years, LAHD has the right to 1) provide continued assistance upon verification of need and availability of funds or 2) Approve an increase in income levels served by the Project upon natural unit turnover to the minimum extent required for fiscal integrity and so as long the project meets the affordability requirements per Measure ULA Section 22.618.3(d)(1)(ii)(b).

For projects that establish, or convert from affordable housing rentals to, tenant ownership prior to 20-year period, LAHD has the right to 1) reallocate remaining subsidy funds from projects that no longer demonstrate a need for operating subsidy; 2) determine an annual disbursement schedule of remaining funds to transition projects from rentals to tenant ownership; and 3) in the case of conversion to, or initial establishment of, a limited equity housing cooperative (LEHC), to earmark operating assistance toward interest payments in order to allow subsidized tenant-owners' carrying charges to pay down the co-op's principal, thereby enhancing wealth-building opportunities for those residents.

By directing these subsidies to House LA Alternative Models for Permanent Affordable Housing funded projects, the Department will become better situated to meet the Program's priority of funding housing for ALI and/or ELI households; as well as the second priority of funding projects that will maintain non-profit ownership, Community Land Trust stewardship, and/or shared-equity tenant ownership.

Section D. Tenant-Based Voucher Backstop

To stretch the operating subsidies dollars further, a portion of this funding program shall be dedicated to a gap-financing tool that would guarantee the coverage of operating costs in the event that a unit dependent on tenant-based rental subsidy becomes vacant. Under this model, operating subsidy dollars would act as an insurance pool, or "backstop," until the unit can be filled. This serves as a guarantee to investors that housing operation costs and rents will be covered if a unit dependent on a federal tenant-based voucher becomes vacant and there is no immediate replacement.

Backstops enable a developer to demonstrate to lenders that a project relying on tenant-based vouchers, instead of project-based vouchers which may not be available in various situations, is economically viable over the long-term. In this way, the "backstop" model works in conjunction with federal rental assistance to open and maintain more housing opportunities, especially for permanent supportive housing (PSH) participants who use federal tenant-based vouchers. PSH participants experience significant challenges in finding housing in the current rental market, and the "backstop" provides developers with the long-term investment certainty they need to build and maintain economically viable PSH projects.

This program will borrow its structure from a tenant-based voucher backstop program at LA County, which is administered by Brilliant Corners in collaboration with the County Department of Health Services. The program began in 2018 and supports seven permanent supportive housing projects. The ULA program should be structured in a basically similar manner, covering rent shortfalls caused by vacancies for 60 days while a property manager finds a replacement tenant-based voucher holder. The County system also covers security deposit costs through the backstop to facilitate rapid move-ins. Under the LA County model, the Department of Health Services refers tenant-based voucher holders to any units that become vacant. The City of Los Angeles shall develop a similar system, or subcontract with a third party to administer it, to ensure the City's ability to locate tenant-based voucher holders to fill vacancies, and the long-term viability of the Backstop.

Section E. Timeline, Funding Apportionment, & Citizens Oversight Committee Re-Evaluation

To ensure a financially healthy ratio between the fund and the units it supports, the Operating Assistance fund shall accrue for one fiscal year before any commitments are made. Following the first year, the Los Angeles Housing Department shall confer with the Citizens Oversight Committee and House LA Inspector General on the status of the fund through a formal presentation at a Citizens Oversight Committee meeting. At this time, informed by the status of the fund, the Citizens Oversight Committee shall use its authority to consider apportioning a percentage of the funds to a ULA-funded project-based operating assistance program with a first priority placed on ULA projects coming online through the ULA Accelerator Plus Program and the House LA Acquisition and Rehabilitation program. House LA Acquisition and Rehabilitation projects must be part of this first prioritization due to the fact that they require operating assistance on a faster timeline than other projects because they are not built from the ground up, and extremely- and acutely- low income rent-burdened residents may already occupy units in the acquired buildings. Also during this initial review, the Citizens Oversight Committee shall consider creating Tenant-Based Voucher Backstop commitments, if accrued funding allows. This apportionment shall stand for one year, unless revised by another ULA Citizens Oversight Committee meeting with the Los Angeles Housing Department and another formal vote from the ULA Citizens Oversight Committee.

In the first and each subsequent year when Alternative Models of Permanent Affordable Housing projects are in predevelopment, and in light of any portfolio-wide and/or building-specific dedication of units for Special Needs and/or ALI households, the Citizens Oversight Committee will also prioritize rental assistance for those projects, where necessary to meet program goals.

The apportionment of the operating assistance funding between the Acq/Rehab Capital Operating Subsidy Reserve, project-based rental assistance program and the Tenant Based Voucher Backstop approach shall be reevaluated by the Citizens Oversight Committee and Inspector General in collaboration with the Los Angeles Housing Department at least once per fiscal year. To whatever degree possible, the Citizens Oversight Committee shall seek to maximize the number of units supported by the Operating Assistance Fund by relying on the Backstop as much as funds will permit. At least annually, the Los Angeles Housing Department will be required to confer with the Citizens Oversight Committee and Inspector General on the status of ULA's Operating Assistance funding and collaborate with the Citizens Oversight Committee to make fiscally sound adjustments to the programs. These decisions shall consider: the goals of House LA as written in Measure ULA, the COC Housing Needs Assessment, ULA revenues for the previous year, projected revenues, the amount accrued in the fund to date, the number of units the Backstop is supporting at that time, and any existing commitments made to the Acq/Rehab COSR and project-based rental assistance program to date. During this review, the Citizens Oversight Committee shall have the power to reevaluate and adjust the ratio of funding dedicated to the Acq/Rehab Capital Operating Subsidy Reserve, the project-based rental assistance program and the Tenant Based Voucher Backstop program for the following year. Beyond this review, The Citizens Oversight Committee shall also have the authority to call for an audit of the Operating Assistance fund by the Los Angeles Housing Department at any time.

The allocation of funds to the Acq/Rehab Capital Operating Subsidy Reserve and project-based rental assistance program should directly correlate with how many units ULA revenues produce under the Acquisition and Rehabilitation, Alternative Models, and Multifamily Affordable Housing Programs. Similarly, the Backstop allocation will have to be informed by production rates and continually expand as it supports more units to

ensure that it remains a solvent and viable financing option to attract private investment into the affordable housing projects it supports. The Backstop's funds shall remain dedicated to and reserved for this use, and shall not be repurposed once committed, or it will disrupt legal contracts between developers and investors, and put all units supported by the Operating Assistance Fund at risk of insolvency.

Appendix G

Short Term Emergency Assistance Full Program Guidelines

Short Term Emergency Assistance Description

In January/February 2023, the United to House LA coalition will be submitting proposed Program Guidelines for each of the 10 program areas. The short-term emergency assistance would provide about \$40 million annually in funding. Below is a definition from the Measure ULA initiative that defines short-term emergency assistance:

***“Short-Term Emergency Assistance.** Five percent of the House LA Fund-Programs shall be annually allocated to provide short-term emergency funding to tenant households at risk of becoming homeless. Funds will stabilize low-income tenants at risk of losing their housing due to one-time economic shocks, and may cover the entirety of rent payments for a short-term period of up to 6 months. Priority eligibility shall be established for lower income households.”*

Tenant Eligibility Guidelines and Rules

- A. The following are proposed LA City Short Term Emergency Assistance Program guidelines for eligible tenants to apply for rental assistance:**
1. Renter of residential rental property living within Los Angeles city limits
 2. Household income must be below 80% AMI²⁶
 3. Description of one-time economic hardship
 4. Employees of agency providers and their direct family members are ineligible for rental assistance.
- B. In addition to the initial tenant eligibility criteria, the following would be proposed for the Short-Term Emergency Assistance Program:**
1. Signed W-9 form by the participating landlord that will receive the rental assistance payment. However, if the landlord is not participating, tenants will be allowed to receive rental assistance directly for rental arrears only and under limited circumstances which will not require any further follow-up by administrative agencies regarding the rental assistance payment. ²⁷ If the landlord fails to participate and files an unlawful detainer against the tenant, LAHD will recommend an affirmative defense to protect tenants from eviction.
 2. Only provide rental assistance once a year, if the rental assistance request provided the total maximum amount allowed per term.
 3. Aside from prioritizing low-income households with income below 30% AMI, the program will provide priority for tenant households living in long term rent-stabilized rental units. Long term would be defined as residing at a rental unit for six continuous years in a rent-stabilized qualified building. Further, additional priorities shall be made for disabled and senior tenants, tenants living in affordable housing units, households with minor children.

²⁶ Receipt of any needs-based public benefits automatically qualifies a tenant to services.

²⁷ Possible disruption of recipients' government monthly benefits and medical coverage can be implicated through direct payments. Tax implications for tenants would need to be researched.

C. Additional proposed guidelines for Short-Term Emergency Assistance Program:

1. Total of six (6) months of emergency rental assistance which can be applied to either rental arrears or prospective rent.
2. Ensure tenant protections are in place while tenants apply for short-term rental assistance which include protections from eviction filings by the landlord while tenants' applications are pending or approved and pending payment.
3. Set a maximum monetary cap amount for total rental assistance that can be provided.
4. Administering agency will make decisions on case-by-case situation including the totality of circumstances and shall prioritize cases that include but are not limited to: (1) households that are at high risk of becoming homeless (2) tenants that live in long-term rent stabilized units; (3) units that are affordable based on the tenant's income; or (4) vulnerable tenants living in proposed high priority zip codes.
5. Targeted use of short-term rental assistance to tenants in imminent risk of an unlawful detainer filing. The short-term assistance program will prioritize tenant households that face eviction and have received a 3-day notice to pay rent or quit. The Los Angeles Housing Department can inform landlords that have submitted 3-day notices to the Department of available rent assistance by providing automatic electronic or mailed responses to those landlords.
6. Rental assistance shall include any debt or cost incurred by a tenant related to maintaining their rental housing. These costs can include but are not limited to rent, utility payments, security deposits that are associated with complying with orders or agreements and maintaining their rental units.
7. Ensure that landlords are participating with the short-term rental assistance program by agreeing to accept payment upon approval of a rental assistance application. In order to ensure greater landlord participation and complying with the program requirements, City entities such as Los Angeles City Attorney's Office or Los Angeles Housing need to inform non-participating landlords that they are in violation of City ordinances and state fair housing due to discrimination based on source of income. Enforcement for source of income based on landlord's non-participation for tenant's rental assistance applications.
8. The landlord's failure to participate or not properly providing the required documentation to the short-term rental assistance program will result in monetary penalties. Separate monetary penalties will be assessed for every rental unit the landlord refuses to participate in or fails to provide timely documentation. The program will make the determination whether the landlord has failed to provide timely documentation.
9. We recommend the continued practice to pay landlords directly. However, we recommend that the City also explore the policy to provide tenants direct payments in situations where their landlords refuse to participate in the short-term rental assistance program and the City not require overly burdensome oversight for these rental payments. Providing oversight for these payments would create a heavy administrative burden and significantly increase administrative costs.

Required Documents and Forms for Requests

The following forms and documents listed below are required for rental assistance requests through the LA City RAP. We propose that similar required documents and forms be used for the proposed Short-Term Emergency Assistance Program.

Rental Assistance Application

An application will need to be submitted by the participating agency on behalf of the tenant applicant. Administrative agencies processing the rental assistance applicants will develop and create the application.

Proof of Ownership and Signed W-9 Form

1. Property Profile
2. Grant Deed
3. If a management company is Plaintiff, an Agent Authorization Agreement
4. Court Order
5. Trustor/Trustee documents

W-9 Form:

Landlord must fill-out and sign this form to be eligible for rental assistance. If a property management company fills out the form or is the Plaintiff in a UD case, they need to provide an Agent Authorization Form or an authorization letter demonstrating the landlord provide authority to a third party. Otherwise, can pay the landlord directly.

Tenant Photo Identification

Government identification is preferred but not required. However, we will need some type of photo identification to verify the tenant applicant. Here are some examples that we have used:

1. Consulate Card
2. Native Country's ID
3. Passport
4. School Identification Card

We recommend that no photo identification is required for landlords since many properties are owned by a corporation, partnership, limited liability corporation, or a trust. This requirement would slow or stop the eligibility and approval process.

Settlement Agreement / Invoice Payment / Notice

Eviction cases usually have a stipulated agreement or the applicant is applying prior to an eviction case (pre-court filing), we require the landlord to enter into an agreement to end the rent dispute. For any requests that are in the pre-eviction stage, we require a notice or rent ledger to verify the rent owed. If the assistance is for non-rent, we require an invoice to verify debt and payment for services provided.

Proof of Landlord / Tenant Relationship

The following are documents we will use to verify and collaborate a landlord-tenant relationship exists. Only one of these is required:

1. Copy of an executed rental agreement
2. A promissory note or payment plan
3. Canceled checks
4. Rental receipts
5. 3-Day Notice to Pay Rent or Quit or Unlawful Detainer
6. Signed self-certification form (last resort and only for pre-eviction cases)

Proof of Economic Hardship/Shock

The following can be used to collaborate the tenant's economic hardship:

1. Documents of demonstrating an event that caused the economic hardship
2. Letter from tenant's employer of loss of job or hours
3. Medical documents showing costs and hospitalization
4. Court documents demonstrating economic hardship
5. Self declaration form filled out by the tenant attest to their economic hardship

The economic hardship/shock is to be determined not on the validity of the claim or explanation but whether the economic hardship would reasonably lead to the tenant falling behind in their rent for any extended period of time.

Proof of Income or Self Certification of Income Form

The following are different forms of income verifications used:

1. Pay stubs
2. Paycheck statements
3. Canceled checks
4. Govt. benefits statement
5. Third party verification form of employment
6. Self-Certification Form

Accessibility

Language Accessibility

Tenants regardless if they are non-English speaking individuals shall have access to apply for short-term rental assistance. Language assistance shall be provided in the tenants' native language needs to be during the application process and during the follow-up communications with monolingual speaking tenants.

Digital Accessibility

Tenants with limited or no digital accessibility shall be provided alternatives to apply for short-term rental assistance aside from an online portal. Tenants should be able to apply by phone and communicate with an individual to assist with the rental assistance application or have physical locations where the tenant can visit to be provided help with completing the rental assistance application. Further, these physical locations shall provide additional technical assistance after tenants have submitted their initial rental assistance application to complete and finalize their application.

- Physical locations should be not limited to city offices or resource centers but expanded to Community Based Organizations (CBOs). Aside from the technical and language accessibility CBOs can provide, the CBOs can provide ease of mind to tenants especially in immigrant communities since they are not directly affiliated with a government entity and many CBOs have already created relationships within these communities through their organizing efforts.

Collection of Documents & Reporting

After payment has been processed and delivered, RAA will prepare a complete copy of all the required documents and forms for approved applications. This approved application packet will be scanned and saved as a final submission application packet and will be included in every City monthly invoice. We will maintain and store an electronic file for each submission.

Administrative agency will maintain these submissions and records for at least five years following the expiration of the rental assistance services provided. In addition, the administrative agency will provide the City with such records when requested. Administrative agency shall provide the City with access to any such records during regular business hours (Monday-Friday, 8:00 a.m. to 5:00 p.m.) upon receipt of a written request by the City to review or duplicate them.

Appendix H

Income Support for Rent-Burdened Seniors & Persons with Disabilities

Full Program Guidelines

Purpose

One of the primary goals of Measure ULA's House LA Fund is to *"increase access to permanently affordable housing for vulnerable populations including but not limited to seniors in Low Income Households, formerly homeless, and persons with disabilities."* In fact, 30% of the House LA Fund shall be used for a Homeless Prevention Program, of which 10% of the House LA Fund shall be used specifically *"to provide income assistance designed to assist households in avoiding displacement from their homes to rent-burdened, Acutely Low Income, Extremely Low Income, and Very Low Income Households including seniors (aged 65 years and above) and/or persons with disabilities at-risk of becoming homeless."*²⁸ Through the City's front funding of \$150 million toward ULA, there will be \$23 million dedicated toward the Income Support for Rent-Burdened Seniors and Persons with Disabilities Program.

Program Goals

The long-term primary goal for this ULA-funded program should be to prevent seniors and people with disabilities from experiencing homelessness; however, the city must also respond to the urgent rental arrears crisis facing at least 8,700 seniors and persons with disabilities right now, based on the LA Housing Department's ULA [Short Term Emergency Rental Assistance Program data](#). Therefore, until 2030, this program should include two components: the first for resolving rental arrears due to COVID-19 or other financial hardship for low-income seniors and persons with disabilities, and the second for preventing homelessness among seniors and people with disabilities through direct income assistance. The recommended allocation of funding with the program is as follows:

1. Immediately resolve at least 6 months of rental arrears for wait-listed applicants of the ULA ERAP and who are most at risk of homelessness;
2. Help an expertly targeted subset of very low-income, extremely low-income, and acutely low-income senior and disabled renters to meet their basic income needs, avoid residential displacement and achieve housing stability as they age in place;
3. Design the program in a manner that creates an ongoing opportunity for the City to partner with LAHSA and LA County, and continuously evaluate the effectiveness of the program as a prevention and housing stabilization strategy and model; and, based on insights from ongoing evaluations,
4. Identify key challenges and opportunities to improve the effectiveness of the program on an annual basis.

Program Design, Principles & Assumptions

The long-term primary goal for this ULA-funded program should be to prevent seniors and people with disabilities from experiencing homelessness. The recommended allocation of funding with the program is as follows:

²⁸ Suzuki, T., Hernandez, N.D., Lipmen, E., Sanchez, A., Diaz, S. (2022) [United to House LA Ballot Measure](#)

- Up to 40% for Component One: Rental Debt Resolution for Seniors and Disabled Persons
- At least 50% for Component Two: Targeted Cash Assistance Based on Need
- Up to 10% for Program Administration

Component One: Rent Debt Resolution for Seniors and Persons with Disabilities

In 2023, LAHD recommended that almost half of the \$23 million from the Income Support for Rent-Burdened Seniors & Persons with Disabilities program area be reallocated to support the Short-Term Emergency Rental Assistance Program to provide immediate relief to renters with significant rental arrears. The ULA Coalition and the Citizens Oversight Committee approved the reallocation with the additional recommendation that those funds be flagged specifically to serve seniors and persons with disabilities on the waitlist for ERAP funds. There continue to be wait-listed applicants due to the significant back-rent that continues to burden renters. Therefore, the first component of ULA's Senior/Disabled Housing Stability & Income Assistance program must be immediate Rental Debt Resolution Program for wait-listed LA City Seniors and Persons with Disabilities for at least 6 months of rental arrears and should receive up to 40% of the program's initial funding allocation.

Key Design Principles

The key design principles of this debt resolution program must be:

- **Connection to Mainstream Supports:** The City's foray into rental debt resolution for seniors will require deep partnership with LAHSA and County partners to ensure participants have access to mainstream resources funded by the federal, state, and County governments following this initial relief from rental arrears. Those resources include access to benefits, health and behavioral health care, prevention and problem-solving resources, time-limited subsidies, Permanent Supportive Housing, and Enriched Residential Care.
- **Bridge to City-Funded Housing Programs:** The City already has almost 4,500 HHH-funded units expected to open in 2023 and 2024, and the City will be leveraging ULA funds to expand affordable housing options for seniors and people with disabilities. Therefore, the City should ensure this rental debt resolution is pipelining any applicable tenants to the affordable and supportive housing options it is bringing online, as well as turnover units in its existing portfolio.
- **Referrals to Cash Assistance program (Component Two):** If the previously rent-burdened senior can live independently or in shared housing but continues to need a modicum of financial support (e.g., by supplementing their SSI/SSP income with a housing allowance or shallow subsidy), then the City should quickly transition participants to the cash assistance program funded in Component Two as a viable next-step prevention strategy from the Component One program.

For seniors and persons with disabilities in need of rental arrears assistance that exceed 6 months, the City of LA has at least two viable options it could pursue:

Option #1: Time-Limited Subsidies

The City can quickly resolve current rent burdens for those most at-risk of homelessness by investing ULA resources into a Time-Limited Subsidy (TLS) Income Assistance program. TLS programs provide support to households experiencing homelessness by assisting them in accessing permanent housing quickly and for a limited amount of time. The amount of time varies by the specific program, and the most common form of TLS programs is typically called Rapid Re-Housing, where tenants are supported for up to one, two, or three years while they grow and stabilize their income and benefits. However, seniors are usually on a fixed income, so the City's TLS program for low-income rent-burdened seniors/disabled persons should serve ERAP applicants that have over 6 months of debt and should not set an arbitrary two-year time-limit on the rental subsidy and

services. Instead, this option should model itself more on HUD's Section 202 vouchers, where individuals aged 62 and older can access the voucher until the individual no longer needs the voucher or the individual expires - at which point the City can either reuse the subsidy on another senior with over 6 months of debt or reinvest the funding into Component Two.

Even a time-limited rental subsidy for the senior and disabled population will need to be paired with supportive services - like housing navigation, case management, and tenancy supports - during participation in the income assistance program. Such services can help clients identify units, transition from the streets or shelters into housing, connect to mainstream supports and benefits, and identify the most appropriate longer-term level of support and assistance needed to age in place.

Finally, for other TLS programs under LAHSA, if additional months of financial assistance are required beyond the 24 months, providers must submit a Financial Assistance Extension Request (FAER). The FAER must include a transition plan and justification for how the additional assistance will support the household to maintain permanent housing. For those seniors and persons with disabilities enrolled into the Measure ULA Targeted Cash Income Assistance Based on Need, the FAER requirement should be removed and the participant should automatically be provided the income assistance until the participant is placed into an appropriate permanent housing option or expires.

Option #2: Flexible Funds

The final option the City could pursue to resolve senior homelessness is to establish a flexible pool of resources providers can use to finance the unmet services and support needs of unhoused seniors with disabilities. Flex funds can be used to make accessibility modifications, overcome barriers like hefty deposits or move-in assistance, or close other gaps in an individual's housing stabilization plan. Flex funds can also be used to help unhoused seniors who are categorically excluded from other publicly-funded assistance programs (e.g., sex offenders). Paired with mainstream rental subsidies and benefits, flex funds can often be the final missing ingredient to get people into safe and stable housing while minimizing the city's long-term financial obligations. If designed and executed well, flex funds are a complement to mainstream programs like rental subsidies and case management; not a supplement or replacement for those vital publicly-funded programs.

Component Two: Targeted Cash Assistance Based on Need

On any given day in the City, there are ~100k senior renters who are severely rent burdened (paying 50% or more of their income toward rent). Almost 1,000 City seniors are on General Relief, 64,000 are receiving In-Home Supportive Services (IHSS), and 35k are on SSI with an average monthly payment of \$837 and a median rent of \$1,703. Overlapping with these low-income seniors is a population of low-income City residents living with disabilities. In fact, there are roughly 182k seniors with disabilities renting in the City of LA. Because the combination of old age, disability, low/fixed incomes, and rising housing costs are all heavily correlated with housing instability, the second component of ULA's Senior/Disabled Housing Stability & Income Assistance program must be Targeted Cash Assistance Based on Need, and should receive at least 50% of the program's initial funding allocation.

Key Design Principles

The key design principles of this targeted cash assistance program must be:

- **Leverage Existing Infrastructure:** Fortunately, LA is already home to several programs, hotlines, and websites that attempt to provide similar support to at-risk households. Therefore, the City must prioritize synergy, collaboration, and consolidation with other prevention and problem-solving programs at LAHSA, the City, and the County levels. There is no need to reinvent the wheel or start from scratch. By

leveraging existing infrastructures - like eviction defense, emergency rental assistance, and tenant outreach/education - the City can expedite its impact on at-risk senior and disabled residents.

- **Low Administrative Burden:** It is surprisingly hard to provide cash assistance and the evidence shows that every added step in a process reduces the likelihood of completion. Complex application processes, multiple forms, frequent recertification processes, and lengthy questionnaires should all be minimized and streamlined. We should ask only what we need to know to execute the program and nothing more.
- **Minimize Negative Impact on Benefits:** This program targets some of the most impoverished residents of the City, who are likely already on publicly funded benefits like Medi-Cal, Medicare, CalFresh, General Relief, and/or SSI. Therefore, great care must be taken to protect those benefits and ensure cash assistance does not make the individual worse off. It is unlikely that there will be zero impact on their benefits, but the goal of this program should be to minimize any negative impacts wherever possible.
- **Connection to Mainstream Supports:** The City's creation of a cash-assistance program for seniors and people with disabilities will require deep partnership with LAHSA and County partners to ensure participant access to mainstream resources funded by the federal, state, and County governments. Those resources include access to benefits, health and behavioral health care, prevention and problem-solving resources, time-limited subsidies, Permanent Supportive Housing, and Enriched Residential Care. So, regardless of whether the client receives cash assistance, they should all benefit from mainstream government support for which they are eligible.
- **Culturally Competent Marketing & Targeting:** Senior and disabled residents of LA City are not monolithic. They have varying household configurations, speak a range of languages, live with a wide variety of access and functional needs, have non-uniform relationships to anchor institutions and provider partners, and receive information through various channels that might not align with other sub-populations. All communications to target populations about this cash assistance program should be culturally competent, age-appropriate, and accessible to the target population and their trusted partners.

Design Elements

Since the demand for help is still greater than the supply of resources, there are two key questions the City must confront when designing a homeless prevention program:

1. **Intervention Structure:** How should the City structure the intervention to most effectively prevent homelessness among seniors and people with disabilities?
2. **Prevention Targeting:** How can the City most accurately identify those seniors and people with disabilities who are likely to experience homelessness without the intervention?

Structuring the Intervention

Direct Cash Assistance

According to the California Policy Lab at UCLA, the region's leading expert on homeless prevention and predictive modeling, the most effective prevention strategies are typically designed to quickly increase income and resolve urgent financial crises. Homeless return rates are significantly lower for households who receive financial/cash assistance compared to those who do not. [According to a 2021 report from the Homeless Policy Research Institute \(HPRI\)](#), most government and non-profit efforts to prevent homelessness have historically offered only

goods and services like food, healthcare, or legal assistance²⁹. While these approaches can be very impactful, they have large administrative burdens and carry the assumption that people in poverty do not know what they need to survive or cannot be trusted to make decisions to help themselves. Recent evidence is increasingly showing that direct cash transfers to landlords (for arrears) or directly to tenants in poverty are more efficient at reducing administrative burdens, and they give recipients freedom of self-determination. Emerging evidence is also showing that direct cash assistance is a more cost effective intervention. Therefore, we recommend the City structure Component Two as a direct-to-tenant cash “assistance based on need” and pair that cash assistance with other ULA-funded supports like Right to Counsel and/or Tenant Outreach/Education.

Intervention Amount (\$500-\$800 per month)

As of January 2023, Acutely Low Income (ALI) Seniors in LA are currently earning just over \$1,100 per month, which is also the expected combined [Supplemental Security Income \(SSI\)/State Supplemental Payment \(SSP\) for seniors and people with disabilities who have no assets and cannot work](#)³⁰. According to the [2022 LA County Affordable Housing Needs Report](#)³¹, there is an Average Asking Rent of \$2,349 and [Fair Market Rent for an efficiency in LA priced at \\$1,840](#)³². At these prices, our poorest seniors and disabled residents simply do not have enough income to stay independently housed. Therefore, a modest \$500 to \$800 per month would keep severely rent burdened seniors in their existing units or give them the flexibility of affording a room of their own in a multi-bedroom unit.

Providing \$500 to \$800 a month in cash assistance based on need is aligned with several initiatives worth noting. First, it matches the typical payouts for LA County’s Homeless Prevention Program, which LA City should align and collaborate with for this program. Second, it aligns with the proposed [2020 LA County Older Adult Pilot program](#) proposed by Dr. Dennis Culhane, Andy Perry, Max Stevens, Dan Treglia, and Randall Kuhn, which suggested \$600 per month for people in shared living arrangements and \$750 per month for people living alone³³. Finally, it aligns with a comparable program, called [Preserving Our Diversity](#), in the City of Santa Monica, which provides up to \$700 a month for people living alone³⁴.

Method of Payment

In order to minimize impact on a participant’s federal, state, or local benefits, the City should consider modeling its method of payment after the [California Middle Class Tax Refund \(MCTR\) Program](#)³⁵ authorized by the Better for Families Act, and the City of Santa Monica’s Preserving Our Diversity (POD) program - both of which use a debit card system to transfer the assistance based on need to a separate account for each eligible participant. Under the POD program, the cash assistance is deposited each month onto a debit card that is issued to selected applicants. The cards are mailed to the program participants after enrollment and is managed by a company called Money Network. Participants can use the card anywhere debit cards are accepted: in-store,

²⁹ Homeless Policy Research Institute. (2021) “Cash Payments to People Experiencing Homelessness.”

https://socialinnovation.usc.edu/wp-content/uploads/2021/05/Cash-Payments-Lit-Review_final.pdf

³⁰ Social Security Administration. (2023) “SSI in California.” <https://www.ssa.gov/pubs/EN-05-11125.pdf>

³¹ California Housing Partnership. (2022) “LA County 2022 Affordable Housing Needs Report.

https://chpc.wpenginepowered.com/wp-content/uploads/2022/05/Los-Angeles_Housing_Report_2022-AHNR-rev1.pdf

³² Housing Authority of the City of Los Angeles. (2022) “Voucher Payment Standards.”

<https://www.hacla.org/en/about-section-8/payment-standards>

³³ Culhane, D., Perry, A., Stevens, M, Treglia, D. et al. (2020) “A Roadmap for Phased Implementation of an Older Adult Housing Pilot in Los Angeles County.” http://works.bepress.com/dennis_culhane/242/

³⁴ City of Santa Monica. (2019) “Preserving Our Diversity Program (POD) Pilot 2 Policies and Procedures.”

https://www.smgov.net/uploadedFiles/Departments/HED/Housing_and_Redevelopment/Housing/Information_and_Refere_nce/POD%20Pilot%20%20Policies%20and%20Procedures%20Manual%202019.10.03.pdf

³⁵ State of California Franchise Tax Board. (2022). Middle Class Tax Refund.

<https://www.ftb.ca.gov/about-ftb/newsroom/middle-class-tax-refund/index.html>

online or by phone. They can also get cash using ATMs or get cash back at the register with PIN debit purchases at participating merchants.

There is also a Guaranteed Income Program approved by the City of Long Beach called “[The Long Beach PLEDGE](#)” which is supported by the Fund for Guaranteed Income (F4GI). This program supports 200 residents with guaranteed income of \$500 each month for up to one year and “is a type of cash transfer program that provides continuous, unconditional cash payments.” The application portal houses all of the required documents to apply for the program and both the approval and payments will be submitted to the applicant directly.

While the City should utilize the tenant information collected from the initial Short-Term ERAP, payments should go directly to the applicant to avoid delays or concerns that may arise with trying to get approval from landlords to receive payment. The income assistance is meant to support the income gaps that exist for seniors and persons with disabilities that prevent them from paying for rent and other necessities.

Impact on SSI/SSP

Under federal law, assistance received under this program is determined in part by the applicant’s income and should be considered by the Social Security Administration to be “assistance based on need” paid by the political subdivision of a state, which means it is excluded from their countable income and assets. The countable resource limit for SSI is no more than \$2,000 for an individual or \$3,000 for a couple, so applicants must use all of the cash assistance to pay for basic housing needs and not accumulate the funds in a bank account or else they might exceed the resource limit. However, it may be beneficial for the City to request an explicit waiver from the state to exclude ULA-funded cash assistance from the countable resource limits and to ensure it is not counted as in-kind support and maintenance.

In addition, the configuration of housing is also relevant to the total amount of SSI/SSP support because federal law reduces SSI payment if the individual lives in “another person’s house, apartment, or mobile home.” In some cases, SSI/SSP benefits can be reduced from \$1,133 to \$833 per month, a \$300 reduction. Therefore, the program must communicate clearly with SSI/SSP recipients about the impact of proposed shared living arrangements on their potential income.

Targeting the Intervention

According to experts at the California Policy Lab, the identification of at-risk seniors and people with disabilities must occur in two ways: responsive and predictive targeting, described in further detail below. The reason for two targeting pathways is based on evidence that shows there is little overlap between groups that self-identify as being high risk, and those that do not self-identify but are indeed high risk based on their heavy use of public health care and other social safety net services. Unfortunately, many at-risk seniors and people with disabilities will not self-identify as being at risk of homelessness because of negatively perceived stigmas. Both groups include people who are likely to experience homelessness and therefore must be accounted for in prevention targeting strategies.

Responsive Targeting

Single Point of Entry

The City must create a pathway for seniors and people with disabilities to self-identify as being at risk of homelessness, and that pathway should have a single, easy-to-access point of entry - ideally tied to 211 or another commonly known phone number, app, or website. Current LAHSA-funded prevention programs require clients to access programs through local providers, which perpetuates confusion and inconsistencies. Learning lessons from that fragmentation, the City should ensure the front-door of self-identification is clear and

accessible to the aging and disability communities and the multiple systems that serve them (e.g., Homeless Outreach Teams, Access and Engagement Centers, Senior Centers, Area Agencies on Aging, Disability Resource Centers).

Centralized Intake and Eligibility Screening with other Partners

Because individuals and families who seek homeless prevention services often face time-sensitive financial and legal issues, they need to be screened and provided with legal referrals, rental assistance, and other critical support within a very short time frame. Therefore, a core team at the City, County, and/or LAHSA should be trained in screening, eligibility, case coordination, and program components. The goal should be to avoid competing or duplicative prevention intake processes within the Continuum of Care so all participants, including providers, have clear direction. This responsive targeting of cash assistance must be integrated with other elements of ULA-funded programming like Eviction Defense, Emergency Rental Assistance, and Tenant Outreach and Education, so that people who need both emergency and ongoing help with housing stability are set up for success.

Prevention Targeting Tool (PTT)

For eligibility screening, the City should use the existing [Prevention Targeted Tool \(PTT\)](#), which is an 18-question assessment, developed by the California Policy Lab, that assigns point values based on responses to determine the individuals at highest risk of experiencing homelessness³⁶. Within the City, the Community Investment and Families Department utilized this tool to determine eligible participants for the Solid Ground Homelessness Prevention Program. Those who score 16 points or more are recommended for prevention intervention. The PTT automatically assigns 3 points to individuals age 55 and older, 1 point if income is less than or equal to 30% AMI, and 3 points if you have any sort of physical or mental disabilities. That's a baseline of 7 points for our target population, which can quickly get to 16 points or higher if any of the following are also true:

- ☐ 5 points for prior history of homelessness
- ☐ Up to 5 points if their housing status is in immediate jeopardy
- ☐ Up to 5 points if they are currently in Permanent Supportive Housing or on a Voucher
- ☐ 4 points if they have any foster care or criminal justice involvement
- ☐ 3 points if they were recently discharged from any institutions (including hospitals)
- ☐ 3 points if they have recently lost a family member, or been separated/divorced
- ☐ 2 points if they have an open case with Adult Protective Services

Marketing the Program

The marketing for the Targeted Cash Assistance Based on Need program should be proactive and accessible to a diverse population of low-income, renting seniors and people with disabilities. This means information about the program should be available in all languages commonly spoken in the City of Los Angeles, using culturally competent language and trusted messengers. Communications about the program should include in-person outreach at sites frequented by low-income seniors and people with disabilities (e.g., public libraries, senior centers, family source centers, churches, community resource centers), as well as electronic and direct mail outreach. The City of Santa Monica specifically targets seniors in rent-controlled units, which is something the City should also consider when determining targeted marketing techniques. The City should also work with the County and LAHSA to ensure information about this program is available to all existing and relevant touch points within the target population.

³⁶ California Policy Lab. (2021) "Single Adult Homelessness Prevention Targeting Tool Draft." <https://www.capolicylab.org/wp-content/uploads/2021/07/Appendix-B2-Single-Adult-Homelessness-Prevention-Targeting-Tool-Draft.pdf>

Predictive Targeting

Because it is incredibly difficult to predict who will become homeless among the tens of thousands of extremely poor, elderly and disabled households, we do not recommend the City try to predict that outcome on its own. Instead, we recommend the City partner with the most credible homeless prevention effort in LA County and help them expand their focus to seniors and people with disabilities who reside in the City of LA.

A Partnership with the LA County Homeless Prevention Unit (HPU)

The LA County Department of Health Services is home to an innovative Homeless Prevention Unit (HPU), which the City should partner with to expand and target seniors and people with disabilities who do not self-identify but are at high risk of experiencing homelessness based on administrative data. The HPU began in July 2021 and uses linked, de-identified data on individuals accessing LA County services. A team of CPL data scientists generates lists of clients predicted to be at very high risk of experiencing homelessness and provides the list to LA County departments to re-identify the clients and conduct outreach. Participation is completely voluntary and adult participants are provided flexible cash assistance, connection to health care, mental health care, legal services, and other supportive services.

The anonymized data used in these predictive models comes from eight LA County agencies and includes thousands of different variables - everything from enrollment in benefits programs to mental health diagnoses, emergency room visits, and criminal justice contacts. Using this historic data, the predictive models then identify which variables or combinations of variables are most closely associated with new episodes of homelessness. Once the important variables are selected, the models predict the people most likely to experience that outcome and CPL generates an anonymized, rank-ordered list of people for the County. To date, the HPU has proven that 30% of its high-risk list will become homeless, and 90% of their participants have maintained housing stability to date. To put those numbers in perspective, if ULA spent \$700 a month helping 3,000 high risk seniors and people with disabilities, then it would effectively prevent almost 1,000 people from becoming homeless in a given year in the City.

Program Administration

No more than 10% of the ULA funding allocated for this Senior/Disabled Housing Stability and Income Assistance should be available for direct, sub-contracted, or partner providers or staff for the administration and execution of the program. Program Administration may include, but might not be limited to:

- Contracting and Procurement
- Budgeting and Financial Management
- Equipment, Supplies, and Materials
- Travel and Training
- Program Analysis and Reporting
- Facilities (e.g., rent, maintenance, etc.)
- Consulting and Technical Assistance

Shared Fact Base

Facts about the Older and/or Disabled Renter Population in the City of LA

According to the most recent U.S. Census data, the City of Los Angeles is home to almost 4M residents.³⁷ Roughly 500k or 12% of LA City residents are age 65 and older, and 11% are living with a disability which increases to 35% among the SCAG Pre-Certified Local Housing Data for the City of Los Angeles (updated April 2021). Seniors more commonly live with hearing, ambulation, self-care, and independent living challenges. There are ~100k senior renters who are severely rent burdened (paying 50% or more of their income toward rent).³⁸ As of November 2022, there are almost 1,000 City seniors on General Relief, 64k are receiving In-Home Supportive Services (IHSS), and 35k are on SSI with an average monthly payment of \$837 and a median rent of \$1,703.

Area Median Family Income for Los Angeles is determined annually by the U.S. Department of Housing and Urban Development (HUD) and the most recent income limits are [available here](#)³⁹, and the table below estimates the portion of LA's senior population of renters that fall into each income category:

Area Median Family Income (AMFI) for FY 2022 (HUD)		\$91,100
Proportion of LA City Senior Population who are Renters	63%	312,069
Moderate Income or Higher (\geq 120% of AMFI)	37%	115,582
Low Income (160% of VLI)	16%	49,830
Very Low Income (VLI) (50% of AMFI)	11%	35,867
Extremely Low Income (60% of VLI)	17%	53,354
Acutely Low Income (15% of AMFI)	18%	57,436

³⁷ United States Census Bureau (2021) "American Community Survey Demographic Estimates."
<https://data.census.gov/table?g=1600000US0644000&tid=ACSDP1Y2021.DP05>

³⁸ Southern California Association of Governments (2021) "Pre-Certified Local Housing Data for the City."
<https://scag.ca.gov/sites/main/files/file-attachments/los-angeles-he-0421.pdf?1620776467>

³⁹ U.S. Department of Housing and Urban Development. (2023) Income Limits Documentation System.
<https://www.huduser.gov/portal/datasets/il/il2022/2022summary.odn>

With respect to residents living with disabilities, the City of Los Angeles has an estimated 424k individuals who identify as living with a disability, which is 11% of the City's population. The table below breaks down those disabilities by type and age to better show the prevalence of disabilities among seniors compared to those within the younger populations:

Disability Category	Age 0-64	Age 65+	Overall
Hearing	1% or 36,898	11% or 57,306	2% or 92,204
Vision	2% or 73,302	7% or 35,157	3% or 108,459
Cognitive	3% or 97,728	10% or 51,808	4% or 149,536
Ambulatory	3% or 91,951	24% or 121,841	6% or 213,792
Self-Care	1% or 43,088	12% or 59,721	3% or 102,809
Independent Living	2% or 77,217	19% or 100,360	5% or 177,577
Total	7% or 241,087	35% or 182,542	11% or 423,629

Facts about Older and Disabled People Experiencing Homelessness in the City of LA

On any given night in the City of Los Angeles, there are almost 42,000 people experiencing homelessness, and 83% or ~35k are experiencing it as individuals not in family units. Of that subset, ~11.5k or 27% are older adults and ~2,600 or 6% are seniors experiencing homelessness⁴⁰ as shown in the table below. The majority of these individuals are experiencing “chronic homelessness” and the older adult category is projected to be the fastest growing age demographic of PEH through 2030, and the latest research in California shows a large portion of older adults experiencing homelessness are experiencing it for the first time after age 50, and many are related to post-incarceration housing instability. Black and African American people are more over-represented among older adults experiencing homelessness (39%) than they are in the general homeless population (33%) despite accounting for only 8% of the total population in L.A. County.

Age Category	Age	Sheltered	Unsheltered	Total	Prevalence in Homeless Population	% Change from Prior Year
Older Adults	50-54	888	3,475	4,363	10%	0%
	55-59	843	2,926	3,769	9%	-17%
	60-61	361	1,206	1,567	4%	17%
	62-64	413	1,315	1,728	4%	-6%
<i>OA Subtotal</i>	<i>50-64</i>	<i>2,505</i>	<i>8,922</i>	<i>11,427</i>	<i>27%</i>	
Seniors	65-69	485	1,117	1,602	4%	21%
	70-79	286	570	856	2%	17%
	80+	29	29	137	0%	-30%
<i>Seniors Subtotal</i>	<i>65+</i>	<i>800</i>	<i>1,716</i>	<i>2,595</i>	<i>6%</i>	
TOTAL	50+	3,305	10,638	14,022	33%	

⁴⁰ Los Angeles Homeless Services Authority 2022 Greater Homeless Count - City of Los Angeles. (2022) “City of LA Data Summary.” <https://www.lahsa.org/documents?id=6516-city-of-la-hc22-data-summary>

The life expectancy of this unhoused group is well-documented to be significantly shorter than the general population. In fact, the average age at death among PEH is 51 compared to 73 in the general population. This is, in part, due to the undertreated underlying medical conditions and disabilities that are exacerbated by surviving on the streets and in emergency shelters. Based on self-reported data from the most recent PIT count, older adults report the following health and disability challenges:

- 36% report having a Physical Disability
- 25% report living with a Serious Mental Illness
- 23% report managing a Substance Use Disorder
- 9% report having a Developmental Disability
- 1% report living with HIV/AIDS

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Appendix I

Eviction Defense & Prevention Full Program Guidelines

The purpose of these Program Guidelines is to implement the Eviction Defense/Prevention right to counsel program via Stay Housed LA, and any other legal service provider as determined by the Citizens Oversight Commission or LAHD.

I. Implementation:

- A. LAHD shall oversee the provision of eviction defense and prevention legal services by contracting with nonprofit legal services provider(s).
- B. Full Scope Legal Representation shall be phased in by zip codes during a period of time that is approximately 5 years, in a manner that LAHD determines appropriate, based on all relevant factors including:
 - 1. the prioritization of certain groups of vulnerable individuals in zip codes utilizing the City of Los Angeles's forthcoming anti-displacement mapping tool which will identify and predict existing and future direct and indirect displacement risks as part of LAHD's efforts to implement goals, policies and objectives;
 - 2. the availability of funding from all sources;
 - 3. the availability of trained and qualified attorneys to provide legal representation;
 - 4. geographic considerations vis-a-vis shared zip codes with other jurisdictions;
 - 5. the scope of the need for legal representation; and
 - 6. any other appropriate logistical consideration.
- C. Limited Scope Legal Assistance may be available, depending on legal service provider capacity, to tenants who are outside a Covered Geographical Area, or who are in a Covered Geographical Area, but have not requested legal assistance prior to the unlawful detainer trial being set.

II. Eviction Defense and Prevention Legal Services

A. Definitions.

- 1. **Covered Individual** includes any tenant:
 - a. at 80 % of the Area Median Income or below; and
 - b. who occupies a dwelling located within the City of Los Angeles under a claim of legal right, other than the owner of the dwelling, or a master tenant; and
 - c. resides in a Covered Geographic Area.
- 2. **Covered Geographical Area** is a zip code that has been prioritized, per IB. above, and for which funding has been made available for right to counsel.
- 3. **Covered Proceeding** includes:
 - a. any judicial proceeding to terminate the tenancy of a covered individual;
 - b. any proceeding deemed by a designated organization as the functional equivalent of a proceeding described in subparagraph (a); and
 - c. any first appeal of such a proceeding where an LSP determines that there are good grounds for an appeal.

3. Designated Legal Services Organization (LSP) is:

- a. Any not-for-profit LSP that is designated by the Los Angeles Housing Department or;
- b. Where a not-for-profit LSP is unable to provide representation, an attorney who is not an employee of an LSP but who contracts with Los Angeles Housing Department or its designee to provide legal representation to covered individuals in covered proceedings; and is authorized to practice law in California. Said attorney must have the capacity to provide legal representation to covered individuals involved in a covered proceeding, and agree to adhere to the established standards of practice.
- c. The Los Angeles Housing Department will conduct an annual review of the LSP and may decline to renew the designation of any such organization.
- d. The City of Los Angeles shall require the Los Angeles Housing Department to create and maintain a list of LSPs and any other designated attorneys and make that list publicly available.

4. Full Scope Legal Representation is ongoing legal representation provided by an LSP to a Covered Individual in a Covered Geography for a Covered Proceeding , and all legal advice, advocacy, and assistance associated with that representation. “Full legal representation” shall be provided by a lawyer authorized to practice in the State of California.

5. Limited Legal Assistance includes, but is not limited to: legal consultation/advice, assistance with filing or completing forms in proper, and/or referrals. It does not include tenant education or Full Scope Legal Representation.

6. Non-Covered Individual includes any tenant:

- a. at 80 % of the Area Median Income or below; and
- b. who occupies a dwelling located within the City of Los Angeles under a claim of legal right, other than the owner of the dwelling, or a master tenant; and
- c. Lives outside a Covered Geographical Area.

B. SPECIFIC TASKS – LEGAL SERVICES

Individual tenants and tenant households shall have access to Legal Services through a variety of methods including the Stay Housed LA website and toll-free hotline, Community Based Organizations (CBO) workshops and clinics, other ULA programs, as well as individual Legal Service Provider’s own offices, hotlines and websites. Each tenant or tenant household requesting legal services must fill out an application to assess eligibility. Tenants will be referred to subcontracted legal service providers (LSPs) depending on their location (courthouse). All tenants, regardless of immigration status or language, shall be served by the program.

Covered Individuals receive first priority for Full Scope Legal Representation. Covered Individuals may receive Limited Scope Assistance for issues that are not Covered Proceedings, dependent on LSP capacity. Non-Covered Individuals may receive Full Scope Representation or Limited Scope Assistance, dependent on LSP capacity.

1.1 FULL SCOPE LEGAL REPRESENTATION

- 1.1.1 Contractor shall provide Full Scope Legal Representation to Covered Individual who have had an unlawful detainer complaint filed against them.
- 1.1.2 Legal Services provided are subject to eligibility requirements for Covered Individual and availability of funding.
- 1.1.3 For the purposes of this section, Full Scope Legal Representation may include, but is not limited to:
 - 1.1.3.1 Preparing and submitting a formal response to a notice of termination of tenancy on behalf of a tenant.
 - 1.1.3.2 Representing a tenant in mediation, negotiation, or other dispute resolution between a tenant and a landlord.
 - 1.1.3.3 Legal research, investigation, and/or document review to prepare for trial.
 - 1.1.3.4 Representing tenants at an unlawful detainer trial or settlement negotiations.
 - 1.1.3.5 Representing tenants in administrative proceedings which may result in the termination of a tenancy or the loss of a federal, state, or local rent subsidy.
 - 1.1.3.6 Providing additional and/or ongoing services after the formal conclusion of an eviction proceeding or trial to stabilize a tenant's housing, including but not limited to sealing eviction records.
 - 1.1.3.7 Providing out-of-court assistance with mediation, negotiation, and/or other dispute resolution between a tenant and a landlord, including negotiating rental assistance.
 - 1.1.3.8 Any other service ordinarily provided by Contractor, or subcontracted legal service provider, reasonably related to preventing a tenant from eviction or disruptive displacement.
- 1.1.4 Contractor shall provide County with monthly updates on the progress of its Full Scope Legal Representation efforts including its ability and timeframe to reach target service levels as outlined in Attachment III (Target Service Levels) of this Statement of Work.

1.2 LIMITED SCOPE LEGAL ASSISTANCE

- 1.2.1 Contractor may provide Limited Scope Legal assistance to Non-Covered Individuals or Covered Individuals with any housing issue that may potentially lead to eviction or homelessness.
- 1.2.2 Legal Services provided are subject to eligibility requirements and availability of funding.
- 1.2.3 Contractor shall provide Limited Scope Legal assistance services within clinics, via organizational and program-specific hotlines, or by direct appointments or any other means.
- 1.2.4 For the purposes of this section, Limited Scope Legal assistance may include, but is not limited to:
 - 1.2.4.1 One-on-one consultations in-person, via phone or videoconference.
 - 1.2.4.2 Preparation of a formal response to a Notice to Terminate Tenancy on behalf of a tenant.

- 1.2.4.3 Assistance with preparation of responsive eviction pleadings, such as answers and fee waiver forms on behalf of a pro per tenant.
- 1.2.4.4 Pro per trial preparation assistance.
- 1.2.4.5 Enforcement of existing ordinances and local executive orders through such means as drafting demand letters to landlords.
- 1.2.4.6 Counsel and advice on housing matters such as rent increases. Tenant harassment, landlord notices, etc.
- 1.2.4.7 Requests for reasonable accommodations.
- 1.2.4.8 Determinations that the three-day notice is in violation of any applicable laws (including, but not limited to, the City's RSO, the Anti-Tenant Harassment Ordinance violation, or the Just Cause Eviction Ordinance) and refer any potential violations to LAHD so the department can open a case to investigate the complaint and issue a letter to the landlord to stop the eviction;
- 1.2.4.9 Referrals to LAHD to ensure tenants receive responses to their issues and they are navigated through the proper filing of complaints with the City Departments' Code Enforcement sections/units (LAHD, Los Angeles Department of Building & Safety, and/or other local government entities such as the Los Angeles County Department of Public Health), as well as help tenants receive assistance with any fair housing issues/violations by referring them to a fair housing organization.
- 1.2.4.10 Any other service ordinarily provided by Contractor, or a subcontracted legal service provider, reasonably related to preventing a tenant from eviction or displacement.
- 1.2.5 In the event that it is determined a Non-Covered Individual receiving Limited Scope Legal assistance requires Full Scope Legal Representation to resolve a Covered Proceeding, Contractor may assist the individual pending availability of Full Scope Legal Representation capacity, or may refer to other available attorneys, including private attorneys who practice unlawful detainer law.
- 1.3 LSPs shall work in conjunction with community based organizations on workshops and clinics.
- 1.4 LSPs shall work in conjunction with any provider of rental assistance or other financial assistance as prescribed by LAHD.

Appendix J

Tenant Outreach and Education Full Program Guidelines

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Article I. General Overview

Section A. Introduction and Context

The November 2022 Citizens Ballot Measure ULA, which established the Los Angeles Program to Prevent Homelessness and Fund Affordable Housing (“House LA”), was written by affordable housing practitioners and successfully secured the support of 58% of voting Angelinos. The measure establishes robust funding to implement an array of homelessness prevention, tenant protection, housing preservation and housing production strategies. Anticipating that House LA’s transfer tax mechanism will create ample resources, the authors have directed a percentage of the annual tax revenue to Tenant Outreach and Education as one of many proactive strategies to prevent homelessness.

The guidelines prepared by the United to House LA Coalition and presented below are designed specifically for Tenant Outreach and Education services as provided by Stay Housed LA, plus any future outreach and education programs as determined by the Citizen Oversight Commission in consultation with community organizations, any reference to Stay Housed LA throughout this document is with this understanding.

Approximately 20,000 eviction cases are filed each year in the City of Los Angeles, where 889,000 renters live. Over 50% of tenants are rent burdened, and 25% are severely rent burdened. Providing residents with access to education and outreach will help mitigate and reduce the serious threats to the public health, safety and general welfare of residents in Los Angeles caused by the displacement and eviction of thousands of Angelinos.

Evictions create significant costs for local and state governments related to shelter funding, education funding, health care provided in hospitals instead of community-based providers, transportation costs for homeless youth, and foster care, the policing and incarceration of homeless people.

Furthermore, Black and Latinx tenants have been disproportionately impacted by COVID-19 itself, which has caused a cascade effect on incomes and the subsequent ability to pay rent, as shown in the Census Household Pulse Survey data. Providing a right to counsel to tenants in eviction cases is a proven means of preventing the disruptive displacement of families and the resulting social, economic, and public health costs of such displacement.

To address this array of concerns, House LA will allocate a projected \$16 million of annual funding to support tenant outreach and education. This Outreach and Education Program, based on the measure’s language and these guidelines, include the following elements (each of which is expounded on in the following sections of these guidelines).

- Meaningful Tenant Engagement: Acknowledging that true homelessness prevention is not only Outreach or Public Awareness or Education but includes Tenant Navigation and more. This includes but is not limited to collaboration and cooperation with wrap-around services, local resources and community groups, and other programmatic aspects of House LA as determined by subcontractors.

- Accurate Messaging: To the best of ability all parties involved will prioritize delivering accurate messaging regarding capacity, program updates etc to the public especially the target audience of this program tenant.
- Flexibility: Keeping homelessness prevention as the key goal, eviction prevention viatenant outreach and education will remain flexible in order to structure a program that can provide tenants with reliable information and support in a constantly shifting policy environment, with methods determined by subcontractors.
- Tenant Empowerment: The key focus of the program is to educate tenants of their rights in a confusing landscape and encourage them to assert their rights provided by law. When tenants feel safe and secure to assert their rights, this will translate to stronger communities as neighbors share information and resources with each other, ultimately building community knowledge and awareness of where to seek support. This can range from a call to LAHD to file a code violation complaint to understanding the court process and how to answer Unlawful Detainers to joining a community workshop on writing a letter to request repairs.

Section B. Purpose and Scope Overview

The purpose of these Program Guidelines is to implement the section of House LA, which supports Eviction Prevention via Tenant Outreach and Education conducted by Stay Housed LA, plus any future outreach and education programs as determined by the Citizen Oversight Commission in consultation with community organizations. This includes but is not limited to collaboration and cooperation with wrap-around services, connection and referrals to local resources and community groups, and other programmatic aspects of House LA. Eviction Prevention is the focus and priority for outreach and education, unless determined by Oversight Committee and Subcontractors as guided by values in sections 1 & 2.

House LA funding will support the following work:

1. Eviction Prevention via Stay Housed L.A.
 - a. Public Awareness
 - b. Outreach
 - c. Education
 - d. Public Events
 - e. Tenant Navigation
2. Tenant Outreach and Education on other relevant topics as needed, included but not limited to:
 - a. Harassment
 - b. Habitability and Code Enforcement
 - c. Section 8 Housing
 - d. Informal Housing

Section C. Commitment to Meaningful Tenant Engagement

House LA's goals include:

- Educate tenants about their rights to prevent displacement and eviction
- Empower tenants to assert their rights through providing an array of services including brief to comprehensive tenant navigation, in which a tenant continues to receive sustained support to address their immediate issue.
- Prevent and reduce homelessness by connecting residents to resources such as rental assistance, wrap-around services, supportive services.
- Maintain and preserve the current affordable housing stock, by informing tenants of their rights, how to seek repairs, file complaints with the City and address code violations, and more.

In alignment with this purpose, the Outreach and Education program seeks to preserve not only housing and the existing stock, but intergenerational family and community ties in the City via proactive homelessness and eviction prevention. This will be achieved by:

Offering services which are actively:

- Accessible: ADA compliant and language justice informed.
- Attune: to the needs and realities of different historically marginalized communities (such as but not limited to: disability, anti-black racism, homophobia, transphobia, sexism, lack of language access and other tenant experiences which affect the vulnerability of a tenants history and situation.) Implementation of service shall consider how the above may merit a shift in curriculum or delivery of service.
- Culturally relevant: Able to provide activities, communication, and follow-up in the appropriate manner in relation to the local area and the audience being served.
- Language Justice: Use language justice as a guiding principle to provide interpretation, translation and other agreed upon language justice accommodations to those whose primary language is not English.

Using curriculum which is strengthened by expertise in:

- Adult education
- Tenant rights
- Popular education
- Visual learning strategies

Staffing teams which are 51% comprised of staff which fall into at least one or more of the following categories:

- (1) Resident of local area being served and have a current zip code in the area;
- (2) Generational connection; while staff many not have a current zip code of the area being served and not a long term resident they will have generational connection to area being served

(some indications of generational connect are: born in the area, raised in the area, or have immediate family that lives or lived in the area etc);

- (3) Black, Indigenous or otherwise representative of the current diaspora represented in the area being served;
- (4) Is a tenant themselves of the local area being served and has experience learning their rights and responsibilities as a tenant and sharing that knowledge with others;

**Example: a staff of 3 in a community based organization would have at least 1-2 staff which fall into one of the above areas.*

Article II. Program Requirements and Procedures

Section A. Summary

In order to contribute to meeting House LA's overarching program goals, and in accordance with House LA's requirements for the Tenant Outreach and Education Program summarized above, the following is provided:

Section B. Scope of Services

Stay Housed LA provides a number of eviction prevention services including but not limited to the following:

1. Public Awareness
2. Outreach
3. Education
4. Public Events
5. Tenant Navigation

1. Public Awareness: A portion of this program will be Public Awareness. The Subcontractor shall conduct a citywide multilingual public awareness campaign to educate residential tenants about their rights and responsibilities under the laws of the City of Los Angeles, the County of Los Angeles, the State of California, and the Federal government. Contractor shall also educate tenants on the resources and services available to them. The public awareness campaign is intended to be broadly accessible to all tenants and communities in the City of Los Angeles, regardless of immigration status, technical literacy, language skills, and/or access to the digital hardware necessary to access online information. The public awareness campaign will support both in person and virtual Know-Your-Rights (KYR) education as well as tenant outreach efforts outlined below.

The Outreach and Education Program shall subcontract with strategic communications experts to complete all aspects of the public awareness campaign, including but not limited to:

Advertising

1. Digital advertisements
 - a. Subcontractors shall utilize digital advertisements on major social media platforms to educate tenants on their rights and the services available to them through this program. This can include: Determining advertisement placement, developing advertisement, facilitating advertising purchasing, assess reach of advertising placements, and adapt digital marketing implementation every week.
 - b. The Subcontractor shall work with designated partners such as community based organizations to develop a coordinated strategy for targeting digital advertisements.
2. Print advertisements shall be produced with input and approval by designated partners. The Subcontractor shall determine the appropriate asset, language, and placement for each community with designated partners. Print advertisements may include fliers, postcards, mailers, banners, or other appropriate assets.
3. Earned Media: The Subcontractor shall develop and execute a media engagement plan. The plan shall include a calendar for earned media, which will be updated on an ongoing basis as news hooks present themselves. Earned media outreach shall include pitching media placements about tenant protections

and services provided by the program at major print, television, and radio outlets, housing specific publications, hyperlocal media, and non-English outlets.

Website and Graphic Design

4. **Website:** The Subcontractor shall develop and manage a multilingual, ADA accessible website that centralizes information on tenant rights and resources pertinent to tenants across the City of Los Angeles. The website shall include, but not be limited to the following information:
 - a. Executive orders and emergency protections enacted by the City of Los Angeles
 - b. Information on LA City's Rent Stabilization Ordinance (RSO), resources offered by the Los Angeles Housing Department (LAHD), and other relevant tenant rights information for LA City tenants. Relevant County, State, and Federal tenant protections shall also be made available.
 - c. Archive of digital materials and resources, such as fact-sheets, letter/notice templates, FAQs, and other materials as necessary.
 - d. Contact information and links for the Contractor and consortium of partners, LAHD programs, including programs under the Rent Stabilization Ordinance (RSO), and Family Source Centers (FSCs).
 - e. Links to key City and County departments that offer wrap-around and supportive services, as provided by LAHD.
5. **Graphic Design:** The Subcontractor shall use a graphic designer to produce at least six different visual assets for use on the program website, advertisements, and other collateral. The Subcontractor shall ensure a consistent visual identity with the existing Stay Housed LA brand. The Subcontractor may share with the City for feedback purposes to ensure the public awareness campaign's materials, literature, website, and general messaging.

Communication Strategy

- a. The Subcontractor shall use strategic communication consultants to manage and implement the Public Awareness Campaign, which includes:
- b. Coordinate with the Subcontractor and consortium of partners to implement the Public Awareness Campaign.
- c. Coordinate with the digital advertiser, website developer, and graphic designer to implement the campaign.
- d. Ensure campaign messaging, website, and literature conform to Stay Housed LA's brand.
- e. Ensure all public awareness materials are ADA accessible and information is provided in multiple languages.

2. Outreach: The Subcontractor shall deliver culturally competent, multilingual, ADA accessible, tenant outreach activities citywide as well as in high-need areas in the City to inform and educate tenants on their rights and services related to this program. Outreach activities include but are not limited to:

- Phone and text banking
- Canvassing
- Flier distribution to major essential businesses, grocery stores, hardware stores, pharmacies, medical facilities, foodbanks, and locations where homeless services are provided.
- Mail fliers or postcards to low-income households in targeted buildings or blocks.
- Door to door outreach to low-income households in targeted buildings

or blocks or at high risk of displacement

Subcontractors may modify the type of outreach conducted as public health guidance changes due to COVID-19. Outreach may result in the submission of any applicable complaints related to the City's Rent Stabilization Ordinance (RSO) housing, Code Enforcement, harassment, and/or fair housing issues or referrals to the FSCs. Complaint resolution procedures are to be followed in accordance with the entity that receives the referral.

The Subcontractor shall work with LAHD to identify specific high-need neighborhoods and populations for targeted outreach and education.

- Subcontractor shall refer tenants to EDP legal service providers via the Stay Housed website to receive emergency rental assistance (when available), pre-eviction services, legal representation/consultation or any other legally related issue.
- Outreach staff shall refer residents to wrap around services if the tenant is interested in or needs additional rental assistance or services to ensure housing stability.
- Outreach staff shall refer tenants to other resources applicable to the tenant needs especially using the local expertise of the community based organization.
- Outreach staff will be trained in conducting ADA accessible outreach, including phone and text banking.

3. Education: The Subcontractor shall deliver culturally competent, multilingual, ADA accessible, tenant education activities citywide as well as in high-need areas in the City to educate tenants on rights and services tenants have access to in the City of LA. Outreach activities include but are not limited to:

- Workshops: hosting workshops in a range of Know Your Rights topics
- Building Workshops: hosting workshops at the building or residential property tenants live in and cover a range of Know Your Rights topics
- Clinics: Events hosted by a community based organization where participants can have an individual conversation with a qualifying legal service provider.
- Other education events: as deemed appropriate and useful in homelessness and eviction prevention.
 - These events shall be delivered virtually, hybrid or in-person as it is deemed most effective for the targeted audience and the health and safety concerns of the time.
 - Virtual education events may be delivered on social media. Workshops shall be conducted in multiple languages and ADA accessible as necessary. Attendees shall receive up-to-date information on tenant rights and services available through Stay Housed LA and other organizations funded by House LA.

Workshops, clinics, and other events can include any or all of the following activities:

- Conduct outreach to prospective tenant attendees
- Follow-up with tenants who have RSVP'd to confirm participation
- Coordinate logistics
- Provide interpretation, translation, and/or accessibility accommodations as

needed

- Prepare materials
- Facilitate the educational event
- Collect attendance
- Conduct surveys (as appropriate)
- Educational activities may result in the submission of any applicable complaints related to the City's Rent Stabilization Ordinance (RSO) housing, Code Enforcement, harassment, and/or fair housing issues or referrals to the FSCs. Complaint resolution procedures are to be followed in accordance with the entity that receives the referral.

4. Public Events: To host a public event the supporting program staff and lead CBOs will:

- Conduct outreach to prospective tenant attendees
- Follow-up with tenants who have RSVP'd to confirm participation
- Coordinate logistics
- Provide interpretation, translation, and/or accessibility accommodations as needed
- Prepare materials
- Collaborate with City or community co-hosting organization
- Facilitate the educational event
- Collect attendance
- Conduct surveys (as appropriate)
- Educational activities may result in the submission of any applicable complaints related to the City's Rent Stabilization Ordinance (RSO) housing, Code Enforcement, harassment, and/or fair housing issues or referrals to the FSCs. Complaint resolution procedures are to be followed in accordance with the entity that receives the referral.

And

- Provide Childcare
- Provide water and snacks for tenants
- Provide food and breaks for staff
- Distribute printed materials to neighboring residential units
- If needed, coordinate with legal service providers via Stay Housed LA to host a legal clinic
- Coordinate other resources and information from city departments as needed
- Administrative support as needed for events such as capacity for receptionists to be dedicated to enrolling participants in the event once advertisement has launched.
- Other agreed upon resources and capacities needed

5. Tenant Navigation: Subcontractors will dedicate time to help tenants navigate a complex and oftentimes confusing housing rights and legal system. As tenants learn their rights and are referred to resources, it is imperative there is consistent follow up and support provided by CBO staff. This can include but is not limited to:

- Providing basic tenant education and information, via email, phone, text, video chat and in-person, to prevent homelessness and ensure tenants stay in their homes.
- Answering tenant questions regarding their housing situation via email, phone, text, video chat, and in-person. Assisting tenants with completing online intake forms and/or enroll in workshops.
- Reminding tenants to submit necessary paperwork to their landlords and/or their assigned attorney.
- Helping tenants connect with their assigned attorney to receive legal guidance and representation.
- Providing other types of support to tenants and referrals, on an as-needed basis, as they work through their housing crisis.

Section C. Eligible Participants

House LA Program establishes the Outreach and Education program via Stay Housed LA and agreed upon subcontractors to prevent homelessness in Los Angeles.

Tenants: Eviction Prevention services as provided by Outreach and Education under House LA prioritize the tenant and prevent evictions for tenants in Los Angeles. Outreach and Education does not prioritize landlords or master tenants with these services.

Subcontractors: Subcontractors for Stay Housed LA eviction prevention are chosen by the existing Stay Housed LA Steering Committee and approved by the Citizen Oversight Committee.

Section E. Budget

The total projected annual budget for the House LA Outreach and Education Program is \$16 million. The full budget is tentatively allocated toward subcontractors providing services outlined in scope of work above. Total contract amount may vary according to the number of contracts awarded and work stipulated. LAHD must have a strong commitment to fully recognizing the inherent value of the work provided. LAHD must work to fairly compensate subcontractors at competitive rates and factor in inflation, costs of living increases, etc over the next decade in order to retain staff.

Section F. Data Collection & Reporting

Subcontractor shall collect program metrics and participant data. Subcontractor shall be responsible for continuously tracking and reporting the following data on a monthly basis:

- Number of virtual workshops, webinars, clinics, or other engagement events;
- Number of tenants reached through online public awareness, outreach, digital ads, and educational platforms;
- Monthly narrative reports with overviews of communications, outreach and education activities

- Subcontractor shall also regularly collect and report on pertinent qualitative data, including oral histories, to highlight program participant and Service provider success stories.

Section E. Evaluation

At the end of the contract, an evaluation will be conducted on the Outreach and Education program.

Article III. Collaboration and Cooperation

Section A. Overview

The purpose of the Tenant Outreach and Education Program is to prevent homelessness via tenants made aware of resources, educated on their rights, and how to apply use of resources and rights. Tenants are then guided through the process of navigating services, moving through an eviction court case, and many other tenant vulnerabilities that would otherwise lead to homelessness. This program is unique from eviction prevention programs across the country because of the local expertise that is incorporated into tenant services via Outreach and Education. This local expertise is then supplemented by collaboration with Legal Service Providers and other agreed upon Subcontractors. Here are guidelines for cooperation and collaboration:

Section B. Community Based Involvement

Local expertise shall be leveraged for the tenants benefit via execution of Outreach and Education services by Community Based organizations or other agreed upon local entities which hold deep ties across time and area of the geographic location being served.

Section C. Legal Service Providers (LSP)

The main collaboration with Outreach and Education will be with the Legal Service Providers, where together tenant needs are first met.

Section D. Rental Assistance

Outreach and Education shall collaborate with the House LA's rental assistance program to support vulnerable tenants who qualify for rental assistance. This collaboration will include referring tenants to the rental assistance program.

Section E. Wrap-Around Services

Provide services to individual tenants as deemed necessary.

Section F. Other agreed upon subcontractors

Outreach and Education shall collaborate with other agreed upon subcontractors to deliver services relevant to tenant rights and the enforcement of such rights.

Appendix K

Protections from Tenant Harassment Full Program Guidelines

I. Overview

A. Introduction and Context

Measure ULA, a November 2020 ballot initiative written by experts in affordable housing and tenant protections, passed with 58% of the vote. It establishes the Los Angeles Program to Prevent Homelessness and Fund Affordable Housing (“House LA”), which changes a documentary transfer tax on certain large real estate purchases to fund an array of homelessness prevention, tenant protection, and housing production strategies, as well as housing preservation. As part of its Homelessness Prevention Program, the law requires that a certain percentage of tax revenue be spent to educate tenants about harassment, monitor compliance with Los Angeles’s existing tenant anti-harassment laws, and enforce them.

Landlord harassment causes tenant displacement. Even if a formal eviction is never filed, many tenants choose to self-evict rather than live through harassment that can be emotionally draining and sometimes physically dangerous. Landlords engage in harassment in order to circumvent tenant protections that would otherwise keep people housed. In 2021, an estimated 500 or more tenants experienced landlord harassment in the City of Los Angeles each month.⁴¹

These Guidelines prepared by the United to House LA Coalition are designed specifically for the House LA Protections from Tenant Harassment Program (“Program”), and will guide the Los Angeles Housing Department or its successor agency (“Department”) in implementing the Program.

B. Purpose and Scope

The purpose of these Program Guidelines is to implement Section 22.618.3(d)(2)ii.c. of House LA, which establishes the Protections from Tenant Harassment Program, which is designed “to fund non-profit organizations and City services to monitor and enforce protections against tenant harassment and other tenant rights, and to inform tenants of such protections and support them in exercising their rights.”

⁴¹ Cantong, J., Landlord Harassment & Illegal Eviction, USC Price Center for Social Innovation, tbl. 2 “Landlord/Tenant Dispute Calls by Month, 2010-2021” (Mar. 22, 2022), <https://usc-ndsc-wordpress.azurewebsites.net/landlord-harassment-illegal-eviction/>. See also, Dillon, L. & Poston, B., Despite protections, landlords seek to evict tenants in Black and Latino areas of South L.A., L.A. Times (June 18, 2020), <https://www.latimes.com/homeless-housing/story/2020-06-18/despite-protections-landlords-attempting-to-evict-tenants-in-south-l-a-black-and-latino-neighborhoods-data-shows>.

Program requirements detailed in the measure are as follows:

- **Shared responsibility between City and nonprofits.** At least 30% of Program funds must be used for programs or activities led by nonprofit organizations. However, the City also retains responsibility for undertaking a significant portion of programmatic work.
- **Education, Monitoring, Enforcement, and Support.** The Measure requires that Tenant Harassment Program funds be spent in all four of these areas, even if other Measure ULA program areas may also be used for some of these purposes.

C. Commitment to Racial Equity

House LA's Goals include: "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."⁴² In alignment with this purpose, the Protections from Tenant Harassment Program seeks to enhance racial equity through resource distribution, implementation strategies, and outcomes. Furthermore, these Program Guidelines have been established in accordance with the Vision of the City of Los Angeles' Office of Racial Equity, which states, "We envision a City that authentically engages communities most harmed by systemic racism, as leaders and collaborators, in the process of identifying data, distributing public resources, and reforming policies that impact outcomes of Civil + Human Rights and Equity." Additionally, the Department will incorporate racial equity metrics in program evaluation.

D. Additional Legislative Changes

In addition to the Program described below, the United to House LA Coalition has identified three key legislative changes to the City's Tenant Anti-Harassment Ordinance (TAHO) that would vastly improve the Program and help it meet House LA's goals. First, LAMC § 45.35.B should be amended to make attorney's fees and costs mandatory if a tenant prevails in a lawsuit under the law. Second, the penalties in LAMC §§ 45.35.B and C should be augmented to include mandatory treble actual damages (including for mental/emotional distress) if larger than the applicable penalty, in addition to the flat penalty currently in the law. Third, TAHO should include an explicit three year statute of limitations during which tenants can bring claims.⁴³ These legislative changes will increase civil enforcement by incentivizing the private bar to take these kinds of cases on behalf of aggrieved tenants without risk of going unpaid.

However, private bar enforcement is simply not sufficient to remedy the actual harassment that Los Angeles tenants face every day, and it will not provide the deterrent effect necessary to reduce that harassment in the aggregate.

⁴² Los Angeles Administrative Code § 22.618.1(f).

⁴³ Without this, tenants may only have one year to bring claims, which will reduce the number of enforcement actions filed. Cal. Code of Civ. Proc. § 340.

II. Program Requirements

The Department shall use the Protections from Tenant Harassment Program funds to develop a City strategy to monitor and enforce the Tenant Anti-Harassment Ordinance (TAHO) and contract with nonprofit partners to educate and support tenants in enforcing the law.

A. City Program

1. City Program Overview

As close to 70% of Program funds as possible should be spent directly by the City of Los Angeles. The Department should develop a robust monitoring and enforcement division, and the Office of the City Attorney should be given resources to bring criminal and/or civil charges against violators of the law.

2. Los Angeles Housing Department

LAHD currently does not enforce the City's TAHO beyond sending "informational letters" or reclassifying complaints of harassment to fall under an existing LAHD division. Program funds should be used for the Department to develop a Tenant Anti-Harassment (TAH) division as part of its Regulatory Compliance and Code Bureau. TAH should be responsible for investigating claims of harassment and enforcing City law, either itself or through partnerships with the City Attorney and nonprofits.

- TAH should have an accessible complaint intake system that is easy for tenants to access and complete, such as multiple entry points and a variety of language options.
- TAH should employ investigators who proactively work to assess and resolve complaints.
- The results of the investigations should be publicly accessible, similar to code enforcement violations, including parties against whom complaints have been filed.
- TAH investigations should result in a letter that is more than "informational."
 - Letters should identify all parties who may be responsible for harassment, including but not limited to property management, the landlord, and/or the developer.
 - Letters should include all alleged facts of the complaint which, if proven true, would constitute Tenant Harassment under LAMC § 45.33.
 - Letters should include any relevant factual findings made by Investigators.
 - To the extent relevant, letters should have a concrete timeline for the harassment to stop or be remedied, with consequences for noncompliance.
 - Letters should also function as a tenant's written notice required under LAMC § 45.35.F to bring a civil proceeding or small claims case.
- Investigators should be empowered to issue fines and fees to the maximum extent allowed by law.
- TAH should have an appeals process which is accessible by tenants.
- A report should be issued by TAH showing how many cases are in each phase of the system, including complaints, pending investigations, and resolved cases.

TAH should not be siloed from the Rent Stabilization, Code Enforcement, or Compliance divisions—LAHD should ensure that these units are regularly coordinating work, since many times tenant harassment crosses over into one of these other areas, and vice versa. TAH should be another tool in LAHD’s belt to ensure that Angelenos have access to safe, healthy housing.

The Department should also establish a Task Force with the City Attorney and LSPs and CBOs contracted with Program funds to ensure that all responsible parties are coordinating and not working at cross purposes or duplicating effort. The Task Force should meet on a quarterly basis to discuss implementation and a Task Force Directory should be provided to all members.

After investigating cases, the Department should refer them to the City Attorney for potential criminal prosecution or civil litigation, and/or to LSPs for civil litigation, and/or to CBOs for tenant support and education. All referrals should include a full sharing of the LAHD case file, supporting documentation, and any other records to expedite fact investigation and litigation. TAH’s written referrals should typically consist of the following:

- Witness statements;
- Copies of written communications between the parties;
- Relevant legal documents, such as rental agreements;
- All LAHD records relating to the property, including past complaints;
- Contact information for all LAHD personnel who participated in the investigation; and a
- Harassment timeline.
- Visual documentation

3. Los Angeles Office of the City Attorney

The City Attorney shall establish a division or unit dedicated to bringing criminal or civil lawsuits under TAHO. A well-resourced City Attorney’s office is better positioned to use litigation to achieve a deterrent effect and reduce harassment in Los Angeles, especially with a volume of criminal charges or civil penalties, rather than select high-profile lawsuits.

B. Nonprofit Program

1. Nonprofit Program Overview

The Measure requires that at least 30% of Program funds be spent on programs led by nonprofit organizations. The Program should stick as close to this 30% target as possible. Nonprofit organizations will face significant challenges with capacity if they are responsible for a larger share of the Program funds. In addition, it is important for the City to have as many resources as possible to sustain the City Program and enforce City law. The nonprofit program shall consist of multiple grants to Legal Services Providers (LSPs) and Community-Based Organizations (CBOs).

2. Legal Services Provider Grants

The Department shall award Grants to one or more LSPs for the purpose of enforcing TAHO.

- **Eligibility.** Grantees must be Legal Services Organizations, as defined in the Eviction Defense/Prevention Guidelines.
- **Length.** Each Grant shall last for a minimum of three years. Grants may be renewed at the Department's discretion. If a Grant is not renewed, either because the Department declines to award an additional Grant or because the Grantee(s) choose not to apply, wind-down funds shall be provided to assist with concluding lawsuits and transferring obligations and operations to another grantee.
- **Goals.** The goals of the Grant and of the program shall be
 - To provide full-scope and limited-scope legal representation to pursue affirmative tenant anti-harassment claims; and
 - To assist and empower tenants, through legal strategies, who are facing tenant harassment, and raise public awareness and exposure of anti-harassment rights to act as a deterrent to landlords going forward.
- **Program.** Each Grantee shall operate the following program:
 - Provide Full-Scope Legal Representation to tenant households in order to resolve harassment issues, including filing for affirmative tenant anti-harassment cases under the City's Tenant Anti-Harassment Ordinance.
 - **Full-Scope Legal Representation** is ongoing legal representation provided by an LSP to a client, and all legal advice, advocacy, and assistance associated with that representation. Full-Scope Legal Representation shall be provided by a lawyer authorized to practice in the State of California.
 - Lawsuits brought with Grant funds may also include any other appropriate legal claims in addition to those under the City's TAHO.
 - Provide Limited-Scope Services to tenant households facing harassment.
 - **Limited-Scope Services** includes, but is not limited to: legal consultation/advice, assistance with filing or completing forms in proper, and/or referrals. It does not include tenant education or Full Scope Legal Representation.
 - Eligible costs shall include (but should not be limited to) salaries and benefits for attorneys, paralegals, secretaries, case managers, and supervision thereof; expert witnesses; depositions; costs and fees associated with enforcement; and nonprofit program administration, including overhead.

3. Community-Based Organization Grants

The Department shall award Grants to one or more CBOs for the purpose of educating about TAHO and enforcing compliance with it.

- **Eligibility.** Grantees must be nonprofit Community-Based Organizations.

- **Length.** Each Grant shall last for a minimum of three years. Grants may be renewed at the Department's discretion. If a Grant is not renewed, either because the Department declines to award an additional Grant or because the Grantee(s) choose not to apply, wind-down funds shall be provided to assist with transferring obligations and operations to another grantee.
- **Goals.** The goals of the Grant and of the program shall be
 - To educate litigants, via online resources, workshops, and clinics on TAHO and what steps can be taken to combat tenant harassment and displacement; and
 - To assist and empower tenants, through organizing and other strategies, who are facing tenant harassment, and raise public awareness and exposure of anti-harassment rights to act as a deterrent to landlords going forward.
- **Program.** Each Grantee shall operate the following program:
 - Conduct workshops/clinics on tenant harassment. Workshops/clinics are intended to be educational but may also be done in partnership with Grantee LSPs and be used to identify/screen cases for Limited-Scope Services or Full-Scope Legal Representation.
 - Eligible costs shall include (but should not be limited to) salaries and benefits for tenant organizers, outreach workers, social workers, case managers, other employees, and supervision thereof; costs and fees associated with workshops; and nonprofit program administration, including overhead.
 - The Department should explore modeling the CBO grants after the REAP/UMP Outreach Contractor program.