



# United to House Los Angeles

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## Program Guidelines

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# ULA MULTIFAMILY AFFORDABLE HOUSING PROGRAM GUIDELINES

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A. United to House LA Measure

## **INTRODUCTION**

### **1. Program Summary**

#### **a. Goals and Requirements**

The Multifamily Affordable Housing Program is a United to House LA (ULA) housing production program which aims to catalyze the development of the maximum number of affordable housing units possible, which in most cases will be achieved by leveraging local, state, and federal funding sources. The Program uses local funding to access additional public subsidies, allowing the Program to construct more affordable housing with less cost to the City.

Successful applicants under the Program would be required to seek outside resources or funding from competitive sources to fully fund project costs, prior to the start of construction.

Following is a summary of universal ULA requirements that must be met in all ULA Affordable Housing Programs, as further delineated in Los Angeles Administrative Code Section 22.618.3(d)(1)(i):

- All units affordable to Lower Income Households, with a limited exception for units created using the Alternative Models for Permanent Affordable Housing Program.
- All units are affordable in perpetuity, with limited exception to permit 55-year terms if required by other funding sources in the project.
- Resale of rental property is restricted to Nonprofits, Limited Equity Housing Cooperatives (LEHCs) and/or Community Land Trusts (CLTs).
- One-to-one replacement of existing qualifying units is required, as verified by a Replacement Unit Determination (RUD) from LAHD.
- Projects must provide relocation benefits and right of first refusal to any qualifying existing occupants.
- Prevailing wage is required for all construction activities.
- A Project Labor Agreement (PLA) is required for construction and rehabilitation of 40 or more units.

Additionally, the below requirements shall be applicable to all activities under the Multifamily Affordable Housing Program:

- Funds shall be used to produce the greatest number of affordable units possible. Usually this will require using ULA funds in conjunction with federal, state, and local affordable housing funding sources, such as Low-Income Housing Tax Credits (LIHTC), although projects that meet leveraging requirements by other sources such as land donation or philanthropic contributions shall be eligible.

- Allocation of funds and program requirements shall align with the City's housing goals, including those set forth in the Regional Housing Needs Assessment, the Housing Element, the Comprehensive Homeless Strategy, and legal settlements applicable to housing production.

## **2. Context**

The State of California's Regional Housing Needs Assessment (RHNA) obligates the City of Los Angeles to facilitate the production of sufficient units to meet housing needs at all income levels, which include needed housing for forecasted population growth and household formation, as well as unmet needs from prior years. In the eight year period from 2021 to 2029, the City's RHNA goal is 456,643 units. Of these, 184,721 units must be affordable to lower-income households. This means that the City must produce affordable housing at an average rate of 23,090 units per year in order to meet the RHNA goal. ULA is a significant funding source to help the City meet this need.

ULA provides funding for several affordable housing production paradigms. Among these, the Multifamily Affordable Housing program requires that its funds be used in conjunction with other state, local, or federal funding sources in order to maximize investment of program funds and support production of affordable housing needed to help meet RHNA goals. Other ULA housing production and preservation programs include the Alternative Models for Affordable Housing Program and the Acquisition and Rehabilitation Program.

Each year the Los Angeles Housing Department (LAHD) and the ULA Citizens Oversight Committee (COC) will present a summary of housing needs and production to the City Council and Mayor. LAHD will include in this annual report a summary of all city-controlled funding sources for housing production and preservation, to facilitate the consideration of the use of ULA funds within the context of the City's overall housing needs and resources.

## **3. Commitment to Racial Equity**

Existing data and scholarship confirm that Black, Latinx, and other communities of color are disproportionately affected by homelessness, housing insecurity, and lack of affordable housing options. These Multifamily Affordable Housing Program Guidelines acknowledge that this disproportionality is the result of generations of structural racism. Decades of land use policies and zoning practices have reinforced racial segregation, poverty, environmental injustice, and disinvestment that is manifested in the demographics of our contemporary homeless population.

The implementation of the Multifamily Affordable Housing Program has a primary goal of adhering to principles of racial equity, with a focus on addressing affordable housing needs.

Consistent with this commitment to promote racial equity, the Multifamily Affordable Housing Program is designed to be attuned to the needs and realities of historically marginalized

communities, and how racism, as well as disability, transphobia, sexism, and other community experiences affect the vulnerability of a neighborhood, and its experiences. To this end, the Multifamily Affordable Housing Program provides resources to proactively address racial and economic segregation throughout the City by creating housing opportunities that address historic patterns of discrimination and exclusion, including by promoting the creation of affordable housing in Higher Opportunity Areas.

#### **4. Program Metrics**

The Los Angeles Housing Department (LAHD) will collect information in alignment with the ULA measure and ordinance reporting requirements and in a manner that supports the evaluation of long-term impacts and outcomes for the Multifamily Program. To the extent feasible, this information includes but is not limited to, the number of units produced, the number of residents located within each project, and the number of jobs created. Development activities will be tracked by dollars spent on housing construction.

<b>Goal</b>	<b>Metrics</b>
Produce new affordable housing units, in alignment with ULA goals and priorities.	<ul style="list-style-type: none"> <li>• Number of units produced by income category.</li> <li>• Number of units produced in High or Highest Resource Areas as indexed by the CTCAC/HCD Opportunity Map.</li> <li>• Number of units produced in Racially/Ethnically Concentrated Areas of Poverty (R/ECAP).</li> <li>• Number of units produced in Racially Concentrated Areas of Affluence (RCAA).</li> <li>• Number of units produced on public land.</li> <li>• Number of units produced near public transit.</li> <li>• Number of units produced on land owned by faith-based institutions.</li> </ul>
Create construction jobs from development projects, in alignment with ULA goals and priorities.	<ul style="list-style-type: none"> <li>• Number of jobs created, disaggregated by: <ul style="list-style-type: none"> <li>○ race/ethnicity;</li> <li>○ gender; and</li> <li>○ share of workers living within the City of Los Angeles.</li> </ul> </li> <li>• Number and percentage of Apprentice hours worked on development projects</li> <li>• Number and percentage of Targeted Local Hire hours worked on development projects</li> </ul>
Create high quality affordable housing opportunities for people, in alignment with ULA goals and priorities.	<ul style="list-style-type: none"> <li>• Number of people housed in units produced, to be disaggregated by the ULA measure and ordinance reporting requirements.</li> </ul>

Maximize ULA investment by ensuring cost effectiveness and leveraging of additional public resources, and ensuring timely delivery of needed housing.	<ul style="list-style-type: none"> <li>• Total Development Cost (TDC) per unit per project by project type and program</li> <li>• Ratio measuring the dollar amount leveraged from state and federal sources for every \$100,000 in ULA program dollars invested into a project.</li> <li>• Number of Months Elapsed from First Predevelopment Activity to Placed-In-Service</li> </ul>
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LAHD shall analyze these and potentially additional metrics and participant data annually and provide a summary of its analysis to the COC to allow for an assessment of whether the Program is meeting its goals and priorities.

## 5. Branding

LAHD, in collaboration with the ULA COC, shall develop and implement a plan to include ULA branding on all program materials. This shall include digital and paper materials, signage (e.g., at public workshops or construction sites), and permanent branding on/in housing funded by Measure ULA (e.g., a permanent sign or plaque).

## 6. Definitions

“Acutely Low-Income” shall have the same meaning as in Section 50063.5 of the California Health and Safety Code.

“*Audited Financial Statement(s)*” shall mean organizational records covering the balance sheet, statement of cash flow, and other documents describing the organization’s financial position and that have been reviewed and approved by independent third-party auditors.

“*Borrower(s)*” shall mean an entity that has been approved for or received a loan from the Los Angeles Housing Department (“LAHD”) that has remaining interest or principal to be paid, or for which the term of the loan has not yet expired.

“*California Tax Credit Allocation Committee*” shall mean the state agency that creates the Qualified Allocation Plan (“QAP”) for allocating Low Income Housing Tax Credits (“LIHTC”) within the State of California. It is also abbreviated as “CTCAC” or “TCAC.” The QAP published by CTCAC/TCAC is commonly referred to as “TCAC Regulations”

“*California Debt Limit Allocation Committee*” shall mean the state agency that administers the state’s annual debt limit ceiling and administers the state’s tax-exempt bond program to allocate such bonds to projects. It is also abbreviated as “CDLAC.”

“*Capital Needs Assessment*” shall mean a third-party analysis based on a building inspection that identifies problems in major building systems such as structural, electrical, plumbing, sewage, roofing, flooring, mechanical, heating/cooling, and safety.

*“Citizen Oversight Committee”* shall mean the body of 15 appointed members who monitor the activities of the House LA Fund and advise the Mayor, City Council, and the Los Angeles Housing Department (“LAHD”) on priorities, program guidelines, and program implementation. It is also abbreviated as “COC.”

*“Community Agreement(s)”* shall mean a document that is created by residents of a property for the purposes of defining how they will live together and the acceptable behaviors for residents and their guests. Each property that has received United to House Los Angeles (“ULA”) funds through the Alternative Models for Permanent Affordable Housing and/or the Acquisition and Rehabilitation for Affordable Housing programs must produce a Community Agreement.

*“Community Land Trust”* shall mean a non-profit corporation within Section 501(c)(3) of the Internal Revenue Code that satisfies all of the following: (il) Has as its primary purposes the creation and maintenance of permanently affordable single-family or multifamily residences; (iill) 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; (iiilll) 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 income-qualified owner for the convenient occupation and use of that dwelling or unit for a renewable term of 99 years. It is also abbreviated as “CLT.”

*“CTCAC/HCD Opportunity Map”* shall mean the geographic tool utilized by the California Tax Credit Allocation Committee (“CTCAC”) to index census tracts across the State of California based on economic, social, employment, educational, and environmental indicators. The 2024 version of the tool is linked [here](#).

*“Department of Housing and Community Development”* shall mean the California Department of Housing and Community Development. It is also abbreviated as “HCD.”

*“Department of Housing and Urban Development”* shall mean the U.S. Department of Housing and Urban Development. It is also abbreviated as “HUD.”

*“Extremely Low Income”* shall have the same meaning as in Section 50106 of the California Health and Safety Code.

*“Housing Needs Assessment”* shall mean a data-informed study, conducted by the Citizen Oversight Committee (“COC”) by December 31, 2023 and updated at least once every three (3) years to understand, quantify, and qualify the City of Los Angeles’s housing needs with respect to homelessness, housing affordability, tenant protections and the housing needs of vulnerable populations, including but not limited to people experiencing homelessness,



seniors in Lower Income Households, formerly homeless people, persons with disabilities, veterans, single-parent households, youth in transition, survivors of domestic violence, and Lower Income Households. The study must disaggregate data by race, family composition, sexual orientation, age, disability, and gender.

*“LAHD Project Underwriting Guidelines”* shall mean a project review process created by the Los Angeles Housing Department (“LAHD”), shared publicly, and updated periodically to reflect LAHD staff assessment of necessary financial strength and specific acceptable tolerance ranges for key financial assumptions and potential challenges of each proposed project. The goal of the underwriting guidelines shall be to ensure that each City housing investment creates a project that will be financially and physically viable for the years of the program covenants, and shall provide a good living environment for the residents over the years, and be a positive part of the community. Project Underwriting Guidelines are based on sensitivity testing of potential portfolio liabilities and challenges, benchmarks of cost drivers, economic conditions, compliance with legal and regulatory mandates, and other variables that affect the broader affordable housing environment.

*“LAHD Sponsor Underwriting Guidelines”* shall mean a review and risk assessment process created by the Los Angeles Housing Department (“LAHD”) and updated periodically to assess the necessary financial strength, organizational capacity and relevant experience to complete and operate the proposed housing project in compliance with guidelines, as a physically and financially healthy project that serves the residents and community well for the years of the covenant. The guidelines shall specify acceptable tolerance ranges for key financial assumptions and potential challenges. LAHD Sponsor Underwriting Guidelines are based on portfolio size and health, development record, organizational and staff capacity to own and direct operations of the proposed project, and organization financial health.

*“Limited Equity Housing Cooperative”* shall have the same meaning as in Section 817 of the California Civil Code. It is also abbreviated as “LEHC.”

*“Lower Income Household(s)”* shall have the same meaning as in Section 50079.5 of the California Health and Safety Code.

*“Low Income Housing Tax Credits”* shall mean state or federal tax credit programs that reduce tax liability in exchange for acquisition, rehabilitation, or construction of deed-restricted affordable housing. It is also abbreviated as “LIHTC.”

*“Nonprofit(s)”* shall mean an organization exempt from taxation pursuant to the Internal Revenue Code Section 501(c)(3). Instrumentalities of Nonprofit organizations, including wholly owned subsidiaries, are not automatically considered Nonprofits.

*“Project Labor Agreement”*, shall mean the City of Los Angeles Department of Public Works Master Project Labor Agreement (“PLA”) or a specific ULA Measure-wide PLA, negotiated with mutual agreement between the Los Angeles/Orange Counties Building and

Construction Trades Council and the Southern California Association of Nonprofit Housing (SCANPH), and approved by the Los Angeles City Council.

*“Real Estate Owned Schedule”* shall mean a list of properties owned by an entity and the parent company that controls that entity. The Real Estate Owned Schedule must include projected and actual operating costs and revenues for all properties listed.

*“Replacement Unit Determination”* shall mean an analysis specifying the count of qualified demolished units i) subject to a recorded covenant, or law that restricts rents to levels affordable to persons and families of lower or very low income, ii) subject to any form of rent or price control through a public entity’s valid exercise of its police power within the five (5) past years, iii) rented by lower or very low income households, or iv) that were withdrawn from rent or lease per the Ellis Act, within the past ten (10) years, the Area Median Income (“AMI”) restriction that must be recorded consistent with the income level of the most recent qualified household that resided in a demolished unit. It is also abbreviated as “RUD.”

*“Resale of Rental Property”* shall mean a change in ownership via a change in fee title on a property, or a long-term master lease of greater than 30 years.

*“Resale Formula”* shall mean a formula that is reflected in a ground lease and/or an applicable deed restriction that sets an upper limit on the price for which a home or a cooperative share with resale restrictions may be resold, and that is applied consistently to each home or share upon resale.

*“Resident Council(s)”* shall mean any of the following: i) an elected body of residents in a property who represent the residents in deciding the policies and financial priorities of a building; or ii) a homeowners’ association, cooperative board, LEHC, or other similar representative or elected governance body required by state law based on the legal structure of the property. Each property that has received ULA funds through the Alternative Models for Permanent Affordable Housing and/or the Acquisition and Rehabilitation for Affordable Housing programs shall be supported in developing a Resident Council.

*“Residual Receipts”* shall mean loan terms that offer below market rate interest, deferred payments, and loan payments that are due only after, and if, operating costs and senior debt service are paid.

*“Statement of Public Purpose”* shall mean a document that, in consideration of the COC’s Housing Needs Assessment and other available neighborhood-specific information on a community’s housing challenges, describes how a proposed project would benefit the community in which it is located, meet the public needs identified in the COC’s Housing Needs Assessment through the project’s community outreach and final design, and advance the goals of ULA as defined in Los Angeles Administrative Code Section 22.618.1: Purpose.

“*Very Low Income*” shall have the same meaning as in Section 50105 of the California Health and Safety Code.

## **SECTION 1: ADMINISTRATIVE OVERVIEW**

### **1.1 Program Administrator**

The Multifamily Affordable Housing Program is administered by the City of Los Angeles Housing Department (LAHD). Within LAHD, the Housing Development Bureau (HDB) manages the development and issuance of Notices of Funding Availability (NOFAs), and sponsor and project review and underwriting, including scoring and awarding of applications.

LAHD will revise the maximum loan limits annually to reflect changes in the economic environment including but not limited to budget, availability of external funds, legal and regulatory mandates, interest rates, and inflation. Concurrently with the issuance of each NOFA, LAHD will provide an update to the City Council pertaining to the maximum loan limits.

As the administrator of the Multifamily Affordable Housing Program, LAHD may elect to promulgate, with the advice of the COC and approval of the City Council and Mayor, additional guidelines that would govern the implementation of a Predevelopment Loan Program to make loans for site acquisition and some portion of predevelopment costs prior to construction start and prior to the project securing all other funding sources.

### **1.2 Notice of Funding Availability (NOFA) Schedule**

Subject to funding availability and timing and availability of additional leveraging sources, LAHD will offer two Multifamily Affordable Housing Program NOFAs every fiscal year, in coordination with the California Tax Credit Allocation Committee (CTCAC), the California Debt Limit Allocation Committee (CDLAC), and the California Department of Housing and Community Development (HCD), as well as other local agencies such as the Los Angeles County Development Authority (LACDA). Additional information regarding the NOFA, project application, and project award schedule will be provided in Department-issued NOFAs.

More detail about the NOFA development and issuance process is detailed in *Section 3* of these Multifamily Affordable Housing Program Guidelines.

## **SECTION 2: GENERAL PROVISIONS**

The following section provides a summary of general Program requirements and how the Program will be operated.

### **2.1 Eligible Applicants**

Eligible applicants are entities that have a demonstrated history of affordable housing development, ownership, operations and affordable housing property management. Eligible entities, including Community Land Trusts (CLTs) and Limited Equity Housing Cooperatives (LEHCs), may qualify by either partnering with an experienced Nonprofit or by showing adequate organizational and staff capacity to operate and manage the project.

Applicant experience and capacity will be evaluated in accordance with LAHD Sponsor Underwriting Guidelines.

### **2.2 Eligible Projects**

Projects must meet the following requirements to be eligible for Program funds.

#### Project Type and Size

- The project must provide 40 or more deed-restricted affordable housing units.
- Projects may be affordable housing for families, seniors, special needs populations such as Transition Aged Youth (TAY) or Domestic Violence (DV) survivors, or housing for people experiencing or at-risk of homelessness.

#### Labor Compliance

- Projects with 40 units or more must comply with the City of Los Angeles Department of Public Works Master Project Labor Agreement (PLA) or a specific ULA Measure-wide PLA, negotiated with mutual agreement between the Los Angeles/Orange Counties Building and Construction Trades Council and the Southern California Association of Nonprofit Housing (SCANPH), and approved by the Los Angeles City Council.

#### Affordability Mix and Rent Schedules

Except for manager's unit(s), all units must be covenanted to be affordable to households earning 80% Area Median Income (AMI) or below. Goals for deeper affordability targeting shall be established in each NOFA.

LAHD will apply HUD/LIHTC income targeting and rent schedules, with the exception of when projects or units in the project are subject to regulatory agreements that require Health and Safety Code income targeting and rent schedules.

### Outside Leveraging

Project financing must include existing commitments from federal, state, county or non-ULA funding sources, or a commitment and demonstrated capacity to pursue the same within the project timeline.

## **2.3 Eligible Activities**

Eligible activities include making subordinate, residual receipts loans to eligible projects.

Eligible project costs include:

- Acquisition costs during predevelopment;
- Predevelopment costs, including, but not limited to, costs for architectural plans and renderings, 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);
- Construction and financing costs, including demolition, off-site public improvements, construction bonds, general contractor and subcontractor payments including overhead, profit, and general conditions;
- Relocation and related expenses;
- Soft costs related to the construction and development of the project, including conventional financing, design, program, financing, and entitlement processing, developer fees, legal fees, and professional fees; and
- Reasonable reserves for operating costs, for projects requiring short-term capitalized operating assistance, that are still able to demonstrate long-term financial viability without operating assistance except from Section 8 Housing Choice Vouchers or similar long-term rental housing vouchers.

## **2.4 Ineligible Activities**

Funds awarded under the Multifamily Affordable Housing Program shall not be used for the following expenses or activities:

- Substitution for any committed permanent project financing source, unless the substitution was approved at the time of commitment.
- Costs associated with units not funded by the City of Los Angeles.
- Commercial space or tenant improvements.
- Reimbursement for project costs that have been paid by another project funding source unless the reimbursement was approved at the time of commitment.
- Travel expenses, food, or meals.
- Application fees for other project financing.
- Office or general organizational expenses.

- Costs that would normally be paid by the Limited Partnership or Limited Liability Company.
- The payment of delinquent taxes, fees, or charges on properties.

## **2.5 Loan / Assistance Terms and Limits**

Loan Limits: At least once per year, loan limits will be established according to the following process:

1. LAHD will determine the average per unit Total Development Cost (TDC) by unit typology in the previous fiscal year. LAHD will use comparable benchmark projects funded by ULA or other City sources to determine average costs.
  - Average per unit costs will be adjusted by an inflation factor.
2. LAHD will determine the average per unit supportable debt by unit typology and at prevailing interest rates.
3. Assuming up to two additional sources of public financing, LAHD will determine the projected gap between the per unit cost, per unit soft sources, and per unit supportable debt, for each unit typology.
4. LAHD will set limits on financial assistance for each unit typology to ensure that projects achieve loan-term financial stability.
  - Modifiers may be applied to increase maximum loan limits for units with three (3) or more bedrooms, Permanent Supportive Housing (PSH) units, more deeply affordable units, and/or projects located in higher cost or higher opportunity areas.

Loan Type: Predevelopment, construction (including reimbursement of acquisition and predevelopment costs), and permanent loans.

Interest Rate: The interest rate for all loans is three percent (3%) simple interest. LAHD may determine a lower interest rate of no less than 1% if it is found to be necessary for project feasibility.

Calculation of Interest: Simple interest will be calculated on the loan amount outstanding and based upon a 365-day year, and actual number of days elapsed.

Term of Loan: If the Affordability Covenant is 55 years, the loan term shall be 57 Years (i.e., a 24-month construction period plus a 55-year permanent loan period). If the Affordability Covenant is longer, the loan term shall be extended to match the Covenant term.

Term of Affordability Covenant: The term of the affordability restrictions in the Regulatory Agreement shall be in perpetuity, or such other maximum length of time as may be permitted by applicable law. However, a more limited affordability covenant, albeit with a fixed term of no less than 55 years, shall be acceptable if necessary, as verified by the Los Angeles Housing Department if such shorter covenant period is necessary for the Project to meet the

requirements of the Project's other funding sources, such as a "true debt test" for tax credit financing.

Developer Fee: The allowable Developer Fee will be established by LAHD and included in the NOFA, to be approved by the Mayor and Council prior to issuance, and shall be consistent with the most recent TCAC regulations in effect. LAHD will update developer fee limits as needed to remain consistent with TCAC limits.

## **2.6 Sponsor and Project Underwriting Standards**

Applications shall be reviewed in accordance with LAHD Sponsor Underwriting Guidelines and Project Underwriting Guidelines.

Underwriting Guidelines are available to the public, and revised regularly to reflect the most up-to-date LAHD staff analysis of financial stress and risk tolerances.

For Sponsor Underwriting Guidelines, the analysis is based on:

- Portfolio size and health, including deferred maintenance needs, lease-up rates, amount of reserves, cash flow, and debt coverage ratios;
- Development record, including number of projects completed or in development, and projects meeting development milestones on time and on budget; and
- Organization health, including reviews of three (3) most recent years of Audited Financial Statements (AFSs), and tests of assets, revenues, expenses, cash flow, debt, and liabilities, and organizational budgets, financial projections, staffing plans and board participation records.

Sponsors that lack significant experience or capacity are required to partner with an experienced entity that satisfies Sponsor Underwriting standards, and that can demonstrate that the organization brings adequate financial and staff capacity to guarantee successful development and operations of the project, including by showing that the partner organization has sufficient experience in property management and project development that would meet the standards set in the Sponsor Underwriting Guidelines.

For Project Underwriting Guidelines, the analysis is based on review of potential portfolio liabilities and challenges, benchmarks of cost drivers, economic conditions, compliance with legal and regulatory mandates, and other variables that affect the broader affordable housing environment.

Project Underwriting Guidelines may include parameters for:

- Reasonable costs
- Income and expense escalators
- Bonding, insurance, and other liability coverage requirements



- Operating and replacement reserve ratios
- Lien priority
- Taxes and fees
- Hard and soft cost contingencies
- Debt service;
- Vacancy rates
- Relationship of proposed rents to neighborhood market rents
- Proposed project timeline for development and lease up

## **2.7 Loan Management and Occupancy Monitoring**

### **a. Loan Management**

Sponsors of awarded projects are required to:

- Submit Audited Financial Statements (AFSs) annually and make loan payments by the date indicated on the loan agreement.
- Complete a Calculation of Residual Receipts Form using information from the AFS for each project. LAHD may make technical adjustments to the calculation before issuing a final invoice for any underpayments, or providing a credit for overpayments.
- Maintain adequate operating and replacement reserves, and obtain pre-approvals from LAHD prior to withdrawals from these funds.
- Submit Real Estate Owned Schedule annually showing projected and actual operating costs and income for each project.

### **b. Occupancy Monitoring**

Once a year, project owners must submit documentation that tenants who occupy restricted units are income-eligible and that the rents they pay are within the allowable program limits. Affirmative marketing practices aim to further the goals of the ULA measure and ordinance, which include improving access to permanent affordable housing for vulnerable populations. Affirmative marketing practices shall require that project owners market to non-English speakers. The project owner will also agree to provide regulator reporting on demographic information related to tenants, consistent with ULA-required tracking and reporting on tenants housed using Program funds.

### **c. Default**

The loan agreement will specify the events that may cause LAHD to declare the borrower in default. These events include, but are not limited to:

- Failure to construct the proposed project within the time agreed;
- Breach of rental/ownership covenants;

- Failure to maintain the property;
- Failure to make agreed-upon loan repayments;
- Failure to receive an LAHD approval prior to any change in ownership entity;
- Breach of affirmative action, equal opportunity, contractor responsibility, equal benefits or MBE/WBE requirements;
- Failure to submit annual financial statements certified by a certified public accountant;
- Failure to comply with Measure ULA Project Labor Agreement and prevailing wage requirements, as applicable;
- Failure to meet accessibility construction standards, and/or failure to comply with all applicable accessibility standards, including but not limited to: Section 504 of the Rehabilitation Act of 1973 as amended, Title VIII of the Civil Rights Act of 1964 as amended in 1988 by the Fair Housing Amendments Act, and the Americans with Disabilities Act Title II, the State of California's Unruh Act, Department of Fair Employment and Housing (DFEH) Regulations and California Government Code Section 11135 et. seq.;
- Failure to maintain appropriate insurance coverage;
- Commencing construction (including demolition) without LAHD authorization;
- Failure to abide by development and/or construction schedules;
- Failure to maintain the project "in balance" during construction;
- Failure to pay property taxes that are associated with the project;
- Bankruptcy;
- Dissolution or insolvency of the ownership entity;
- Failure to adhere to construction cost limits as stated in Section 3.7 of the Affordable Housing Managed Pipeline (AHMP) Guidelines; or
- Uncured event of default under any other loan agreements from federal, state or county or private lenders.

## **2.8 Event of Conflict**

Projects must comply with all covenants and loan agreements. Where discrepancies exist between these Multifamily Affordable Housing Program Guidelines and other funding requirements, the most restrictive will prevail.

### **SECTION 3: FUNDING ROUNDS, TIMING, AND APPROVAL PROCESS**

Based on these Multifamily Affordable Housing Program Guidelines, LAHD will periodically release NOFAs to announce the opening of applications and to effectuate the awarding of funds. The terms and requirements of these Multifamily Affordable Housing Program Guidelines shall be applicable to each NOFA, and a NOFA may incorporate additional terms and details that further clarify City policy and objectives.

The terms of each NOFA must be approved by the Mayor and Council prior to issuance.

#### **3.1 Notice of Funding Availability (NOFA) Development Process and Publication**

Based on funding availability, LAHD shall issue two (2) Multifamily Affordable Housing Program NOFAs per year. The timing of each NOFA shall be announced at least three (3) months in advance of the application opening, and applicants shall have at least 45 days from the opening of an application window to submit proposals.

Each Multifamily Affordable Housing NOFA shall provide specific maximum loan limits, which may or may not vary depending on unit type and depth of affordability. Loan limits will be determined as a function of estimated development costs, expected non-ULA leveraged funds, and LAHD goals with respect to unit typology and affordability mix, as described in *Section 2.5*.

At least five (5) business days before the application window opens, LAHD shall hold a non-mandatory Bidders' Conference to provide a high-level overview of the NOFA and respond to sponsor questions.

#### **3.2 Application Submittal and Review**

Each Multifamily Affordable Housing Program NOFA shall be accompanied by detailed guidance about how to submit a complete application, including where to submit an application and all documentation requirements that must be attached upon submission.

Applications shall be reviewed, underwritten, and scored on a rolling basis until the application window closes. Once the deadline to submit has passed, timely applications that pass threshold review will be ranked by score.

LAHD will recommend project funding allocations in order of highest to lowest score. More detailed information about these elements is provided in *Section 4: Threshold Requirements* and *Section 5: Selection Process and Criteria*.

Preliminary funding recommendations shall be publicized and applicants shall have a window to submit an appeal before LAHD finalizes funding commitments and, as applicable, transmits to City Council.

### **3.3 Appeal Process**

LAHD funding recommendations can be appealed by the applicant. Each NOFA will provide detailed guidance delineating acceptable grounds for appeal, the process for filing an appeal, and the standards for adjudicating an appeal. Applicants shall not file an appeal regarding LAHD staff evaluation of another applicant's application.

### **3.4 Council Approval Process**

Consistent with Los Angeles Administrative Code Section 22.618.3(d)(1)(iv), LAHD shall present the Multifamily Affordable Housing Program projects to the City Council and Mayor with award amounts and conditions to be met prior to funding. As applicable, the City Council and Mayor will authorize the General Manager of the LAHD, or designee, to determine that funding conditions have been met; to negotiate and execute the relevant financing documents for the project, subject to the approval of the City Attorney as to form; to prepare Controller instructions and any necessary technical adjustments consistent with Mayor and City Council actions, subject to the approval of the City Administrative Officer (CAO); and request that the Controller implement the instructions.

In the event of necessary technical corrections and adjustments that do not change the affordability mix, total number of units, or loan amount per unit, the General Manager of LAHD, or designee, shall be authorized to approve such corrections.

## **SECTION 4: THRESHOLD REQUIREMENTS**

The following section enumerates the elements of a complete Multifamily Affordable Housing Program application and describes the documentation requirements associated with each element. All applicants must demonstrate reasonableness of funding request and project feasibility. Applications will first undergo Threshold Review to ensure that all required elements have been met.

Applications that do not meet threshold requirements will not be reviewed or considered for funding.

### **4.1 Summary of Threshold Items**

The following subsections summarize each Threshold Item and descriptions of materials that will be required to demonstrate the Project satisfies each Threshold Item.

#### **a. Financial Feasibility**

Financial feasibility is a threshold requirement. To demonstrate financial feasibility, applicants must submit a complete pro forma financial analysis using a template

workbook that has been approved by LAHD and complies with LAHD Project Underwriting Guidelines.

Additional detail about the elements of the LAHD Project Underwriting Guidelines is provided in *Section 2.6*.

**b. Minimum 40 Unit Requirement for New Construction Projects**

The minimum project size for Multifamily Affordable Housing Program projects is 40 units. Project sponsors will be required to submit plans and documentation showing that the project will have at least 40 deed-restricted units.

**c. Project Labor Agreement (PLA)**

For projects with 40 units or more, the Project Sponsor must submit a Letter of Assent attesting that it will comply with all the terms and conditions of the City of Los Angeles Board of Public Works Master Project Labor Agreement (PLA), or a specific ULA Measure-wide PLA, negotiated with mutual agreement between the Los Angeles/Orange Counties Building and Construction Trades Council and the Southern California Association of Nonprofit Housing (SCANPH), and approved by the Los Angeles City Council.

For more information, refer to Los Angeles Administrative Code Section 22.618.7.

**d. LIHTC Requirement**

Awarded Multifamily Affordable Housing projects are required to apply to the California Tax Credit Allocation Committee (CTCAC) and/or California Debt Limit Allocation Committee (CDLAC) to leverage additional public subsidies. Applicants to the Multifamily Affordable Housing Program face a threshold requirement to provide projected scores and tiebreaker results based on the CTCAC and CDLAC Regulations in effect at the time of application submission.

**e. Minimum Unit Size Requirements**

Projects must comply with TCAC unit size minimums.

**f. Replacement, Relocation, and Right of First Refusal**

Units demolished for redevelopment under this Program shall be replaced at a ratio of one replacement unit for each qualified demolished unit, subject to a Replacement Unit Determination (RUD) by LAHD. Moreover, replacement units must be restricted to an AMI level that matches the affordability of the household that resided in the demolished unit, or to an AMI level that is more deeply affordable. Project sponsors shall submit a Rent/Income Restriction History Assessment, which must provide, to the best of

sponsor's ability, a breakdown by income level of any deed-restricted or rent-controlled residential units that will be or were vacated within the last five (5) years, as well as a record of all Lower Income Households that were known to reside in the property within the last five (5) years.

Tenants displaced due to ULA-funded construction must be offered Relocation benefits and Right of First Refusal. Project Sponsors shall submit a Relocation Plan, which must include offers of comparable dwellings, as well as a Leasing Preference Policy granting Right of First Refusal to tenants displaced by the project.

For more information, refer to Los Angeles Administrative Code Section 22.618.3(d)(1)(i)(c).

#### **g. Project Sponsor Experience**

Experience across localities administering multifamily housing programs highlight that sponsor capacity to own, operate, and make strategic asset management decisions, is critical to the success of affordable housing projects. Project Sponsors will be required to demonstrate capacity to own and oversee management of affordable housing projects; it will not be sufficient to have an experienced property manager. LAHD Sponsor Underwriting Guidelines will be utilized to assess the capacity and risk profile of each applicant. Additional detail about the LAHD Sponsor Underwriting Guidelines is provided in *Section 2.6*.

For projects submitted to satisfy the experience requirement and in operation for more than three (3) years, the General Partner or key principal within the General Partner organization must submit a certification from a third party certified public accountant that the projects have maintained a positive operating cash flow, from typical residential income alone (e.g. rents, rental subsidies, late fees, forfeited deposits, etc.) for the year in which each development's last financial statement has been prepared and have funded reserves in accordance with the partnership agreement and any applicable loan documents.

The certification of the third party certified public accountant may be in the form of an agreed upon procedure report that includes funded reserves as of the report date.

#### **h. Site Control**

Project Sponsors must demonstrate site control and the ability to secure clean title.

Site control may be evidenced by any of the following:

- Fee title as demonstrated by a current title report;
- Long-term leasehold interest (minimum term must equal term of LAHD regulatory agreement);

- Option to purchase or lease (obtaining financing shall be the sole impediment to exercising the option);
- Executed land sale contract or other enforceable agreement for acquisition of the property;
- Executed Disposition and Development Agreement (DDA) with a public agency;
- Executed Exclusive Negotiation Agreement (ENA) with City of Los Angeles; or
- Option to lease or an alternative document that meets CTCAC's site control requirement.

Regardless of the type of site control documents provided, Project Sponsors shall submit with the application a copy of a Preliminary Title Report prepared within the ninety (90) days preceding application submission.

#### **i. Accessibility Standards**

Project sponsors must provide a Self-Certification Form for Compliance to Accessibility Standards. City-funded projects must comply with all applicable accessibility standards in effect at the time of the NOFA. These include all applicable statutes, ordinances, regulations, court orders, consent decrees, or other legally enforceable standards that may apply to housing projects.

### **4.2 Application Requirements**

Subject to funding availability and timing and availability of additional leveraging sources, LAHD will issue two (2) Multifamily Affordable Housing Program NOFAs every year detailing the complete application requirements and the amount of funding available. Each NOFA will indicate the form of the application, which must be submitted electronically. For an application to be considered complete, all requirements listed in the NOFA must be provided.

At LAHD's discretion, a NOFA may provide additional application and/or threshold requirements that are not listed in these Multifamily Program Guidelines.

## **SECTION 5: SELECTION PROCESS AND CRITERIA**

Applications determined to have passed Threshold Review will be scored and prioritized for funding based on the methodology selection criteria outlined in this section.

### **5.1 Evaluation and Scoring Criteria - General**

All applications that pass Threshold Review will be scored according to a Scoring Matrix, which will be an element of each Multifamily Affordable Housing NOFA issued by LAHD. The Scoring Matrix shall prioritize project readiness, cost effectiveness, competitiveness for

LIHTC award, projects located on public land and/or land owned by faith-based organizations if conveyed at less than the fair market value, and unit typologies that align with City goals. Criteria will vary for project types such as family or senior or DV survivor housing, or housing for people experiencing homelessness. These criteria will be further specified in each NOFA.

In the event that two or more projects receive the same score, selection priority will be determined by a tiebreaker, to be defined in each implementing NOFA.

## **5.2 Evaluation and Scoring Criteria - Scoring Priorities**

<b>Priority</b>	<b>Description</b>
Entitlement Readiness	Entitlement Readiness may be defined as projects that have secured all necessary entitlements or have the ability to demonstrate that the project can be approved by-right. This can be demonstrated by Preliminary Zoning Assessment, Letter of Compliance, or Determination Letter with approved entitlements.
Cost Effectiveness	Cost effectiveness will be evaluated on a per unit basis, with adjustments for high cost land areas.
TCAC and/or CDLAC Scoring Competitiveness	Applications that can demonstrate that the project would attain the maximum possible score on the TCAC/CDLAC application for the pool or set-aside in which the project is competing
Use of Public Land or Land Owned by Faith-Based Organization(s)	Projects located on public land or land owned by faith-based organization(s), if land is donated or conveyed at less than the fair market value, net of the costs of meeting any requirements of the land seller, such as provision of replacement parking or facilities.
Priority Populations	Projects that set aside: <ul style="list-style-type: none"> <li>• A certain percentage of units for special needs populations</li> <li>• A certain percentage of units for family housing with three (3) or more bedrooms.</li> </ul>
Priority Project Locations	Projects that are either located within HCD/TCAC Opportunity Map index ranked census tracts located in High or Highest Resource areas or areas at high or extremely high displacement risk, as indicated in the forthcoming LAHD displacement risk tool.



# **ULA ALTERNATIVE MODELS FOR PERMANENT AFFORDABLE HOUSING PROGRAM GUIDELINES**

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- United to House LA Measure

## **INTRODUCTION**

### **1. Program Summary**

#### **a. Program Goals**

Measure ULA's Alternative Models for Permanent Affordable Housing Program (Alternative Models) seeks to provide innovative financing and tenant-driven governance in permanent (i.e., not interim) affordable housing developments, and allows for a range of uses of funds.

The ULA measure and ordinance does not prohibit the Alternative Models Program from leveraging ULA funds with other funds, nor does it require it. The Alternative Models Program is intended to fund projects with innovative financing and ownership models.

As provided by the ULA measure and ordinance, Alternative Models funding may be used for the new construction of affordable and/or supportive housing projects with at least 40 units, as well as acquisition, rehabilitation, adaptive reuse, leasing, preservation, and operation of affordable and/or supportive or mixed rental/ownership projects of any size. The Alternative Models Program requires that properties be owned and/or managed by public entities, housing authorities, Community Land Trusts, Limited Equity Housing Cooperatives, or other Nonprofits. The Alternative Models Program allows projects to serve a mix of income levels and requires that residents have the right to participate meaningfully in the governance of the project.

Taken as a whole, this combination of novel program features is designed to seed a social housing model that will become a major component of the City's future housing stock. Toward that end, and in light of evolving financing, ownership and management frameworks, the Alternative Models Program will initially pilot and evaluate best and innovative practices as it matures. Key elements of social housing will be required of all projects financed by the Alternative Models Program, including:

- Permanent affordability;
- Ownership by Nonprofits or public agencies; and
- Meaningful resident participation in decision-making and governance of the properties.
- Additionally, opportunities for resident ownership are encouraged where feasible and desirable.

Permanent affordability is an integral element of the social housing model. In order to avoid the uncertainties that time-limited covenants can create for owners and tenants, the Alternative Models Program was created to add permanently affordable housing into the City's housing stock, generating homes that will remain affordable for generations. As such, the term of the affordability restrictions in project regulatory agreements will be

in perpetuity. LAHD will have flexibility in structuring its funds to align with other leverage sources as needed to maintain feasibility.

For the greatest impact, the Alternative Models Program will initially focus on the City's most pressing affordable housing needs. As such, the Guidelines are designed to focus program funding on new construction of affordable and/or supportive housing units, and the preservation of substantially at-risk affordable housing.

As further described below, and unless the City Council approves with the advice of the Citizens Oversight Committee (COC) a finding that a different allocation is needed, program funds shall be apportioned for the first three fiscal years as follows:

- **Fiscal Year 2024-2025:** No more than 40% apportioned to the Preservation Program and at least 60% to the New Construction Program.
- **Fiscal Year 2025-2026:** No more than 30% apportioned to the Preservation Program and at least 70% to the New Construction Program.
- **Fiscal Year 2026-2027:** No more than 15% apportioned to the Preservation Program least 85% apportioned to the New Construction Program.

Additionally, these Guidelines also contemplate the development of new housing finance models that are intended to meet the evolving needs, and grow the capacity of, social housing lenders and Project Sponsors.

## **b. Statutory Requirements**

Following is a summary of universal ULA Requirements for all Affordable Housing programs, as further delineated in Los Angeles Administrative Code Section 22.618.3(d)(1)(i):

- All units are affordable to Lower Income Households, with a limited exception for units created using the Alternative Models Program, as described below.
- All units are restricted affordable in perpetuity or such other maximum length of time as may be permitted by applicable law, with limited exceptions to permit 55-year covenant terms if required by other funding sources in the project.
- Resale of rental property is restricted to Nonprofits, Limited Equity Housing Cooperatives (LEHCs) and/or Community Land Trusts (CLTs).
- One-to-one replacement of existing qualifying units is required, as verified by a Replacement Unit Determination (RUD) from the Los Angeles Housing Department (LAHD).
- Projects must provide relocation benefits and right of first refusal to any qualifying existing occupants.
- Prevailing wage is required for all construction activities.
- A Project Labor Agreement (PLA) is required for construction and rehabilitation of 40 or more units.

Additionally, the below requirements shall be applicable to all activities under the Alternative Models for Permanent Affordable Housing Program:

- Projects may include a mix of lower income household income types, but must reserve a minimum of 20% of the units for Acutely Low Income (ALI) and/or Extremely Low Income (ELI) households.
- Up to 20% of units may be unrestricted in terms of rents and household incomes, 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.
- Where feasible and desirable, projects shall use public land.
- Housing units must be acquired and managed by a public entity, a local housing authority, a CLT, an LEHC, or a 501(c)(3) non-profit entity.
- Residents shall have a right to participate meaningfully in the decision-making and governance of the project.
- Projects shall include resident ownership, where feasible and desirable.

### **c. Program Areas**

The Alternative Models for Permanent Affordable Housing Program includes two key Program Areas. This document contains guidelines for each of the two Program Areas:

1. **New Construction Program:** New construction of affordable and supportive housing, including adaptive reuse. This subprogram is competitively scored and LAHD will issue multiple Notices of Funding Availability (NOFAs) per year.
2. **Preservation Program:** Recapitalization, acquisition or rehabilitation of at-risk affordable housing, including projects with expiring covenants and projects at risk of financial insolvency. This subprogram is competitively scored and LAHD will issue one Notice of Funding Availabilities (NOFA) per year.

To foster the new kinds of Project Sponsors envisioned by this program and catalyze the development of public land, LAHD shall promulgate, with the advice of the Citizen Oversight Committee (COC) and approval of the City Council and Mayor, additional guidelines that would govern the implementation of a **Social Housing Predevelopment Loan Program** to make loans for site acquisition and/or some portion of predevelopment costs prior to construction start and prior to the project securing all other funding sources. Such a program could be paired with the disposition of City-owned land, and thereby streamline projects by providing simultaneous awards of both a project's land and financing.

Each fiscal year, with recommendations from the COC and LAHD, the City Council and Mayor will approve and apportion Alternative Models for Permanent Affordable Housing expenditures between the New Construction Program and the Preservation Program. Each year, the Los Angeles Housing Department and the COC will present a summary

of housing needs and production results to the City Council and Mayor. LAHD will supplement this annual report with a summary of available funding sources for housing production and preservation, to demonstrate how ULA funds can be used within the context of the City's overall housing needs and resources. Wherever program guidelines create more than one funding model, the allocation of resources between models will be based on these analyses.

In the immediate term, program funds shall be apportioned as follows:

- **Fiscal Year 2024-2025:** No more than 40% apportioned to the Preservation Program and at least 60% to the New Construction Program.
- **Fiscal Year 2025-2026:** No more than 30% apportioned to the Preservation Program and at least 70% to the New Construction Program.

Beginning in Fiscal Year 2026-2027, and in each fiscal year thereafter, no more than 15% of the Alternative Models for Permanent Affordable Housing funds shall be apportioned to the Preservation Program for a fiscal year, unless the City Council, with recommendation by the ULA COC and LAHD, approves a finding, based on a needs assessment, that different apportionment is necessary to meet needs.

## **2. Context**

The State of California's Regional Housing Needs Assessment (RHNA) obligates the City of Los Angeles to facilitate the production of sufficient units to meet housing needs at all income levels, which include needed housing for forecasted population growth and household formation, as well as unmet needs from prior years. In the eight-year period from 2021 to 2029, the City's RHNA goal is 456,643 units. Of these, 184,721 units must be affordable to lower-income households. This means that the City must produce affordable housing at an average rate of 23,090 units per year in order to meet the RHNA goal.

Since the Tax Reform Act of 1986, the Low Income Housing Tax Credit ("LIHTC") program has formed the foundational financing of most affordable housing production. While the LIHTC program has led to the creation of several million affordable housing units across the country, there is a need for alternative models of affordable housing that cannot be easily met through the existing LIHTC program. The reliance of the LIHTC program on tax-incentivized investors makes it difficult to use affordability terms longer than 55 years, and to develop 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.

Recognizing the limitations of the LIHTC system, ULA provides funding for several affordable housing production paradigms. Among these, nearly a quarter (a minimum of 22.5% and up to 25%) of the House LA Programs Fund is intended to support the Alternative Models for Permanent Affordable Housing Program. The Program is envisioned

as a vehicle to build beyond the tools of traditional models of housing finance and development — such as LIHTC — and create a new model that prioritizes speed, flexibility, longevity of investment, and an enhanced role for tenants in their housing. The Alternative Models program may fund a range of project types with a variety of leveraging strategies. Among the range of housing options that could be supported by the Program include social housing and community ownership strategies.

### **3. Commitment to Racial Equity**

Existing data and scholarship confirm that Black, Latinx, and other communities of color are disproportionately affected by homelessness, housing insecurity, and lack of affordable housing options. These Alternative Models for Permanent Affordable Housing Program Guidelines acknowledge that this disproportionality is the result of generations of structural racism. Decades of land use policies and zoning practices have reinforced racial segregation, poverty, environmental injustice, and disinvestment that is manifested in the demographics of our contemporary homeless population.

The implementation of the Alternative Models for Permanent Affordable Housing Program has a primary goal of adhering to principles of racial equity, with a focus on addressing affordable housing needs by producing new units, acquiring and rehabilitating existing units, and cultivating residential leadership within housing projects to provide long-term, stable affordable housing for the City's most vulnerable communities.

Consistent with this commitment to promote racial equity, the Alternative Models for Permanent Affordable Housing Program is designed to be attuned to the needs and realities of historically marginalized communities, and how racism, as well as disability, transphobia, sexism, and other community experiences affect the vulnerability of a neighborhood, and its experiences. To this end, the Alternative Models for Permanent Affordable Housing Program provides resources to proactively address racial and economic segregation throughout the City by creating housing opportunities that address historic patterns of discrimination and exclusion, by promoting permanent affordability and resident engagement and ownership in their housing.

### **4. Program Metrics**

The Los Angeles Housing Department (LAHD) will collect information in alignment with the ULA measure and ordinance reporting requirements and in a manner that supports the evaluation of long-term impacts and outcomes for the Alternative Models for Permanent Affordable Housing Program. To the extent feasible, this information includes but is not limited to, the number of units produced, acquired, and/or preserved, the number of residents located within each project, the form of ownership, and the number of jobs created. Development activities will be tracked by dollars spent on housing construction and preservation. Wherever relevant, data shall be disaggregated by race, family composition,

sexual orientation, age, ability, gender, and location (address, ZIP code, and Council District).

Goal	Metrics
Produce new affordable housing units, in alignment with ULA goals and priorities.	<ul style="list-style-type: none"> <li>• Number of units produced by income category.</li> <li>• Number of units produced in High or Highest Resource Areas.</li> <li>• Number of units produced in Racially/Ethnically Concentrated Areas of Poverty (R/ECAP).</li> <li>• Number of units produced in Racially Concentrated Areas of Affluence (RCAA).</li> <li>• Number of units produced on public land.</li> <li>• Number of units produced near public transit.</li> <li>• Number of units produced on land owned by faith-based institutions that have achieved permanent affordability and land is provided below market and/or receive streamlining benefits.</li> </ul>
Create high quality affordable housing opportunities for people, in alignment with ULA goals and priorities.	<ul style="list-style-type: none"> <li>• Number of people housed in Alternative Models New Construction Program units, to be disaggregated by the ULA measure and ordinance reporting requirements.</li> </ul>
Preserve housing affordability for tenants, in alignment with ULA goals and priorities.	<ul style="list-style-type: none"> <li>• Number of units preserved, by income category.</li> <li>• Number units preserved in High or Highest Resource Areas.</li> <li>• Number of units preserved in racially/ethnically-concentrated areas of poverty (R/ECAP).</li> <li>• Number of units preserved in racially concentrated areas of affluence (RCAA).</li> <li>• Number of units preserved on public land. <ul style="list-style-type: none"> <li>• Number of units preserved on land stewarded by a community land trust.</li> </ul> </li> <li>• Number of units preserved near public transit.</li> <li>• Number of units preserved on land owned by faith-based institutions.</li> </ul>

Preserve affordability for tenants, in alignment with ULA goals and priorities.	<ul style="list-style-type: none"> <li>Number of people housed in Alternative Models Preservation Program units, to be disaggregated by the ULA measure and ordinance reporting requirements.</li> </ul>
Create construction jobs from development projects, in alignment with ULA goals and priorities.	<ul style="list-style-type: none"> <li>Number of jobs created, disaggregated by: <ul style="list-style-type: none"> <li>race/ethnicity;</li> <li>gender; and</li> <li>share of workers living within the City of Los Angeles.</li> </ul> </li> <li>Number and percentage of Apprentice hours worked on development projects</li> <li>Number and percentage of Targeted Local Hire hours worked on development projects.</li> <li>Wages Reinvested <ul style="list-style-type: none"> <li>Wages Reinvested by ZIP Code.</li> <li>Wages Reinvested by Council District.</li> <li>Wages Reinvested by R/ECAP.</li> <li>Wages Reinvested by RCCA.</li> </ul> </li> </ul>
Establish resident governance	<ul style="list-style-type: none"> <li>Number of projects/units with resident governance</li> <li>Number and type of resident engagement and training activities, disaggregated by housing tenure, and listed by project</li> </ul>
Cultivate resident governance and/or ownership of housing.	<ul style="list-style-type: none"> <li>Number of projects/units with community/resident governance, to be disaggregated by Subprogram.</li> <li>Number of projects and units with resident ownership.</li> </ul>
Maximize ULA investment by ensuring cost effectiveness and timely delivery of needed housing.	<ul style="list-style-type: none"> <li>Total Development Cost (TDC) per unit per project by project type and program <ul style="list-style-type: none"> <li>For Preservation, disaggregate average cost to buy back affordability per unit per year</li> <li>For Preservation, disaggregate average cost per unit for rehabilitation</li> </ul> </li> <li>Number of Months Elapsed from First Predevelopment Activity to Placed-In-Service</li> </ul>

LAHD shall analyze these and potentially additional metrics and participant data annually and provide a summary of its analysis to the ULA Citizens Oversight Committee (COC) to allow for an assessment of whether the Program is meeting its goals and priorities.



## **5. Branding**

LAHD, in collaboration with the ULA COC, shall develop and implement a plan to include ULA branding on all program materials. This shall include digital and paper materials, signage (e.g., at public workshops or construction sites), and permanent branding on/in housing funded by Measure ULA (e.g., a permanent sign or plaque).

## **6. Definitions**

*“Acutely Low-Income”* shall have the same meaning as in Section 50063.5 of the California Health and Safety Code.

*“Audited Financial Statement(s)”* shall mean organizational records covering the balance sheet, statement of cash flow, and other documents describing the organization’s financial position and that have been reviewed and approved by independent third-party auditors.

*“Borrower(s)”* shall mean an entity that has been approved for or received a loan from the Los Angeles Housing Department (“LAHD”) that has remaining interest or principal to be paid, or for which the term of the loan has not yet expired.

*“California Tax Credit Allocation Committee”* shall mean the state agency that creates the Qualified Allocation Plan (“QAP”) for allocating Low Income Housing Tax Credits (“LIHTC”) within the State of California. It is also abbreviated as “CTCAC” or “TCAC.” The QAP published by CTCAC/TCAC is commonly referred to as “TCAC Regulations”

*“California Debt Limit Allocation Committee”* shall mean the state agency that administers the state’s annual debt limit ceiling and administers the state’s tax-exempt bond program to allocate such bonds to projects. It is also abbreviated as “CDLAC.”

*“Capital Needs Assessment”* shall mean a third-party analysis based on a building inspection that identifies problems in major building systems such as structural, electrical, plumbing, sewage, roofing, flooring, mechanical, heating/cooling, and safety.

*“Citizens Oversight Committee”* shall mean the body of 15 appointed members who monitor the activities of the House LA Fund and advise the Mayor, City Council, and the Los Angeles Housing Department (“LAHD”) on priorities, program guidelines, and program implementation. It is also abbreviated as “COC.”

*“Community Agreement(s)”* shall mean a document that is created by residents of a property for the purposes of defining how they will live together and the acceptable behaviors for residents and their guests, and how disagreements or disputes between neighbors will be resolved. Each property that has received United to House Los Angeles (“ULA”) funds through the Alternative Models for Permanent Affordable Housing and/or the Acquisition and Rehabilitation for Affordable Housing programs must produce a Community Agreement.

*“Community Land Trust”* shall mean 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 income-qualified owner for the convenient occupation and use of that dwelling or unit for a renewable term of 99 years. It is also abbreviated as “CLT.”

*“CTCAC/HCD Opportunity Map”* shall mean the geographic tool utilized by the California Tax Credit Allocation Committee (“CTCAC”) to index census tracts across the State of California based on economic, social, employment, educational, and environmental indicators. The 2024 version of the tool is linked [here](#).

*“Department of Housing and Community Development”* shall mean the California Department of Housing and Community Development. It is also abbreviated as “HCD.”

*“Department of Housing and Urban Development”* shall mean the U.S. Department of Housing and Urban Development. It is also abbreviated as “HUD.”

*“Extremely Low Income”* shall have the same meaning as in Section 50106 of the California Health and Safety Code.

*“Financial Stress”* shall mean a condition of elevated risk to a project, characterized by some combination of operating deficits, elevated vacancy loss, major deferred maintenance and/or deferred capital improvements, depletion of reserves, and/or losses due to economic shocks such as natural disaster.

*“Housing Needs Assessment”* shall mean a data-informed study, conducted by the Citizens Oversight Committee (“COC”) prior to December 31, 2023 and updated at least once every three (3) years to understand, quantify, and qualify the City of Los Angeles’s housing needs with respect to homelessness, housing affordability, tenant protections and the housing needs of vulnerable populations, including but not limited to people experiencing homelessness, seniors in Lower Income Households, formerly homeless people, persons with disabilities, veterans, single-parent households, youth in transition, survivors of domestic violence, and Lower Income Households. The study must disaggregate data by race, family composition, sexual orientation, age, disability, and gender.

*“LAHD Project Underwriting Guidelines”* shall mean a project review process created by the Los Angeles Housing Department (“LAHD”), shared publicly, and updated periodically to

reflect LAHD staff assessment of necessary financial strength and specific acceptable tolerance ranges for key financial assumptions and potential challenges of each proposed project. The goal of the underwriting guidelines shall be to ensure that each City housing investment creates a project that will be financially and physically viable for the years of the program covenants, and shall provide a good living environment for the residents over the years, and be a positive part of the community. Project Underwriting Guidelines are based on sensitivity testing of potential portfolio liabilities and challenges, benchmarks of cost drivers, economic conditions, compliance with legal and regulatory mandates, and other variables that affect the broader affordable housing environment.

*“LAHD Sponsor Underwriting Guidelines”* shall mean a review and risk assessment process created by the Los Angeles Housing Department (“LAHD”), shared publicly, and updated periodically to assess the necessary financial strength, organizational capacity and relevant experience to complete and operate the proposed housing project in compliance with guidelines, as a physically and financially healthy project that serves the residents and community well for the years of the covenant. The guidelines shall specify acceptable tolerance ranges for key financial assumptions and potential challenges. LAHD Sponsor Underwriting Guidelines are based on portfolio size and health, development record, organizational and staff capacity to own and direct operations of the proposed project, and organization financial health.

*“Limited Equity Housing Cooperative”* shall have the same meaning as in Section 817 of the California Civil Code. It is also abbreviated as “LEHC.”

*“Lower Income Household(s)”* shall have the same meaning as in Section 50079.5 of the California Health and Safety Code.

*“Low Income Housing Tax Credits”* shall mean state or federal tax credit programs that reduce tax liability in exchange for acquisition, rehabilitation, or construction of deed-restricted affordable housing. It is also abbreviated as “LIHTC.”

*“Milestones Commitment Letter”* shall mean a letter describing planned activities during the pre-development, construction, and lease-up stages of a project, as applicable, and the timelines for each activity. The activities and timing can be presented in a table, and the letter must acknowledge that failure to meet project milestones in a timely fashion will constitute a default event.

*“Nonprofit(s)”* shall mean an organization exempt from taxation pursuant to Internal Revenue Code Section 501(c)(3). Instrumentalities of Nonprofit organizations, including wholly owned subsidiaries, are not automatically considered Nonprofits.

*“Project Labor Agreement”* shall mean the City of Los Angeles Department of Public Works Master Project Labor Agreement (“PLA”) or a specific ULA Measure-wide PLA, negotiated with mutual agreement between the Los Angeles/Orange Counties Building and

Construction Trades Council and the Southern California Association of Nonprofit Housing (“SCANPH”), and approved by the Los Angeles City Council.

*“Real Estate Owned Schedule”* shall mean a list of properties owned by an entity and the parent company that controls that entity. The Real Estate Owned Schedule must include projected and actual operating costs and revenues for all properties listed.

*“Replacement Unit Determination”* shall mean an analysis specifying the count of qualified demolished units i) subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of lower or very low income, ii) subject to any form of rent or price control through a public entity’s valid exercise of its police power within the five (5) past years, iii) rented by lower or very low income households, or iv) that were withdrawn from rent or lease per the Ellis Act, within the past ten (10) years, and the Area Median Income (“AMI”) restriction that must be recorded consistent with the income level of the most recent qualified household that resided in a demolished unit. It is also abbreviated as “RUD.”

*“Resale Formula”* shall mean a formula that is reflected in a ground lease and/or an applicable deed restriction that sets an upper limit on the price for which a home or a cooperative share with resale restrictions may be resold, and that is applied consistently to each home or share upon resale.

*“Resale of Rental Property”* shall mean a change in ownership via a change in fee title on a property, or a long-term master lease of greater than 30 years.

*“Resident Council(s)”* shall mean any of the following: i) an elected body of residents in a property who represent the residents in deciding the policies and financial priorities of a building; or ii) a homeowners’ association, cooperative board, LEHC, or other similar representative or elected governance body required by state law based on the legal structure of the property. Each property that has received ULA funds through the Alternative Models for Permanent Affordable Housing and/or the Acquisition and Rehabilitation for Affordable Housing programs shall be supported in developing a Resident Council.

*“Residual Receipts”* shall mean loan terms that offer below market rate interest, deferred payments, and loan payments that are due only after, and if, operating costs and senior debt service are paid.

*“Statement of Public Purpose”* shall mean a document that, in consideration of the COC’s Housing Needs Assessment and other available neighborhood-specific information on a community’s housing challenges, describes how a proposed project would benefit the community in which it is located, meet the public needs identified in the COC’s Housing Needs Assessment through the project’s community outreach and final design, and advance the goals of ULA as defined in Los Angeles Administrative Code Section 22.618.1: Purpose.

“*Very Low Income*” shall have the same meaning as in Section 50105 of the California Health and Safety Code.

# **New Construction Program Guidelines**

## **SECTION 1: ADMINISTRATIVE OVERVIEW**

### **1.1 Program Administrator**

The Alternative Models for Permanent Affordable Housing New Construction Program (“New Construction Program”) is administered by the City of Los Angeles Housing Department (LAHD). Within LAHD, the Housing Development Bureau (HDB) manages the development and issuance of Notices of Funding Availability (NOFAs), and sponsor and project review and underwriting, including scoring and awarding of applications.

LAHD will revise maximum loan limits annually to reflect changes in the economic environment including but not limited to budget, availability of external funds, legal and regulatory mandates, interest rates, commodity and land prices, and inflation. Prior to issuing NOFAs, LAHD will provide an update to the ULA Citizen Oversight Committee (COC) and City Council pertaining to the maximum loan limits.

### **1.2 Notice of Funding Availability (NOFA) Schedule**

Subject to funding availability, LAHD will offer two NOFAs for the Alternative Models for Permanent Affordable Housing New Construction Program every fiscal year. Additional information regarding the NOFA, project application, and project award schedule will be provided in Department-issued NOFAs.

## **SECTION 2: GENERAL PROVISIONS**

The following section provides a summary of how the Program will be operated and general Program requirements.

### **1.3 Eligible Applicants**

Eligible applicants are public entities, local housing authorities, Community Land Trusts (CLTs), Limited Equity Housing Cooperatives (LEHCs), and Nonprofits. Partnerships such as General Partnerships, Limited Partnership, and Limited Liability Companies may apply provided that the Managing General Partner is an eligible entity. A for-profit entity cannot be the Managing General Partner.

### Affordable Housing Experience

The ULA measure and ordinance requires applicants to have experience with affordable housing development and property management within the project team. However, eligible entities without sufficient experience developing and managing affordable housing developments may partner with an experienced Nonprofit to apply for Program funding, as long as the experienced Nonprofit participates in the management of the project with duties equivalent to those of a Managing General Partner.

### Tenant Governance Experience

Development teams must also demonstrate experience supporting tenant governance models. Developers that do not have capacity themselves to support tenant governance must partner with a locally-based Nonprofit organization that has a demonstrated history of managing residential properties under tenant governance models.

Partnerships may take the form of General Partnerships, Limited Partnerships or Limited Liability Companies or other Special-Purpose Entities (SPEs) where the experienced Nonprofit has an ownership stake in the SPE, or fee-for-service contractual agreements with a Nonprofit demonstrating experience in tenant governance. Partnership documents must provide an outline of roles and responsibilities between developer and partner organization(s).

## **1.4 Eligible Projects**

Projects must meet the following requirements to be eligible for Program funds.

### Project Type:

- The project must be one of two project types:
  - New Construction of multifamily rental or ownership housing including ADUs; or
  - Adaptive Reuse of existing nonresidential structures, such as commercial buildings or hotels/motels, to multifamily rental or ownership housing.

### Project Size:

- If new construction, the project must include 40 or more units.
- If adaptive reuse of existing structures, the project has no minimum unit count.

Affordability Requirements and Rent Schedules:

- A minimum of 20% of the total project units must be restricted to Acutely Low Income (ALI) and/or Extremely Low Income (ELI) Households.
- Up to 20% of the total project units may be unrestricted with respect to rents and household incomes if necessary to make the project financially feasible in accordance with Los Angeles Administrative Code Section 22.618.3(d)(1)(ii)(b)(4), but all other units must be restricted to be affordable to Lower Income Households.
- LAHD will specify applicable income targeting and rent schedules in each NOFA.
- All deed restricted affordable units must be affordable in perpetuity, as defined in *Section 2.5*, with AMI limits set at the project rather than unit level, and with a target average of 60% AMI across each project, subject to City Attorney approval of the regulatory covenant. LAHD will apply HUD/LIHTC income targeting and rent schedules, with the exception of when the project or units in the project are subject to regulatory agreements that require Health and Safety Code income targeting and rent schedules.

Labor Compliance:

- Must pay prevailing wage.
- New construction projects must be 40 units or more and comply with the City of Los Angeles Department of Public Works Master Project Labor Agreement (PLA) or a specific ULA Measure-wide PLA, negotiated with mutual agreement between the Los Angeles/Orange Counties Building and Construction Trades Council and the Southern California Association of Nonprofit Housing (SCANPH), and approved by the Los Angeles City Council.

Outside Leveraging:

- Leveraging of additional public sources is allowed so long as the outside funding sources do not preclude conversion to tenant ownership, permanent affordability, or any other requirements in the ULA measure and ordinance.



## **1.5 Eligible Activities**

Eligible activities include providing financial assistance, and may include making subordinate, long-term, low-interest, fully-amortizing or residual receipts loans to projects that provide affordable rental or homeownership housing, supportive housing, and/or mixed-income housing in accordance with ULA maximum of 20% market rate.

Eligible project costs include:

- Acquisition costs during predevelopment;
- Predevelopment costs, including, but not limited to, costs for architectural plans and renderings, 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);
- Construction and financing costs, including but not limited to, demolition, off-site public improvements, construction bonds, general contractor and subcontractor payments including overhead, profit, and general conditions;
- Soft costs related to the construction and development of the project, including, but not limited to, conventional financing, design, program, financing, and entitlement processing, developer fees, legal fees, and professional fees;
- Relocation and related expenses;
- Costs associated with market-rate units provided only for the purpose increasing project financial stability in accordance with Los Angeles Administrative Code Section 22.618.3(d)(1)(ii)(b)(4); and
- Reasonable reserves for operating costs, for projects requiring short-term capitalized operating assistance, that are still able to demonstrate long-term financial viability without operating assistance except from Section 8 or similar long-term rental housing vouchers.

## **1.6 Ineligible Activities**

Funds awarded under the Alternative Models Production Program shall not be used for the following expenses or activities:

- Substitution for any committed permanent project financing source, unless the substitution was approved at the time of commitment.
- Costs associated with units not funded by the City of Los Angeles.
- Reimbursement for project costs that have been paid by another project funding source, unless the reimbursement was approved at the time of commitment.
- Travel expenses, food, or meals.
- Application fees for other project financing.
- Office or general organizational expenses.

- Costs that would normally be paid by the Limited Partnership or Limited Liability Company.
- The payment of delinquent taxes, fees, or charges on properties.

### **1.7 Loan / Financial Assistance Terms and Limits**

Loan Limits: At least once per year, loan limits will be established according to the following process:

1. LAHD will determine the average per unit Total Development Costs (TDC) by unit typology in the previous fiscal year. LAHD will use comparable benchmark projects funded by ULA or other City sources to determine average costs.
  - Average per unit costs will be adjusted by an inflation factor.
2. LAHD will determine the average per unit supportable debt by unit typology and at prevailing interest rates.
3. Assuming up to one (1) additional source of public financing, LAHD will determine the projected gap between the per unit cost, per unit soft sources, and per unit supportable debt, for each unit typology
4. LAHD will set limits on financial assistance for each unit typology to ensure that projects achieve long-term financial stability.
  - Modifiers may be applied to provide an increase to maximum loan limits for units with three (3) or more bedrooms, more deeply affordable units, and/or projects located in high cost and high opportunity areas.

LAHD may update loan limits more frequently if necessary to account for changes in economic conditions.

Loan Type: Predevelopment, construction (including reimbursement of acquisition and predevelopment costs), and permanent loans. Permanent loans will allow for transfer of ownership to a legal entity owned and/or controlled by residents.

Interest Rate: The interest rate for all loans is three percent (3%) simple interest. LAHD may determine a lower interest rate of no less than 1% if it is found to be necessary for project feasibility.

Calculation of Interest: Simple interest will be calculated on the loan amount outstanding and based upon a 365-day year, and actual number of days elapsed.

Term of Loan: The permanent loan term shall be no less than 60 years, and fully amortizing.

Term of Affordability Covenant: The term of the affordability restrictions in the Regulatory Agreement shall be in perpetuity (or such shorter period of time as may be required by applicable law); provided, however, that for projects qualifying for LIHTC, tax-exempt bonds,

or federal or state government-sponsored entity loan programs, LAHD, shall, based on a Department finding of extraordinary need, have flexibility to structure the terms in its loan documents and/or covenants or restrictions in regulatory documents, so that the project as underwritten at closing is financially feasible and compatible with such program requirements.

Developer Fee: The allowable Developer Fee(s) will be established by LAHD and included in the NOFA, to be approved by the Mayor and Council prior to issuance, and shall be consistent with the most recent TCAC regulations in effect. LAHD will update developer fee limits as needed to remain consistent with TCAC limits.

These loan and financial assistance terms may be adjusted in the future, in consultation with the Citizens Oversight Committee, based on additional research and policy considerations regarding social housing strategies.

### **1.8 Sponsor and Project Underwriting Standards**

Applications shall be reviewed in accordance with LAHD Sponsor Underwriting Guidelines and Project Underwriting Guidelines. Underwriting Guidelines are available to the public, and revised regularly to reflect the most up-to-date LAHD staff analysis of financial stress and risk tolerances.

For Sponsor Underwriting Guidelines, the analysis is based on:

- Portfolio size and health, including deferred maintenance needs, lease-up rates, amount of reserves, cash flow, and debt coverage ratios;
- Development record, including number of projects completed or in development, and projects meeting development milestones on time and on budget; and
- Organization health, including reviews of three (3) most recent years of Audited Financial Statements (AFSs), and tests of assets, revenues, expenses, cash flow, debt, and liabilities, and organizational budgets, financial projections, staffing plans and board participation records.

Project Sponsors that lack significant experience or capacity are required to partner with an experienced entity that satisfies Sponsor Underwriting standards, and that can demonstrate that the organization brings adequate financial and staff capacity to guarantee successful development and operations of the project, including by showing that the partner organization has sufficient experience in property management and project development that would meet the standards set in the Sponsor Underwriting Guidelines.

For Project Underwriting Guidelines, the analysis is based on review of potential portfolio liabilities and challenges, benchmarks of cost drivers, economic conditions, compliance with

legal and regulatory mandates, and other variables that affect the broader affordable housing environment.

Project Underwriting Guidelines may include parameters for:

- Reasonable costs;
- Income and expense escalators;
- Bonding, insurance, and other liability coverage requirements;
- Operating and replacement reserve ratios;
- Lien priority;
- Taxes and fees;
- Hard and soft cost contingencies;
- Debt service;
- Vacancy rates.
- Relationship of proposed rents to neighborhood market rents; and
- Proposed project timeline for development and lease up.

## **1.9 Loan Management and Occupancy Monitoring**

### **a. Loan Management**

Sponsors of awarded projects are required to comply with the following:

- Submit Audited Financial Statements (AFSs) annually and effectuate loan payments by the date indicated on the loan agreement.
- As applicable, complete a Calculation of Residual Receipts Form using information from the AFS for each project. LAHD may make technical adjustments to the calculation before issuing a final invoice for any underpayments, or providing a credit for overpayments.
- Maintain adequate operating and replacement reserves, and obtain pre-approvals from LAHD prior to withdrawals from these funds.
- Submit Real Estate Owned Schedule annually showing projected and actual operating costs and income for each project.

### **b. Occupancy Monitoring**

Once a year, project owners must submit documentation that tenants who occupy restricted units are income-eligible and that the rents they pay are within the allowable program limits. Affirmative marketing practices aim to further the goals of the ULA measure and ordinance, which include improving access to permanent affordable housing for vulnerable populations. Affirmative marketing practices shall require that project owners market to non-English speakers. The project owner will also agree to

provide regular reporting on demographic information related to tenants, consistent with ULA-required tracking and reporting on tenants housed using Program funds.

**c. Default**

The loan agreement will specify the events that may cause LAHD to declare the borrower in default. These events include, but are not limited to:

- Failure to construct/rehabilitate the proposed project within the time agreed;
- Breach of rental/ownership covenants;
- Failure to maintain the property in good condition;
- Failure to make agreed-upon loan repayments;
- Failure to receive an LAHD approval prior to any change in ownership entity;
- Breach of affirmative action, equal opportunity, contractor responsibility, equal benefits or MBE/WBE requirements;
- Failure to submit annual financial statements certified by a certified public accountant;
- Failure to comply with Measure ULA Project Labor Agreement and prevailing wage requirements, as applicable;
- Failure to meet accessibility construction standards, and/or failure to comply with all applicable accessibility standards, including but not limited to: Section 504 of the Rehabilitation Act of 1973 as amended, Title VIII of the Civil Rights Act of 1964 as amended in 1988 by the Fair Housing Amendments Act, and the Americans with Disabilities Act Title II, the State of California's Unruh Act, Department of Fair Employment and Housing (DFEH) Regulations and California Government Code Section 11135 et. seq.;
- Failure to maintain appropriate insurance coverage without LAHD approval;
- Commencing construction (including demolition) without LAHD authorization;
- Failure to abide by development and/or construction schedules;
- Failure to maintain the project "in balance" during construction;
- Failure to pay property taxes that are associated with the project;
- Bankruptcy;
- Dissolution or insolvency of the ownership entity;
- Failure to adhere to construction cost limits as stated in Section 3.7 of the AHMP Guidelines; and
- Uncured event of default under any other loan agreements from federal, state or county or private lenders.

**d. Event of Conflict**

Projects must comply with all covenants and loan agreements. Where discrepancies exist between these Alternative Models for Permanent Affordable Housing New Construction Program Guidelines and other funding requirements, the most restrictive will prevail, except

if the other funding requirement would preclude permanent affordability or conversion to tenant ownership.

### **SECTION 3: FUNDING ROUNDS, TIMING, AND APPROVAL PROCESS**

Based on these New Construction Program Guidelines, LAHD will periodically release NOFAs to announce the opening of applications and to effectuate the awarding of funds. The terms and requirements of these New Construction Program Guidelines shall be applicable to each NOFA, and a NOFA may incorporate additional supplementary terms and details that further clarify LAHD policy and objectives.

The terms of the NOFA must be approved by the Mayor and Council prior to issuance.

#### **3.1 Notice of Funding Availability (NOFA) Development Process and Publication**

Subject to funding availability, LAHD shall issue two (2) New Construction Program NOFAs per year. The timing of each NOFA shall be announced at least three (3) months in advance, and applicants shall have at least 45 days from the release of a NOFA to submit proposals.

Each New Construction NOFA shall provide specific maximum loan limits, which may or may not vary depending on unit type and depth of affordability. Loan limits will be determined as a function of estimated development costs, availability of external public subsidies, and LAHD goals with respect to unit typology and affordability mix, as described in *Section 2.5*.

Each New Construction NOFA shall specify the applicable rent schedule that projects must follow in calculating rental income and for income qualification of potential tenants.

At least five (5) business days before the application window opens, LAHD shall hold a Bidders' Conference to provide a high-level overview of the NOFA and respond to sponsor questions.

#### **3.2 Application Submittal and Review**

Each New Construction Program NOFA shall be accompanied by detailed guidance about how to submit a complete application, including where to submit an application and all documentation requirements that must be attached upon submission.

Applications shall be reviewed, underwritten, and scored once the application window closes. Once the deadline to submit has passed, applications that pass threshold review will be divided into two priority pools and ranked by score within each pool.

LAHD will first recommend funding allocations to the first pool, which is for qualified CLTs and partnerships that include CLT, in order of highest to lowest score. If funding allows, LAHD will then recommend funding allocations to the second pool in order of highest to lowest score.

More detailed information about this is provided in *Section 4: Threshold Requirements* and *Section 5: Selection Process and Criteria*.

Preliminary recommendations shall be publicized and applicants shall have a window to submit an appeal before LAHD finalizes funding commitments and, as applicable, transmits funding commitment recommendations to City Council.

### **3.3 Appeal Process**

LAHD funding recommendations can be appealed by the applicant. Each NOFA will provide detailed guidance delineating acceptable grounds for appeal and the process for filing an appeal. Applicants shall not file an appeal regarding LAHD staff evaluation of another applicant's application.

### **3.4 Council Approval Process**

Consistent with Los Angeles Administrative Code Section 22.618.3(d)(1)(iv), LAHD shall present the New Construction Program projects to the City Council and Mayor with award amounts and conditions to be met prior to funding. As applicable, the City Council and Mayor will authorize the General Manager of the LAHD, or designee, to determine that funding conditions have been met; to negotiate and execute the relevant financing documents for the project, subject to the approval of the City Attorney as to form; to prepare Controller instructions and any necessary technical adjustments consistent with Mayor and City Council actions, subject to the approval of the City Administrative Officer (CAO); and request that the Controller implement the instructions.

In the event of necessary technical corrections and adjustments that do not change the affordability mix, total number of units, or loan amount per unit, the General Manager of LAHD, or designee, shall be authorized to approve such corrections.

## **SECTION 4: THRESHOLD REQUIREMENTS**

The following section enumerates the elements of a complete New Construction Program application and describes the documentation requirements associated with each element. All applicants must demonstrate reasonableness of funding request and project feasibility. Applications will first undergo Threshold Review to ensure that all required elements have been met.

Applications that do not meet threshold requirements will not be reviewed or considered for funding.

### **4.1 Summary of Threshold Items**

The following subsections summarize each Threshold Item and descriptions of materials that will be required to demonstrate the Project satisfies each Threshold Item.

#### **a. Financial Feasibility**

Financial feasibility is a threshold requirement. To demonstrate financial feasibility, applicants must submit a complete pro forma financial analysis using a template workbook that has been approved by LAHD and complies with LAHD Project Underwriting Guidelines.

#### **b. Project Labor Agreement (PLA)**

For projects with 40 units or more, the project sponsor must submit a Letter of Assent attesting that it will comply with all the terms and conditions of the City of Los Angeles Board of Public Works Master Project Labor Agreement (PLA), or a specific ULA Measure-wide PLA, negotiated with mutual agreement between the Los Angeles/Orange Counties Building and Construction Trades Council and the Southern California Association of Nonprofit Housing (SCANPH), and approved by the Los Angeles City Council.

For more information, please refer to Los Angeles Administrative Code Section 22.618.7.

#### **c. Minimum 40 Unit Requirement for New Construction Projects**

The minimum project size for an Alternative Models for Affordable Housing New Construction Program project is 40 units, unless the project is the adaptive reuse of existing structures, in which case the project has no minimum unit count.



**d. Minimum Unit Size Requirements**

Projects must comply with California Tax Credit Allocation Committee (CTCAC) unit size minimums and also include in the Statement of Public Purpose (see Section 4.1(l)) an explanation of how the project will meet identified unit size needs.

**e. Replacement, Relocation, and Right of First Refusal**

Units demolished for redevelopment under this Program shall be replaced at a ratio of one replacement unit for each qualified demolished unit, subject to a Replacement Unit Determination (RUD) by LAHD. Moreover, replacement units must be restricted to an AMI level that matches the affordability of the household that resided in the demolished unit, or to an AMI level that is more deeply affordable. Project sponsors shall submit a Rent/Income Restriction History Assessment, which must provide, to the best of sponsor's ability, a breakdown by income level of any deed-restricted or rent-controlled residential units that will be or were vacated within the last five (5) years, as well as a record of all Lower Income Households that were known to reside in the property within the last five (5) years.

Tenants displaced due to ULA-funded construction must be offered Relocation benefits and Right of First Refusal. Project sponsors shall submit a Relocation Plan, which must include offers of comparable dwellings, as well as a Leasing Preference Policy granting Right of First Refusal to tenants displaced by the project.

For more information, please refer to Los Angeles Administrative Code Section 22.618.3(d)(1)(i)(c).

**f. Project Sponsor Experience**

Project Sponsors must submit a Schedule of Projects demonstrating at least three (3) completed projects within the last ten (10) years with: a) Building Typology comparable to the proposed project; b) financing and affordability restrictions comparable or more complex than the proposed project; and c) Property Management Experience demonstrating positive cash flow, updated building repairs, and compliance with financial and affordability audits. The organization may use the experience of its principal(s) to satisfy this requirement. In addition, Project Sponsor experience will be evaluated based on LAHD Sponsor Underwriting Guidelines.

Eligible applicants without a history of affordable housing experience may satisfy this threshold requirement by partnering with an experienced Nonprofit or show adequate staff and organizational capacity to develop and operate the project.

**g. Timeliness Requirement**

Timely production of affordable housing is a core objective of the Alternative Models Production Program, and project sponsors are required to provide a Milestones Commitment Letter as part of threshold review. The Milestones Commitment Letter must outline key pre-development activities and timelines for completion thereof, including expected completion of Environmental Site Assessments, submission of building permits and start of construction.

LAHD reserves the right to rescind funding commitments to projects that are awarded, but subsequently fail to reach milestones.

**h. Site Control**

Project Sponsors must demonstrate site control and clean title.

Site control may be evidenced by any of the following:

- Fee title as demonstrated by a current title report;
- Long-term leasehold interest (minimum term must equal term of LAHD regulatory agreement);
- Option to purchase or lease (obtaining financing shall be the sole impediment to exercising the option);
- Executed land sale contract or other enforceable agreement for acquisition of the property;
- Executed Disposition and Development Agreement (DDA) with a public agency;
- Executed Exclusive Negotiating Agreement (ENA) with the City of Los Angeles; or
- Option to lease or an alternative document that meets CTCAC's site control requirement.

Regardless of the type of site control documents provided, sponsors shall submit with the application a copy of a Preliminary Title Report prepared within the 90 days preceding application submission.

**i. Tenant Governance and Ownership**

Residents shall have a right to participate directly and meaningfully in decision-making concerning the governance of Alternative Models-funded projects.

**Resident Engagement and Leadership Plan Requirements**

All sponsors are required to provide a Resident Engagement and Leadership Plan that includes the following:

- Meetings to create Community Agreements.
- Monthly gatherings between property management and residents to support community cohesion and raise issues related to the building.
- Quarterly meetings between residents and property management to review operations, management, and adjust Community Agreements.
- Semi-annual meetings between residents and property management to review budgets, financials, and actuals to determine budget priorities.
- Formation of a Resident Council, as defined in Introduction Section 5. In a rental property, the Resident Council must be convened within twelve (12) months after the building is initially leased up and must meet regularly. In an ownership property, the Resident Council, whether organized as a homeowners' association, cooperative board, LEHC, or other similar representative or elected governance body required by state law based on the legal structure of the property, must be convened within the timeframe mandated by law or six (6) months, whichever is less; and must meet as frequently as is mandated by law, but no less than quarterly, to maintain oversight over property management, finances, and community cohesion.
- Resident Trainings, which provide continuous opportunities for residents to learn about all aspects of managing a residential or mixed-use building, as applicable. Resident Trainings can be provided by capacity-building networks, including any resident governance capacity-building collaborative established by the City.
- If the property is planned for future conversion from rental to ownership, then financial and design plans for ownership should engage current residents and/or resident representatives such as those on any Resident Council, and such plans should be structured to maximize retention of current residents and their conversion from tenants to owners.
- If the property consists of condominiums, is an LEHC, or includes another form of homeownership, a timeline and process for the establishment and convening of the governing body, as well as the development of policies regarding homebuyer education and access to lending opportunities and down payment assistance, marketing and sales policies that meet Affirmatively Furthering Fair Housing standards, and any applicable Right of Return or Right of First Refusal policies, and establishment of a Resale Formula.

### Tenant Governance Experience Requirements

All Project Sponsors are required to provide documentation that the development team has either experience owning and/or operating residential properties under tenant governance, or, Nonprofit partner(s) with experience owning and/or operating residential properties under tenant governance.

Experience with tenant governance is demonstrated by submitting the following:

- Community Agreements that have been created and adopted by residents in at least one property, as well as two or more of the following:
- Resident Council meeting minutes from at least one property; and/or
- Resident Council bylaws adopted by the residents of at least one property; and/or
- CLT ground lease and the bylaws of resident-owned or resident-controlled housing that is the lessee of CLT land, such that, when viewed jointly, the documents demonstrate ongoing relationship between the project sponsor and residents; and/or
- Attestation from residents verifying that the project sponsor has supported a resident-governed property by engaging residents in a collective or representative decision-making process regarding their own rental or ownership housing; and/or
- Demonstrated expertise facilitating community meetings attended by participants with linguistic, cultural, household income and/or other demographic characteristics similar to the anticipated resident population; and/or
- Evidence that current staff have received capacity-building training specific to tenant governance or resident ownership, including, but not limited to, training provided by the ULA-funded Capacity-Building Program.

Developers that do not have capacity themselves to support tenant governance must partner with a locally-based Nonprofit organization that has a demonstrated history of managing residential properties under tenant governance models. Partnerships may take the form of General Partnerships, Limited Partnerships or Limited Liability Companies or other Special-Purpose Entities (SPEs) where the experienced Nonprofit has an ownership stake in the SPE, or fee-for-service contractual agreements with a Nonprofit demonstrating experience in tenant governance. Partnership documents must provide an outline of roles and responsibilities between developer and partner organization(s).

**j. Accessibility Standards**

Project sponsors must provide a Self-Certification Form for Compliance to Accessibility Standards. City-funded projects must comply with all applicable accessibility standards in effect at the time of the NOFA. These include all applicable statutes, ordinances, regulations, court orders, consent decrees, or other legally enforceable standards that may apply to housing projects.

**k. Environmental Sustainability**

Projects shall comply with all City and state environmental sustainability requirements, including building code decarbonization measures.

**l. Statement of Public Purpose**

Project Sponsors must submit a brief narrative statement that considers the COC's Housing Needs Assessment and other available neighborhood-specific information on a community's housing challenges. The Statement of Public Purpose shall identify the household income targeting, housing typologies that best fit community needs, and cultural/linguistic competencies necessary for project owners to support residents who will be integrating into a high resource neighborhood, or those who seek stable housing in a neighborhood with high displacement risk.

The Statement of Public Purpose should address, but not be limited to, the following:

- **Alignment with ULA Purpose and Goals:** Describe how a proposed project would benefit the community in which it is located, meet the public needs identified in the COC's Housing Needs Assessment through the project's community outreach and final design, and advance the goals of the ULA measure and ordinance as defined in the Measure's Section 22.618.1: Purpose.
- **Community Outreach and Engagement:** Describe community engagement to date, including, but not limited to, any partnership(s) with community organization(s) that are led by and/or represent populations anticipated to be served by the project, and identification of languages that will be used in future outreach/engagement.
- **Tenant Governance and/or Ownership:** Explain proposed tenure option(s) based on input from community partner(s) and/or community members, as well as financial analysis of feasibility.
- **Affordability Levels:** Explain proposed affordability levels based on input from community partners(s) and/or community members, as well as available data that evaluates affordability needs at the neighborhood level.

- Unit Size: Explain proposed unit sizes based on input from community partner(s) and/or community members, as well as available data that evaluates unit size needs at the neighborhood level.

#### **m. Enhanced Environmental Health Commitment**

For project sites located within areas with a [CalEnviroScreen 4.0](#) Overall Score in the 80th percentile or higher (or any equivalent score in any successor version of this screening tool), the project sponsor shall include a narrative describing how the project will meet the following requirements:

- Community Engagement Requirement: As part of the site's Phase I Environmental Site Assessment (ESA), the project sponsor will be required to conduct community engagement activities that include a focus on lower-income neighborhood residents who represent similar income categories as are intended to be served by the project, prospective residents, and/or others with lived experience of housing unaffordability and insecurity. Such activities will solicit input in order to complement the Phase I ESA findings by identifying any potential public health concerns related to conditions on the project site or neighboring sites, including soil conditions, construction materials used in existing or previous improvements, or historic land uses, including conditions which are not officially documented in public agency lists such as the California Department of Toxic Substances Control's (DTSC's) Cortese List or otherwise have known hazards.
- Analysis Requirement: Based on the results of community engagement and Phase I ESA findings, the sponsor will identify any further need for site-level analysis to be conducted by qualified professional consultants.
- Project Design Requirement: As applicable, based on the results of professional analysis and identification of any site-specific conditions which may be linked to public health concerns, the sponsor will describe how the project design will address the anticipated concerns, and commit in writing to implementing such design features if the project is awarded ULA funding.

#### **4.2 Application Requirements**

Subject to funding availability, LAHD will issue two New Construction Program NOFAs every year detailing the complete application requirements and the amount of funding available. Each NOFA will indicate the form of the application, which must be submitted electronically. For an application to be considered complete, all requirements listed in the NOFA must be provided.

At LAHD's discretion, a NOFA may provide additional application and/or threshold requirements that are not listed in these New Construction Program Guidelines.

## SECTION 5: SELECTION PROCESS AND CRITERIA

Applications determined to have passed Threshold Review will be scored and prioritized for funding based on the methodology and selection criteria outlined in this section.

### 5.1 Evaluation and Scoring Criteria - General

All applications will be scored according to a Scoring Matrix, which will be an element of each NOFA released by LAHD. The Scoring Matrix shall prioritize, among other elements, cost effectiveness, unit typologies that align with City goals, projects located on public-owned or faith-based owned land and conveyed at less than fair market value, and projects that do not require discretionary entitlements, as those criteria are further described in *Section 5.2*.

After applications are scored, they will be divided into two pools:

1. Entities proposing feasible sustainable projects that are Community Land Trusts (CLTs) or Special-Purpose Entities (SPEs) with CLT participation in the SPE's ownership, and demonstrating experience owning and operating properties under resident leadership will receive first funding priority. Applications in the first pool will receive their funding awards in descending order by score, until funds are exhausted.
2. Entities that are either not CLTs or unable to demonstrate direct experience managing resident-led properties will receive second funding priority. If funding remains after allocations are made to the first pool, applications in the second pool will receive their funding awards in descending order by score.

In the event that two or more projects in the same funding pool receive the same score, they will be prioritized based on a tiebreaker score, to be defined in each NOFA.

### 5.2 Evaluation and Scoring Criteria - Scoring Priorities

NOFAs will include specified scoring criteria that will reflect the following priorities.

Priority	Description
Entitlement Readiness	Entitlement Readiness may be defined as projects that have secured all necessary entitlements or have the ability to demonstrate that the project can be approved by-right. This can be demonstrated by documents such as Preliminary Zoning Assessment, Zoning Letters, Letter of Compliance, or Determination Letter with approved entitlements.

Cost Effectiveness	Cost effectiveness will be evaluated on a per unit basis, with adjustments for high cost land areas.
Previous Commitment of Public or Philanthropic Funds	Projects that have received a commitment from public or philanthropic funders toward the cost of developing and/or operating affordable housing.
Use of Public Land or Land Owned by Faith-Based Organization(s)	Projects located on public land or land owned by faith-based organization(s), if the land is donated or conveyed at less than fair market value, net of the costs of meeting any requirements of the land seller, such as provision of replacement parking or facilities.
Priority Populations	Projects that set aside: <ul style="list-style-type: none"> <li>• A certain percentage of units for special needs populations (the special needs units can count towards the 20% ALI/ELI set aside requirement); and/or</li> <li>• A certain percentage of units for family housing with three (3) or more bedrooms.</li> </ul>
Priority Project Locations	Projects that are either located within HCD/TCAC Opportunity Map index ranked census tracts located in High or Highest Resource areas or areas at high or extremely high displacement risk, as indicated in the forthcoming LAHD displacement risk tool.
Deeper Affordability	Projects that propose a clear and financially-feasible strategy for resident ownership at an average affordability of deed- and resale-restricted rental units at 60% AMI or below; or, for rental projects, an average affordability of 50% AMI or below for deed-restricted units.
Amenities	Project design that incorporates 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 walking, biking, or transit pathways to access a public school.



# **Preservation Program Guidelines**

## **SECTION 1: ADMINISTRATIVE OVERVIEW**

### **1.1 Program Administrator**

The Alternative Models for Permanent Affordable Housing Preservation Program (Preservation Program) is administered by the City of Los Angeles Housing Department (LAHD). Within LAHD, the Housing Development Bureau (HDB) manages the development and issuance of Notices of Funding Availability (NOFAs), and sponsor and project review and underwriting, including scoring and awarding of applications.

LAHD will revise maximum loan limits annually to reflect changes in the economic environment including budget, availability of external funds, legal and regulatory mandates, interest rates, commodity and land prices, and inflation. Prior to issuing NOFAs, LAHD will provide an update to the ULA Citizen Oversight Committee (COC) and City Council pertaining to the maximum loan limits.

### **1.2 Notice of Funding Availability (NOFA) Schedule**

Subject to funding availability, LAHD will offer one (1) NOFA for the Alternative Models for Permanent Affordable Housing Preservation Program every fiscal year. Additional information regarding the NOFA, project application, and project award schedule will be provided in Department-issued NOFAs.

## **SECTION 2: GENERAL PROVISIONS**

The following section provides a summary of how the Program will be operated and general Program requirements.

### **2.1 Eligible Applicants**

Eligible applicants include public entities, local housing authorities, Community Land Trusts (CLTs), Limited Equity Housing Cooperatives (LEHCs), and Nonprofits. Partnerships such as General Partnerships, Limited Partnership, and Limited Liability Companies may apply provided that the Managing General Partner is an eligible entity. A for-profit entity cannot be the Managing General Partner.

### Affordable Housing Experience

The ULA Measure and Ordinance requires applicants to have experience with affordable housing development and property management within the project team. However, eligible entities without sufficient experience developing and managing affordable housing developments may partner with an experienced Nonprofit to apply for Program funding, as long as the experienced Nonprofit participates in the management of the project with duties equivalent to those of a Managing General Partner.

### Tenant Governance Experience

Development teams must also demonstrate experience supporting tenant governance models. Developers that do not have capacity themselves to support tenant governance must partner with a locally-based Nonprofit organization that (i) has a demonstrated history of managing residential properties under tenant governance models.

Partnerships may take the form of General Partnerships, Limited Partnerships or Limited Liability Companies or other Special-Purpose Entities (SPEs) where the experienced Nonprofit has an ownership stake in the SPE, or fee-for-service contractual agreements with a Nonprofit demonstrating experience in tenant governance. Partnership documents must provide an outline of roles and responsibilities between developer and partner organization(s).

## **2.2 Eligible Projects**

Projects must meet the following requirements to be eligible for Program funds.

### Project Type:

- The project must be one of two project types:
  - Projects under significant financial distress, defined as the recapitalization, acquisition, and/or rehabilitation of deed-restricted affordable housing projects located in the City of Los Angeles that are at risk of financial insolvency, regardless of the remaining term of covenants; or
  - Projects with expiring or expired covenants, defined as the recapitalization, acquisition, and/or rehabilitation of deed-restricted affordable housing projects located in the City of Los Angeles. For projects with expiring covenants, the remaining term of the covenants shall be less than or equal to 10 years.

### Project Size:

- Preservation Program projects have no minimum unit count.

Affordability Requirements and Rent Schedules:

- A minimum of 20% of the total project units must be restricted to Acutely Low Income (ALI) and/or Extremely Low Income (ELI) Households. Existing tenants should not be displaced if their incomes exceed newly adopted limits under this program. Unit affordability targets should be achieved over time through natural unit turnover.
- Up to 20% of the total project units may be unrestricted with respect to rents and household incomes if necessary to make the project financially feasible in accordance with Los Angeles Administrative Code Section 22.618.3(d)(1)(ii)(b)(4), but all other units must be restricted to be affordable to Lower Income Households. If the unrestricted units are occupied at the time of the project's participation in the Preservation Program, existing tenants should not be displaced. Units should instead float to the higher rent target over time through natural unit turnover.
- LAHD will specify applicable income targeting and rent schedules in each NOFA.
- All deed restricted affordable units must be affordable in perpetuity, as defined in *Section 2.5*, with AMI limits set at the project rather than unit level, and a target of average 60% AMI across each project, subject to City Attorney approval of the regulatory agreement. LAHD will apply HUD/LIHTC income targeting and rent schedules, with the exception of when the project or units in the project are subject to regulatory agreements that require Health and Safety Code income targeting and rent schedules.

Labor Compliance

- Must pay prevailing wage.
- If there will be major construction or rehabilitation on projects with 40 units or more, the project must comply with the City of Los Angeles Department of Public Works Master Project Labor Agreement (PLA) or a specific ULA Measure-wide PLA, negotiated with mutual agreement between the Los Angeles/Orange Counties Building and Construction Trades Council and the Southern California Association of Nonprofit Housing (SCANPH), and approved by the Los Angeles City Council.

Outside Leveraging:

- Leveraging of additional public sources is allowed so long as the outside funding sources do not preclude conversion to tenant ownership, permanent affordability, or any other requirements in the ULA measure and ordinance.

## **2.3 Eligible Activities**

Eligible activities include providing financial assistance, and may include making subordinate, long-term, low-interest, fully-amortizing or residual receipts loans to projects that provide affordable rental or homeownership housing, supportive housing, and/or mixed-income housing in accordance with ULA maximum of 20% market rate.

Eligible project costs include:

- Acquisition costs during predevelopment;
- Predevelopment costs, including but not limited to costs for architectural plans and renderings, 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);
- Construction and financing costs, including but not limited to demolition, off-site public improvements, construction bonds, general contractor and subcontractor payments including overhead, profit, and general conditions;
- Soft costs related to the construction and development of the project, including but not limited to conventional financing, design, program, financing, and entitlement processing, developer fees, legal fees, and professional fees;
- Relocation and related expenses;
- Costs associated with market-rate units provided only for the purpose increasing project financial stability in accordance with Los Angeles Administrative Code Section 22.618.3(d)(1)(ii)(b)(4); and
- Reasonable reserves for operating costs, for projects requiring short-term capitalized operating assistance, that are still able to demonstrate long-term financial viability without operating assistance except from Section 8 Housing Choice Vouchers or similar long-term rental housing vouchers.

## **2.4 Ineligible Activities**

Funds awarded under the Alternative Models Preservation Program shall not be used for the following expenses or activities:

- Substitution for any committed permanent project financing source, unless the substitution was approved at the time of commitment.
- Reimbursement for project costs that have been paid by another project funding source, unless the reimbursement was approved at the time of commitment.
- Travel expenses, food, or meals.
- Application fees for other project financing.
- Office or general organizational expenses.
- Costs that would normally be paid by the Limited Partnership or Limited Liability Company.
- The payment of delinquent taxes, fees, or charges on properties.

## **2.5 Loan / Financial Assistance Terms and Limits**

Loan Limits: At least once per year, loan limits will be established according to the following process:

1. LAHD will determine the average per unit Total Development Costs (TDC) by unit typology in the previous fiscal year. LAHD will use comparable benchmark projects funded by ULA or other City sources to determine average costs.
  - Average per unit costs will be adjusted by an inflation factor.
2. LAHD will determine the average per unit supportable debt by unit typology and at prevailing interest rates.
3. Assuming up to two (2) additional public financing sources, LAHD will determine the projected gap between the per unit cost, per unit soft sources, and per unit supportable debt, for each unit typology.
4. LAHD will set limits on financial assistance for each unit typology to ensure that projects achieve long-term financial stability.

LAHD may update loan limits more frequently if necessary to account for changes in economic conditions.

Loan Type: Predevelopment, construction (including reimbursement of acquisition and predevelopment costs), and permanent loans. Permanent loans will allow for transfer of ownership to a legal entity owned and/or controlled by residents.

Interest Rate: The interest rate for all loans is three percent (3%) simple interest. LAHD may determine a lower interest rate of no less than 1% if it is found to be necessary for project feasibility.

Calculation of Interest: Simple interest will be calculated on the loan amount outstanding and based upon a 365-day year, and actual number of days elapsed.

Term of Loan: The permanent loan term shall be no less than 60 years, and fully amortizing.

Term of Affordability Covenant: The term of the affordability restrictions in the Regulatory Agreement shall be in perpetuity (or such shorter period of time as may be required by applicable law); provided, however, that for projects qualifying for LIHTC, tax-exempt bonds, or federal or state government-sponsored entity loan programs, LAHD, shall, based on a Department finding of extraordinary need, have flexibility to structure the terms in its loan documents and/or covenants or restrictions in regulatory documents, so that the project as underwritten at closing is financially feasible and compatible with such program requirements.

Developer Fee: The allowable Developer Fee(s) will be established by LAHD and included in the NOFA, to be approved by the Mayor and Council prior to issuance, and shall be

consistent with the most recent TCAC regulations in effect. LAHD will update developer fee limits as needed to remain consistent with TCAC limits.

These loan and financial assistance terms may be adjusted in the future, in consultation with the Citizens Oversight Committee, based on additional research and policy considerations regarding social housing strategies.

## **2.6 Sponsor and Project Underwriting Standards**

Applications shall be reviewed in accordance with LAHD Sponsor Underwriting Guidelines and Project Underwriting Guidelines. Underwriting Guidelines are available to the public, revised regularly to reflect the most up-to-date LAHD staff analysis of financial stress and risk tolerances.

For Sponsor Underwriting Guidelines, the analysis is based on:

- Portfolio size and health, including deferred maintenance needs, lease-up rates, amount of reserves, cash flow, and debt coverage ratios;
- Development record, including number of projects completed or in development, and projects meeting development milestones on time and on budget; and
- Organization health, including reviews of three (3) most recent years of Audited Financial Statements (AFSs), and tests of assets, revenues, expenses, cash flow, debt, and liabilities, and organizational budgets, financial projections, staffing plans and board participation records.

Project Sponsors that lack significant experience or capacity are required to partner with an experienced entity that satisfies Sponsor Underwriting standards, and that can demonstrate that the organization brings adequate financial and staff capacity to guarantee successful development and operations of the project, including by showing that the partner organization has sufficient experience in property management and project development that would meet the standards set in the Sponsor Underwriting Guidelines.

For Project Underwriting Guidelines, the analysis is based on review of potential portfolio liabilities and challenges, benchmarks of cost drivers, economic conditions, compliance with legal and regulatory mandates, and other variables that affect the broader affordable housing environment.

Project Underwriting Guidelines may include parameters for:

- Reasonable costs;
- Income and expense escalators;
- Bonding, insurance, and other liability coverage requirements;
- Operating and replacement reserve ratios;
- Lien priority;

- Taxes and fees;
- Hard and soft cost contingencies;
- Debt service;
- Vacancy rates;
- Relationship of proposed rents to neighborhood market rents; and
- Proposed project timeline for development and lease up.

## **2.7 Loan Management and Occupancy Monitoring**

### **a. Loan Management**

Sponsors of awarded projects are required to:

- Submit Audited Financial Statements (AFSs) annually and effectuate loan payments by the date indicated on the loan agreement.
- As applicable, complete a Calculation of Residual Receipts Form using information from the AFS for each project. LAHD may make technical adjustments to the calculation before issuing a final invoice for any underpayments, or providing a credit for overpayments.
- Maintain adequate operating and replacement reserves, and obtain pre-approvals from LAHD prior to withdrawals from these funds.
- Submit Real Estate Owned Schedule annually showing actual operating costs and income for each project.

### **b. Occupancy Monitoring**

Once a year, project owners must submit documentation that demonstrates that tenants who occupy restricted units are income-eligible and that the rents they pay are within the allowable program limits. Affirmative marketing practices aim to further the goals of the ULA measure and ordinance, which include improving access to permanent affordable housing for vulnerable populations. Affirmative marketing practices shall require that project owners market to non-English speakers. The project owner will also agree to provide regular reporting on demographic information related to tenants, consistent with ULA-required tracking and reporting on tenants housed using Program funds.

### **c. Default**

The loan agreement will specify the events that may cause LAHD to declare the borrower in default. These events include, but are not limited to:

- Failure to construct/rehabilitate the proposed project within the time agreed;
- Breach of rental/ownership covenants;
- Failure to maintain the property in good condition;
- Failure to make agreed-upon loan repayments;

- Failure to receive an LAHD approval prior to any change in ownership entity;
- Breach of affirmative action, equal opportunity, contractor responsibility, equal benefits or MBE/WBE requirements;
- Failure to submit annual financial statements certified by a certified public accountant;
- Failure to comply with Measure ULA Project Labor Agreement and prevailing wage requirements, as applicable;
- Failure to meet accessibility construction standards, and/or failure to comply with all applicable accessibility standards, including but not limited to: Section 504 of the Rehabilitation Act of 1973 as amended, Title VIII of the Civil Rights Act of 1964 as amended in 1988 by the Fair Housing Amendments Act, and the Americans with Disabilities Act Title II, the State of California's Unruh Act, Department of Fair Employment and Housing (DFEH) Regulations and California Government Code Section 11135 et. seq.;
- Failure to maintain appropriate insurance coverage without LAHD approval;
- Commencing construction (including demolition) without LAHD authorization;
- Failure to abide by development and/or construction schedules;
- Failure to maintain the project "in balance" during construction;
- Failure to pay property taxes that are associated with the project;
- Bankruptcy;
- Dissolution or insolvency of the ownership entity;
- Failure to adhere to construction cost limits as stated in Section 3.7 of the AHMP Guidelines; and
- Uncured event of default under any other loan agreements from federal, state or county or private lenders.

**d. Event of Conflict**

Projects must comply with all covenants and loan agreements. Where there are discrepancies between these Alternative Models for Permanent Affordable Housing Preservation Program Guidelines and other funding requirements, the most restrictive will prevail, except if the other funding requirement would preclude conversion to tenant ownership or permanent affordability.



### **SECTION 3: FUNDING ROUNDS, TIMING, AND APPROVAL PROCESS**

Based on these Preservation Program Guidelines, LAHD will periodically release NOFAs to announce the opening of applications and to effectuate the awarding of funds. The terms and requirements of these Preservation Program Guidelines shall be applicable to each NOFA, and a NOFA may incorporate additional supplementary terms and details that further clarify LAHD policy and objectives.

The terms of each NOFA must be approved by the Mayor and Council prior to issuance.

#### **3.1 Notice of Funding Availability (NOFA) Development Process and Publication**

Subject to funding availability, LAHD shall issue one (1) Preservation Program NOFA per year. The timing of each NOFA shall be announced at least three (3) months in advance, and applicants shall have at least 45 days from the release of a NOFA to submit proposals.

Each Preservation Program NOFA shall provide specific maximum loan limits, which may or may not vary depending on unit type and depth of affordability. Loan limits will be determined as a function of estimated development costs, availability of external public subsidies, and LAHD goals with respect to unit typology and affordability mix, as described in *Section 2.5*.

Moreover, each Preservation Program NOFA shall define “at-risk” properties eligible for Program funding:

- Projects under significant financial distress: LAHD will establish standards for financial stress testing.
- Projects with expiring covenants: LAHD will define a timeframe for expiration of affordability restrictions.

At least five (5) business days before the application window opens, LAHD shall hold a Bidders’ Conference to provide a high-level overview of the NOFA and respond to sponsor questions.

#### **3.2 Application Submittal and Review**

Each Preservation Program NOFA shall be accompanied by detailed guidance about how to submit a complete application, including where to submit an application and all documentation requirements that must be attached upon submission.

Applications shall be reviewed, underwritten, and scored on a rolling basis until the application window closes. Once the deadline to submit has passed, applications that pass threshold review will be divided into two priority pools and ranked by score within each pool.

LAHD will first recommend funding allocations to the first pool, which is for qualified CLTs and partnerships that include CLTs, in order of highest to lowest score. If funding allows, LAHD will then recommend funding allocations to the second pool in order of highest to lowest score.

More detailed information about this is provided in *Section 4: Threshold Requirements* and *Section 5: Selection Process and Criteria*.

Funding recommendations shall be publicized and applicants shall have a window to submit an appeal before LAHD finalizes funding commitments and, as applicable, transmits funding commitment recommendations to City Council.

### **3.3 Appeal Process**

LAHD funding recommendations can be appealed by the applicant. Each NOFA will provide detailed guidance delineating acceptable grounds for appeal and the process for filing an appeal. Applicants shall not file an appeal regarding LAHD staff evaluation of another applicant's application.

### **3.4 Council Approval Process**

Consistent with Los Angeles Administrative Code Section 22.618.3(d)(1)(iv), LAHD shall present the recommended Preservation Program projects to the City Council and Mayor with award amounts and conditions to be met prior to funding. As applicable, the City Council and Mayor will authorize the General Manager of the LAHD, or designee, to determine that funding conditions have been met; to negotiate and execute the relevant financing documents for the project, subject to the approval of the City Attorney as to form; to prepare Controller instructions and make any necessary technical adjustments consistent with Mayor and City Council actions, subject to the approval of the City Administrative Officer (CAO); and request that the Controller implement the instructions.

In the event of necessary technical corrections and adjustments that do not change the affordability mix, total number of units, or loan amount per unit, the General Manager of LAHD, or designee, shall be authorized to approve such corrections.

## **SECTION 4: THRESHOLD REQUIREMENTS**

The following section enumerates the elements of a complete Preservation Program application and describes the documentation requirements associated with each element. All applicants must demonstrate reasonableness of funding request and project feasibility. Applications will first undergo Threshold Review to ensure that all required elements have been met.

Applications that do not meet threshold requirements will not be reviewed or considered for funding.

### **4.1 Summary of Threshold Items**

The following subsections provide a summary of each Threshold Item and descriptions of materials that will be required to demonstrate the Project satisfies each Threshold Item.

#### **a. Financial Feasibility**

Financial feasibility is a threshold requirement. To demonstrate financial feasibility, applicants must submit a complete pro forma financial analysis using a template workbook that has been approved by LAHD and complies with LAHD Project Underwriting Guidelines.

#### **b. Capital Needs Assessment (CNA) and Scope of Work (SOW)**

Project Sponsors are required to submit a Capital Needs Assessment (CNA) identifying all current and anticipated capital and/or maintenance needs within the next five (5) years, and a proposed Scope of Work (SOW) detailing maintenance, repairs, and rehabilitation, and capital improvements to be undertaken. Preservation projects are required to complete, at minimum, the items indicated within the SOW and as supported by the CNA.

If a Capital Improvement Plan is part of the SOW, that must be included in the application.

#### **c. Proof of Financial Stress**

Project Sponsors are required to demonstrate that the property is at risk of losing its affordability either due to significant financial stress or expiring covenants.

For any eligible project under significant financial distress, Audited Financial Statements (AFSs) must be provided as part of the application in order to demonstrate eligibility. LAHD will establish standards for financial stress tests within each Preservation Program NOFA.

**d. Expiring or Expired Covenants**

Project Sponsors are required to demonstrate that the property is at risk of losing its affordability either due to significant financial stress or expiring covenants.

For any eligible project with expiring or expired covenants, a copy of the property's affordability covenant is a threshold item required to demonstrate eligibility. LAHD will establish a timeframe for covenant expiration within each Preservation Program NOFA.

**e. Project Labor Agreement (PLA)**

For projects with 40 units or more, the Project Sponsor must submit a Letter of Assent attesting that it will comply with all the terms and conditions of the City of Los Angeles Board of Public Works Master Project Labor Agreement (PLA), or a specific ULA Measure-wide PLA, negotiated with mutual agreement between the Los Angeles/Orange Counties Building and Construction Trades Council and the Southern California Association of Nonprofit Housing (SCANPH), and approved by the Los Angeles City Council.

For more information, please refer to *Los Angeles Administrative Code* Section 22.618.7.

**f. Replacement, Relocation, and Right of First Refusal**

Units demolished for redevelopment under this Program shall be replaced at a ratio of one replacement unit for each qualified demolished unit, subject to a Replacement Unit Determination (RUD) by LAHD. Moreover, replacement units must be restricted to an AMI level that matches the affordability of the household that resided in the demolished unit, or to an AMI level that is more deeply affordable. Project sponsors shall submit a Rent/Income Restriction History Assessment, which must provide, to the best of sponsor's ability, a breakdown by income level of any deed-restricted or rent-controlled residential units that will be or were vacated within the last five (5) years.

Tenants displaced due to ULA-funded construction must be offered Relocation benefits and Right of First Refusal. Project sponsors shall submit a Relocation Plan, which must include offers of comparable dwellings, as well as a Leasing Preference Policy granting Right of First Refusal to tenants displaced by the project.

For more information, please refer to *Los Angeles Administrative Code* Section 22.618.3(d)(1)(i)(c).

**g. Project Sponsor Experience**

Project Sponsors must submit a Schedule of Projects demonstrating at least three (3) completed projects within the last ten (10) years with: a) Building Typology comparable

to the proposed project; b) financing and affordability restrictions comparable or more complex than the proposed project; and c) Property Management Experience demonstrating positive cash flow, updated building repairs, and compliance with financial and affordability audits. The organization may use the experience of its principal to satisfy this requirement. In addition, sponsor experience will be evaluated based on LAHD Sponsor Underwriting Guidelines.

Eligible applicants without a history of affordable housing experience may satisfy this threshold requirement by partnering with an experienced Nonprofit or show adequate organizational and staff capacity to develop and operate the project.

#### **h. Timeliness Requirement**

Timely production of affordable housing is a core objective of the Alternative Models Preservation Program, and project sponsors are required to provide a Milestones Commitment Letter as part of threshold review. The Milestones Commitment Letter must outline key pre-development and construction activities and timelines for completion thereof, including expected completion of Environmental Site Assessments, submission of building permits and start of construction.

LAHD reserves the right to rescind funding commitments to projects that are awarded, but subsequently fail to reach milestones.

#### **i. Site Control**

Project Sponsors must demonstrate site control and clean title.

Site control may be evidenced by any of the following:

- Fee title as demonstrated by a current title report;
- Long-term leasehold interest (minimum term must equal term of LAHD regulatory agreement);
- Option to purchase or lease (obtaining financing shall be the sole impediment to exercising the option);
- Executed land sale contract or other enforceable agreement for acquisition of the property;
- Executed Disposition and Development Agreement (DDA) with a public agency; or
- Option to lease or an alternative document that meets CTCAC's site control requirement.

Regardless of the type of site control documents provided, sponsors shall submit with the application a copy of a Preliminary Title Report prepared within the 90 days preceding application submission.

**j. Tenant Governance and Ownership**

Residents shall have a right to participate directly and meaningfully in decision-making concerning the governance of Alternative Models-funded projects.

**Resident Engagement and Leadership Plan Requirements**

All sponsors are required to provide a Resident Engagement and Leadership Plan that includes the following:

- Meetings to create Community Agreements.
- Monthly gatherings between property management and residents to support community cohesion and raise issues related to the building.
- Quarterly meetings between residents and property management to review operations, management, and adjust Community Agreements.
- Semi-annual meetings between residents and property management to review budgets, financials, and actuals to determine budget priorities.
- Formation of a Resident Council, as defined in Introduction Section 5. In a rental property, the Resident Council must be convened within eighteen (18) months after the building is initially leased up and must meet regularly. In an ownership property, the Resident Council, whether organized as a homeowners' association, cooperative board, LEHC, or other similar representative or elected governance body required by state law based on the legal structure of the property, must be convened within the timeframe mandated by law or six (6) months, whichever is less; and must meet as frequently as is mandated by law, but no less than quarterly, to maintain oversight over property management, finances, and community cohesion.
- Resident Trainings, which provide continuous opportunities for residents to learn about all aspects of managing a residential or mixed-use building, as applicable. Resident Trainings can be provided by capacity-building networks, including any resident governance capacity-building collaborative established by the City.
- If a property is planned for future conversion from rental to ownership, then the financial and design plans for ownership should engage current residents and/or resident representatives such as those on any Resident Council, and such plans should be structured to maximize retention of current residents.
- If a property consists of condominiums, is an LEHC, or includes another form of homeownership, a timeline and process for the establishment and convening of the governing body, as well as the development of policies regarding homeowner education and access to lending opportunities and down payment assistance, marketing and sales policies that meet Affirmatively Furthering Fair Housing standards and any applicable Right of Return or Right of First Refusal policies, and establishment of a Resale Formula.

### Tenant Governance Experience Requirements

All Project Sponsors are required to provide documentation that the development team has either experience owning and/or operating residential properties under tenant governance, or, Nonprofit partner(s) with experience owning and/or operating residential properties under tenant governance.

Experience with tenant governance is demonstrated by submitting:

- Community Agreements that have been created and adopted by residents in at least one property; as well as three (3) or more of the following:
- Resident Council meeting minutes from at least one (1) property or portfolio of properties; and/or
- Resident Council bylaws adopted by the residents of at least one (1) property or portfolio of properties; and/or
- CLT ground lease and the by-laws of a resident-owned or resident-controlled housing that is the lessee of CLT land, such that, when viewed jointly, the documents demonstrate on-going relationship between the project sponsor and residents; and/or
- Attestation from residents verifying that the project sponsor has supported a resident-governed property by engaging residents in a collective or representative decision-making process regarding their own rental and ownership housing; and/or
- Demonstrated expertise facilitating community meetings attended by participants with linguistic, cultural, household income and/or other demographic characteristics similar to the anticipated resident population; and/or
- Evidence that current staff have received capacity-building training specific to resident governance or resident ownership, including, but not limited to, training provided by the ULA-funded Capacity-Building Program.

Developers that do not have capacity themselves to support tenant governance must partner with a locally-based Nonprofit organization that has a demonstrated history of managing residential properties under tenant governance models. Partnerships may take the form of General Partnerships, Limited Partnerships or Limited Liability Companies or other Special-Purpose Entities (SPEs) where the experienced Nonprofit has an ownership stake in the SPE, or fee-for-service contractual agreements with a Nonprofit demonstrating experience in tenant governance. Partnership documents must provide an outline of roles and responsibilities between developer and partner organization(s).

#### **k. Accessibility Standards**

Project Sponsors must provide a Self-Certification Form for Compliance to Accessibility Standards. City-funded projects must comply with all applicable accessibility standards in effect at the time of the NOFA. These include all applicable statutes, ordinances, regulations, court orders, consent decrees, or other legally enforceable standards that may apply to housing projects.

#### **l. Statement of Public Purpose**

Project Sponsors must submit a brief narrative statement that considers the COC's Housing Needs Assessment and other available neighborhood-specific information on a community's housing challenges. The Statement of Public Purpose shall identify the household income targeting, housing typologies that best fit community needs, and cultural/linguistic competencies necessary for project owners to support residents who will be integrating into a high resource neighborhood, or those who seek stable housing in a neighborhood with high displacement risk.

The Statement of Public Purpose should address but not be limited to the following:

- Alignment with ULA Purpose and Goals: Describe how a proposed project would benefit the community in which it is located, meet the public needs identified in the COC's Housing Needs Assessment through the project's community outreach and final design, and advance the goals of the ULA ordinance as defined in the Measure's Section 22.618.1: Purpose.
- Community Outreach and Engagement: Describe community engagement to date, including but not limited to, any partnership(s) with community organization(s) that are led by and/or represent populations anticipated to be served by the project, and identification of languages that will be used in future engagement/outreach.
- Tenant Governance and/or Ownership: Explain proposed tenure option(s) based on input from community partner(s) and/or community members, as well as financial analysis of feasibility.
- Affordability Levels: Explain proposed affordability levels based on input from community partner(s) and/or community members, as well as available data that evaluates affordability needs at the neighborhood level.
- Unit Size: Explain proposed unit sizes based on input from community partner(s) and/or community members, as well as available data that evaluates unit size needs at the neighborhood level.

#### **m. Enhanced Environmental Health Commitment**

For project sites located within areas with a [CalEnviroScreen 4.0](#) Overall Score in the 80th percentile or higher (or any equivalent score in any successor version of this



screening tool), the project sponsor shall include a narrative describing how the project will meet the following requirements:

- **Community Engagement Requirement:** As part of the site's Phase I Environmental Site Assessment (ESA), the project sponsor will be required to conduct community engagement activities that include a focus on lower-income neighborhood residents who represent similar income categories as are intended to be served by the project, prospective residents, and/or others with lived experience of housing unaffordability and insecurity. Such activities will solicit input in order to complement the Phase I ESA findings by identifying any potential public health concerns related to conditions on the project site or neighboring sites, including soil conditions, construction materials used in existing or previous improvements, or historic land uses, including conditions which are not officially documented in public agency lists such as the California Department of Toxic Substances Control's (DTSC's) Cortese List or otherwise have known hazards.
- **Analysis Requirement:** Based on the results of community engagement and Phase I ESA findings, the sponsor will identify any further need for site-level analysis to be conducted by qualified professional consultants.
- **Project Design Requirement:** As applicable, based on the results of professional analysis and identification of any site-specific conditions which may be linked to public health concerns, the sponsor will describe how the project design will address the anticipated concerns, and commit in writing to implementing such design features if the project is awarded ULA funding.

#### **4.2 Application Requirements**

Subject to funding availability, LAHD will issue two NOFAs every year detailing the complete application requirements and the amount of funding available. Each NOFA will indicate the form of the application, which must be submitted electronically. For an application to be considered complete, all requirements listed in the NOFA must be provided.

At LAHD's discretion, a NOFA may provide additional application and/or threshold requirements that are not listed in these Preservation Program Guidelines, so long as the additional requirements are consistent with the goals and purpose of the Program and the ULA ordinance.

## **SECTION 5: SELECTION PROCESS AND CRITERIA**

Applications determined to have passed Threshold Review will be scored and prioritized for funding based on the methodology and selection criteria outlined in this section.

### **5.1 Evaluation and Scoring Criteria - General**

All applications will be scored according to a Scoring Matrix, which will be an element of each NOFA released by LAHD. The Scoring Matrix shall prioritize, among other elements, cost effectiveness, unit typologies that align with City goals, and projects that demonstrate ability to begin construction more quickly (project readiness), as those criteria are further described in *Section 5.2*.

After applications are scored, they will be divided into two pools:

1. Entities proposing feasible sustainable projects and incorporated as Community Land Trusts (CLTs) or Special-Purpose Entities (SPEs) with CLT participation in the SPE's ownership, and demonstrating experience owning and operating properties under resident leadership will receive first funding priority. Applications in the first pool will receive their funding awards in descending order by score, until funds are exhausted.
2. Entities that are either not CLTs or unable to demonstrate direct experience managing resident-led properties will receive second funding priority. If funding remains after allocations are made to the first pool, applications in the second pool will receive their funding awards in descending order by score.

In the event that two or more projects in the same funding pool receive the same score, they will be prioritized based on a tiebreaker score, to be defined in each NOFA.

## **5.2 Evaluation and Scoring Criteria - Scoring Priorities**

NOFAs will include specified scoring criteria that will reflect the following priorities.

<b>Priority</b>	<b>Description</b>
History of Tenant Organizing	Projects with a history of outreach to the property's tenants, including but not limited to attestation and/or meeting minutes from an organized group of the property's residents, or a letter of support signed by a majority of the building's households.
Entitlement Readiness	Entitlement Readiness may be defined as projects that have secured all necessary entitlements or have the ability to demonstrate that the project can be approved by-right. This can be demonstrated by Preliminary Zoning Assessment, Zoning Letters, Letter of Compliance, or Determination Letter with approved entitlements.
Cost Effectiveness	Cost effectiveness will be evaluated on a per unit basis, with adjustments for high cost land areas.
Risk of Affordability Loss	For projects with expiring covenants, priority would be for covenants with more imminent expiry.
Priority Populations	Projects that set aside a certain percentage of units for special needs populations (the special needs units can count towards the 20% ALI/ELI set aside requirement).

# ULA ACQUISITION AND REHABILITATION OF AFFORDABLE HOUSING PROGRAM GUIDELINES

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A. United to House LA Measure

## **INTRODUCTION**

### **1. Program Summary**

#### **a. Goals and Requirements**

The Acquisition and Rehabilitation of Affordable Housing Program is a United to House LA (ULA) Affordable Housing Program that has an overarching goal of preserving the affordability of existing housing, preventing the displacement of residents who depend on the affordability of existing housing, ensuring the operating health of, and extending the useful life of, the preserved properties by providing the funding needed for rehabilitation work and capital improvements, and cultivating resident governance and/or ownership of their housing.

Following is a summary of universal ULA Requirements that must be met in all Affordable Housing programs, as further delineated in Los Angeles Administrative Code Section 22.618.3(d)(1)(i):

- All units are affordable to Lower Income Households, with a limited exception for units created under the Alternative Models for Permanent Affordable Housing Program.
- All units are restricted affordable in perpetuity or such other maximum length of time as may be permitted by applicable law, with limited exceptions to permit 55-year covenant terms if required by other funding sources in the project.
- Resale of rental property is restricted to Nonprofits, Limited Equity Housing Cooperatives (LEHCs), and/or Community Land Trusts (CLTs).
- One-to-one replacement of existing qualifying units as required, as verified by a Replacement Unit Determination (RUD) from the Los Angeles Housing Department (LAHD).
- Projects must provide relocation benefits and right of first refusal to any qualifying existing occupants.
- Prevailing wage is required for all construction activities.
- A Project Labor Agreement (PLA) required for construction and rehabilitation of 40 or more units.

Additionally, the below requirements are applicable to all activities under the Acquisition and Rehabilitation of Affordable Housing Program:

- Activities must target existing housing, including but not limited to rental properties, rent-stabilized housing, residential hotels, Accessory Dwelling Units (ADUs) and Junior ADUs, and housing with existing covenants whose covenants would expire within ten (10) years of project onset.

- With the exception of acquisitions of Residential Hotels, at least 50% of units must be occupied by Lower Income Households upon acquisition.
- Existing tenants of acquired properties shall not be permanently displaced, even if their incomes exceed the lower income household limits or any income limits set for their unit.
- Housing units must be acquired and managed by a public entity, a local housing authority, a qualified CLT, an LEHC, or a 501(c)(3) non-profit entity.
- Acquisition must include a plan for resident engagement in building governance, and may include a plan for tenant ownership.
- Project funding may take the form of grants or loans.
- Funding shall not require leveraging if additional funding requirements would make any ULA program requirements infeasible or preclude any future conversion to tenant ownership.

## **b. Program Areas**

The Acquisition and Rehabilitation for Affordable Housing Program includes two key Program Areas. This document includes guidelines for each of the two Program Areas:

1. **Small Naturally Occurring Affordable Housing (NOAH) Program Guidelines:**  
The Small Naturally Occurring Affordable Housing (Small NOAH) Program aims to preserve the affordability of properties where tenants are at risk of displacement. It provides funding to acquire and conduct rehabilitation work on NOAH properties. This subprogram is administered through a third party administrator.
2. **Preserving Affordability Program Guidelines:** This subprogram would facilitate acquisition of for-profit-owned affordable properties with covenants within 10 years of expiring; or facilitate acquisition of Nonprofit-owned affordable properties with covenants within 10 years of expiring, and are being sold or transferred to another Nonprofit in order to maintain operations as affordable housing.

In order to provide certainty and allow for advance planning regarding the amount of funds that will be available for each Program Area, program funds shall be apportioned for the first three years as follows, unless the City Council approves, with the advice of the ULA Citizens Oversight Committee (COC), a finding that a different allocation is needed:

- **Fiscal Year 24-25:** No more than 50% apportioned to the Preserving Affordability Program and at least 50% to the Small NOAH Program, inclusive of the Fund Administrator costs.
- **Fiscal Year 25-26:** No more than 40% apportioned to the Preserving Affordability Program and at least 60% to the Small NOAH Program, inclusive of the Fund Administrator costs.

- **Fiscal Year 26-27:** No more than 40% apportioned to the Preserving Affordability Program and at least 60% to the Small NOAH Program, inclusive of the Fund Administrator costs.

Each year, the Los Angeles Housing Department (LAHD) and the COC will present a summary of housing needs and housing production to the City Council and Mayor. LAHD will include in this annual report a summary of all City-controlled funding sources for housing production and preservation, to demonstrate how ULA funds can be used within the context of the City's overall housing needs and resources. Preservation needs will further include data on the financial and physical health of the City's housing portfolio, other LAHD analysis, data compiled by HCD pursuant to the State's Preservation Notice Law, financial restructuring requests from project sponsors, and projects flagged as concerns by tenants, community groups, and City Council offices.

Each fiscal year, with the recommendations of the COC and LAHD, the City Council and Mayor will approve and apportion a three (3) year expenditure allocation for the Acquisition and Rehabilitation for Affordable Housing Program, with funds allocated between the Small NOAH Program and the Preserving Affordability Program based on anticipated need, and realistic and demonstrated pipeline of potential projects in each program. The expenditure allocation will include a process for pre-identifying potential projects that are likely to utilize the Preserving Affordability Program, in order to forecast that subprogram's budgetary needs in a three (3) year cycle, with the remainder of annual funds being allocated to the Small NOAH Program.

## **2. Context**

The State of California's Regional Housing Needs Assessment (RHNA) obligates the City of Los Angeles to facilitate the production of sufficient units to meet housing needs at all income levels, which include needed housing for forecasted population growth and household formation, as well as unmet needs from prior years. In the eight-year period from 2021 to 2029, the City's RHNA goal is 456,643 units. Of these, 184,721 units must be affordable to lower-income households. This means that the City must produce affordable housing at an average rate of 23,090 units per year in order to meet the RHNA goal.

In addition to the challenge of producing more affordable housing units, the City is also faced with an aging portfolio of existing deed-restricted affordable housing. A recent report by LAHD found that nearly 6,000 housing units could see their affordability restrictions sunset by the year 2027. Of these, 460 units across 23 properties have expiring affordability covenants, no alternative funding source, and will not fall under the City's Rent Stabilization Ordinance (RSO), and 33 of the units are in 100% affordable properties.

Beyond the need to preserve the City's deed-restricted affordable housing portfolio, there is additionally a need to ensure that existing naturally-occurring affordable housing, including rental housing that is subject to the RSO as well as rental housing that is rented below

market rents, continues to be available for lower income households — particularly in areas of the City that are experiencing elevated displacement and redevelopment pressures.

ULA provides funding for several affordable housing production paradigms. Among these, the Acquisition and Rehabilitation of Affordable Housing program is the most focused on preserving the City's existing housing stock, with the goal of stabilizing tenants in their homes, providing resources to rehabilitate properties, ensuring affordability in perpetuity, and providing an opportunity for tenants to play an enhanced role in the management of their housing, and/or establishing tenant ownership.

### **3. Commitment to Racial Equity**

Existing data and scholarship confirm that Black, Latinx, and other communities of color are disproportionately affected by homelessness. These Acquisition and Rehabilitation of Affordable Housing Program Guidelines acknowledge that this disproportionality is the result of generations of structural racism. Decades of land use policies and zoning practices have reinforced racial segregation, poverty, environmental injustice, and disinvestment that is manifested in the demographics of our contemporary homeless population.

As ULA seeks to combat the expiration of affordable housing covenants, the decrease in naturally occurring affordable housing, and the lack of innovative initiatives to streamline and finance affordable housing units through a variety of interventions, the implementation of the Acquisition and Rehabilitation of Affordable Housing Program is specifically designed to promote racial equity, with a focus on addressing affordable housing needs by acquiring and rehabilitating existing units, with the goal of reducing displacement, while extending affordability for the City's most vulnerable communities. The program is designed to stabilize tenants in their existing housing, and provide greater resident self-determination by supporting meaningful resident engagement in building operations and management, as well as encouraging tenant ownership of housing.

Consistent with this commitment to promote racial equity, the Acquisition and Rehabilitation of Affordable Housing Program is designed to be attuned to the needs and realities of historically marginalized communities, and how racism, as well as disability, transphobia, sexism, and other community experiences affect the vulnerability of a neighborhood, and its experiences. To this end, the Acquisition and Rehabilitation of Affordable Housing Program provides resources to proactively address racial and economic segregation throughout the City by creating housing opportunities that address historic patterns of discrimination and exclusion, promote permanent affordability and resident engagement and ownership in their housing, and ensure stability of existing vulnerable communities.



#### **4. Program Metrics**

The Los Angeles Housing Department (LAHD) and program partners will collect information in alignment with the ULA measure and ordinance reporting requirements and in a manner that supports the evaluation of long-term impacts and outcomes for the Acquisition and Rehabilitation of Affordable Housing Program. To the extent feasible, this information includes but is not limited to, the number of units acquired, and/or preserved, the number of residents located within each project, the form of ownership, and the number of jobs created. Development activities will be tracked by dollars spent on housing construction and preservation. Wherever relevant, data shall be disaggregated by race, family composition, sexual orientation, age, ability, gender, and location (address, zip code, and Council District).

<b>Goal</b>	<b>Metrics</b>
Acquire and preserve affordable housing units, in alignment with ULA goals and priorities.	<ul style="list-style-type: none"> <li>• Number of units acquired and rehabilitated, reported by: <ul style="list-style-type: none"> <li>○ Income category.</li> <li>○ Location in High or Highest Resource areas.</li> <li>○ Location in Racially/Ethnically Concentrated Areas of Poverty (R/ECAP).</li> <li>○ Location in Racially Concentrated Areas of Affluence (RCAA).</li> <li>○ Location near public transit.</li> </ul> </li> </ul>
Create construction jobs from development projects, in alignment with ULA goals and priorities.	<ul style="list-style-type: none"> <li>• Number of jobs created, disaggregated by: <ul style="list-style-type: none"> <li>○ race/ethnicity;</li> <li>○ gender; and</li> <li>○ share of workers living within the City of Los Angeles.</li> </ul> </li> </ul>
Preserve housing affordability for tenants, in alignment with ULA goals and priorities.	<ul style="list-style-type: none"> <li>• Number of people with preserved affordability to be disaggregated by the ULA measure and ordinance reporting requirements;</li> <li>• Number of previously uncovenanted units brought under affordability covenants; and</li> <li>• Number of previously covenanted units whose affordability levels were modified under a new covenant.</li> </ul>

Cultivate resident governance and/or ownership of housing.	<ul style="list-style-type: none"> <li>• Number of projects and units with community/resident governance, to be disaggregated by Subprogram;</li> <li>• Number of projects and units with resident ownership.</li> </ul>
Maximize ULA investment by ensuring cost effectiveness and timely delivery of needed housing.	<ul style="list-style-type: none"> <li>• Total Development Cost (TDC) per unit per project by project type and program <ul style="list-style-type: none"> <li>○ For the Expiring Covenants Program: Average per unit per year cost to buy back affordability covenants</li> </ul> </li> <li>• Number of Months Elapsed from First Predevelopment Activity to Placed-In-Service as deed-restricted affordable housing.</li> </ul>

LAHD shall analyze these and potentially additional metrics and participant data annually and provide a summary of its analysis to the ULA Citizens Oversight Committee (COC) to allow for an assessment of whether the Program is meeting its goals and priorities.

## **5. Branding**

LAHD, in collaboration with the ULA COC, shall develop and implement a plan to include ULA branding on all program materials. This shall include digital and paper materials, signage (e.g., at public workshops or construction sites), and permanent branding on/in housing funded by Measure ULA (e.g., a permanent sign or plaque).

## **6. Definitions**

*“Acutely Low-Income”* shall have the same meaning as in Section 50063.5 of the California Health and Safety Code.

*“Audited Financial Statement(s)”* shall mean organizational records covering the balance sheet, statement of cash flow, and other documents describing the organization’s financial position and that have been reviewed and approved by independent third-party auditors.

*“Borrower(s)”* shall mean an entity that has been approved for or received a loan from the Los Angeles Housing Department (“LAHD”) that has remaining interest or principal to be paid, or for which the term of the loan has not yet expired.

*“California Tax Credit Allocation Committee”* shall mean the state agency that creates the Qualified Allocation Plan (“QAP”) for allocating Low Income Housing Tax Credits (“LIHTC”).

within the State of California. It is also abbreviated as “CTCAC” or “TCAC.” The QAP published by CTCAC/TCAC is commonly referred to as “TCAC Regulations”

*“California Debt Limit Allocation Committee”* shall mean the state agency that administers the state’s annual debt limit ceiling and administers the state’s tax-exempt bond program to allocate such bonds to projects. It is also abbreviated as “CDLAC.”

*“Capital Needs Assessment”* shall mean a third-party analysis based on a building inspection that identifies problems in major building systems such as structural, electrical, plumbing, sewage, roofing, flooring, mechanical, heating/cooling, and safety.

*“Citizens Oversight Committee”* shall mean the body of 15 appointed members who monitor the activities of the House LA Fund and advise the Mayor, City Council, and the Los Angeles Housing Department (“LAHD”) on priorities, program guidelines, and program implementation. It is also abbreviated as “COC.”

*“Community Agreement(s)”* shall mean a document that is created by residents of a property for the purposes of defining how they will live together and the acceptable behaviors for residents and their guests, and how disagreements or disputes between neighbors will be resolved. Each property that has received United to House Los Angeles (“ULA”) funds through the Alternative Models for Permanent Affordable Housing and/or the Acquisition and Rehabilitation for Affordable Housing programs must produce a Community Agreement.

*“Community Land Trust”* shall mean 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 income-qualified owner for the convenient occupation and use of that dwelling or unit for a renewable term of 99 years. It is also abbreviated as “CLT.”

*“CTCAC/HCD Opportunity Map”* shall mean the geographic tool utilized by the California Tax Credit Allocation Committee (“CTCAC”) to index census tracts across the State of California based on economic, social, employment, educational, and environmental indicators. The 2024 version of the tool is linked [here](#).

*“Department of Housing and Community Development”* shall mean the California Department of Housing and Community Development. It is also abbreviated as “HCD.”

*“Department of Housing and Urban Development”* shall mean the U.S. Department of Housing and Urban Development. It is also abbreviated as “HUD.”

*“Extremely Low Income”* shall have the same meaning as in Section 50106 of the California Health and Safety Code.

*“Financial Stress”* shall mean a condition of elevated risk to a project, characterized by some combination of operating deficits, elevated vacancy loss, major deferred maintenance and/or deferred capital improvements, depletion of reserves, and/or losses due to economic shocks such as natural disaster.

*“Housing Needs Assessment”* shall mean a data-informed study, conducted by the Citizens Oversight Committee (“COC”) by December 31, 2023 and updated at least once every three (3) years to understand, quantify, and qualify the City of Los Angeles’s housing needs with respect to homelessness, housing affordability, tenant protections and the housing needs of vulnerable populations, including but not limited to people experiencing homelessness, seniors in Lower Income Households, formerly homeless people, persons with disabilities, veterans, single-parent households, youth in transition, survivors of domestic violence, and Lower Income Households. The study must disaggregate data by race, family composition, sexual orientation, age, disability, and gender.

*“LAHD Project Underwriting Guidelines”* shall mean a project review process created by the Los Angeles Housing Department (“LAHD”), shared publicly, and updated periodically to reflect LAHD staff assessment of necessary financial strength and specific acceptable tolerance ranges for key financial assumptions and potential challenges of each proposed project. The goal of the underwriting guidelines shall be to ensure that each City housing investment creates a project that will be financially and physically viable for the years of the program covenants, and shall provide a good living environment for the residents over the years, and be a positive part of the community. Project Underwriting Guidelines are based on sensitivity testing of potential portfolio liabilities and challenges, benchmarks of cost drivers, economic conditions, compliance with legal and regulatory mandates, and other variables that affect the broader affordable housing environment.

*“LAHD Sponsor Underwriting Guidelines”* shall mean a review and risk assessment process created by the Los Angeles Housing Department (“LAHD”), shared publicly, and updated periodically to assess the necessary financial strength, organizational capacity and relevant experience to complete and operate the proposed housing project in compliance with guidelines, as a physically and financially healthy project that serves the residents and community well for the years of the covenant. The guidelines shall specify acceptable tolerance ranges for key financial assumptions and potential challenges. LAHD Sponsor Underwriting Guidelines are based on portfolio size and health, development record, organizational and staff capacity to own and direct operations of the proposed project, and organization financial health.

*“Limited Equity Housing Cooperative”* shall have the same meaning as in Section 817 of the California Civil Code. It is also abbreviated as “LEHC.”

*“Lower Income Household(s)”* shall have the same meaning as in Section 50079.5 of the California Health and Safety Code.

*“Low Income Housing Tax Credits”* shall mean state or federal tax credit programs that reduce tax liability in exchange for acquisition, rehabilitation, or construction of deed-restricted affordable housing. It is also abbreviated as “LIHTC.”

*“Milestones Commitment Letter”* shall mean a letter describing planned activities during the pre-development, construction, and lease-up stages of a project, as applicable, and the timelines for each activity. The activities and timing can be presented in a table, and the letter must acknowledge that failure to meet project milestones in a timely fashion will constitute a default event.

*“Nonprofit(s)”* shall mean an organization exempt from taxation pursuant to Internal Revenue Code Section 501(c)(3). Instrumentalities of Nonprofit organizations, including wholly owned subsidiaries, are not automatically considered Nonprofits.

*“Project Labor Agreement”*, shall mean the City of Los Angeles Department of Public Works Master Project Labor Agreement (“PLA”) or a specific ULA Measure-wide PLA, negotiated with mutual agreement between the Los Angeles/Orange Counties Building and Construction Trades Council and the Southern California Association of Nonprofit Housing (“SCANPH”), and approved by the Los Angeles City Council.

*“Real Estate Owned Schedule”* shall mean a list of properties owned by an entity and the parent company that controls that entity. The Real Estate Owned Schedule must include actual operating costs and revenues for all properties listed.

*“Replacement Unit Determination”* shall mean an analysis specifying the count of qualified demolished units i) subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of lower or very low income, ii) subject to any form of rent or price control through a public entity’s valid exercise of its police power within the five (5) past years, iii) rented by lower or very low income households, or iv) that were withdrawn from rent or lease per the Ellis Act, within the last ten (10) years, and the Area Median Income (“AMI”) restriction that must be recorded consistent with the income level of the most recent qualified household that resided in a demolished unit. It is also abbreviated as “RUD.”

*“Resale Formula”* shall mean a formula that is reflected in a ground lease and/or an applicable deed restriction that sets an upper limit on the price for which a home or a cooperative share with resale restrictions may be resold, and that is applied consistently to each home or share upon resale.

*“Resale of Rental Property”* shall mean a change in ownership via a change in fee title on a property, or a long-term master lease of greater than 30 years.

*“Resident Council(s)”* shall mean any of the following: i) an elected body of residents in a property who represent the residents in deciding the policies and financial priorities of a building; or ii) a homeowners’ association, cooperative board, LEHC, or other similar representative or elected governance body required by state law based on the legal structure of the property. Each property that has received ULA funds through the Alternative Models for Permanent Affordable Housing and/or the Acquisition and Rehabilitation for Affordable Housing programs shall be supported in developing a Resident Council.

*“Residual Receipts”* shall mean loan terms that offer below market rate interest, deferred payments, and loan payments that are due only after, and if, operating costs and senior debt service are paid.

*“Statement of Public Purpose”* shall mean a document that, in consideration of the COC’s Housing Needs Assessment and other available neighborhood-specific information on a community’s housing challenges, describes how a proposed project would benefit the community in which it is located, meet the public needs identified in the COC’s Housing Needs Assessment through the project’s community outreach and final design, and advance the goals of ULA as defined in Los Angeles Administrative Code Section 22.618.1: Purpose.

*“Very Low Income”* shall have the same meaning as in Section 50105 of the California Health and Safety Code.

# **Small NOAH Program Guidelines**

## **SECTION 1: ADMINISTRATIVE OVERVIEW**

### **1.1 Program Administration Overview**

The Small Naturally Occurring Affordable Housing (NOAH) Program shall be administered by the City of Los Angeles Housing Department (LAHD). LAHD will select and contract with a qualified Community Development Financial Institution (CDFI) or nonprofit financial institution with experience lending to affordable housing projects and CLTs, as a program partner to assist with administration of the Small NOAH Program. The CDFI or nonprofit financial institution will act as the Fund Administrator to pre-qualify and pre-approve loans to potential project sponsors, oversee application processes, underwrite projects, score applications as applicable, and disburse funding to selected applicants, as further described in *Section 1.2*.

LAHD will oversee the Fund Administrator, provide administrative support, and provide ongoing program monitoring and evaluation to ensure program operations comply with City policies and meet performance standards. LAHD will also ensure that needed compliance review is conducted regularly, to ensure compliance with all applicable regulations and requirements, including recording and monitoring covenants.

### **1.2 Fund Administrator Role and Scope of Services**

The Fund Administrator will be responsible for pre-qualifying potential Project Sponsors, holding application process, underwriting projects, scoring applications as applicable, and disbursing funds to selected applicants in accordance with the funding agreement. The Fund Administrator will be the Department's main point of contact with Project Sponsors throughout the application, underwriting, and funding process.

Upon contracting with the Department, the Fund Administrator will be responsible for completing all activities listed in the Scope of Work (SOW), including:

- Developing and annually updating the following Plans and Guidelines:
  - Fund Administrator Capacity, Services, and Staffing Plan
  - Guidelines for Underwriting Standards
  - Guidelines for Project Sponsor Outreach and Marketing Plan
  - Guidelines for Tenant Engagement and Leadership Plan
  - An application process that specifies:
    - The form and frequency of funding rounds
    - For competitive funding awards, the scoring criteria and methodology that would govern application selection

- Ongoing Program Administration
  - Pre-Qualification of Project Sponsors
  - Pre-Approval of loans
  - Underwriting Loan Applications
  - Scoring Applications, if the funding award is competitive
  - Disbursing loans
  - Coordinating with the ULA Capacity-Building Program, as relevant, to support training for tenant groups, property managers, developers and owners in project governance and management best practices
  - Any other tasks identified in the contract
- Metrics and Reporting
  - Collecting program performance and outcomes metrics as defined by contract terms.

Implementation Plan:

The Fund Administrator will develop an Implementation Plan that shall outline the activities and milestones that must be completed during the Implementation Phase of the contract.

The Implementation Plan milestones shall include the adoption of all Plans and Guidelines named in the SOW.

The Fund Administrator may utilize draft documents pertaining to the aforementioned plans and previously submitted to LAHD during the competitive selection process. The drafts must be finalized during the Implementation Phase of the contract.

Pre-Qualification of Project Sponsors:

The Fund Administrator shall develop an outreach and marketing plan to engage potential Project Sponsors and solicit applications for Pre-Qualification. The Pre-Qualification process allows the administrator to identify potential Project Sponsors, vet the development team's experience, and Pre-Approve loans based on estimated costs and maximum project size.

Monitoring and Reporting:

The Fund Administrator shall be responsible for ensuring compliance with certain Program requirements, including Tenant Governance and Resident Leadership, as well as collecting and reporting Program performance metrics such as count of units preserved, demographic data on tenants and residents, and metrics related to cost effectiveness and timeliness.



### **1.3 Fund Administrator Procurement**

Implementation of the Small NOAH Program requires contracting with a Fund Administrator. All procurement activities must be conducted consistent with the City Administrative Code and relevant City and LAHD policies. Based on consultation with the COC and approval by City Council, LAHD will issue a Request for Proposals (RFP) to solicit and select a contractor to act as the Fund Administrator. The contract will be for a renewable, multi-year term. If the contract is not renewed at the end of the contract term, except in the case of a breach of contract, there will be an offer for a one-year extension to facilitate selection of, and transition of programs to, a new Fund Administrator.

#### **a. Evaluation and Selection Process**

Award of a contract to a Fund Administrator shall be based on a best value competitive bid. Prior to release of an RFP, LAHD will establish threshold requirements, which shall include the following minimum requirements:

- Fund Administrator shall have originated and serviced at least \$50,000,000 in loans to develop, maintain, improve, or acquire affordable housing, including loans for NOAH.
- Fund Administrator shall demonstrate experience working with Nonprofits which acquire and rehabilitate small multifamily properties, including but not limited to 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).

Selection priority will be given to bidders with the following characteristics:

- Experience managing pools of funds;
- Experience implementing affordable housing lending activities with local, state, and/or federal funds;
- Experience granting and/or 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 an LEHC or other form of tenant ownership;
- Experience processing grants and/or loans for property acquisitions in a manner that is sufficiently expedient to facilitate the purchase of real property by a nonprofit affordable housing organization within a 60-day escrow period;
- Having an office in Southern California; and
- Currently conducting lending activities within the boundaries of the City of Los Angeles.

The RFP will solicit proposals from the potential Fund Administrator, to inform program design. Respondents will submit a fund administration plan that, in addition to other criteria, will set forth recommendations regarding:

- Outreach and marketing to solicit Project Sponsor Pre-Qualifications;
- Program underwriting standards;
- The frequency of funding availability and application process (e.g., funds available through open window application, or multiple competitive funding periods per year); and
- Required standards for tenant and resident engagement and ownership.

The RFP will provide additional details, including a revised update of the Program budget as ULA revenues are tabulated, as well as scoring and selection criteria for bidders, scope of work, and reporting and compliance requirements. LAHD will allow at least two (2) months after publication for interested parties to submit bids.

#### **1.4 Fund Administrator Fund Disbursal and Compensation**

##### **a. Streamlined Funding Process**

LAHD will release ULA revenues to the Fund Administrator in four (4) tranches each year, as quarterly revenues are tabulated and encumbered to the Small NOAH Program.

The City will approve expenditure authority to the contracted Fund Administrator to release funding to Pre-Approved Project Sponsors with projects that meet City-approved underwriting criteria.

##### **b. Fund Administrator Compensation**

The Fund Administrator will be compensated for administrative costs and overhead in an amount equal to two percent (2%) of the total contract compensation amount, leaving 98% of the contract compensation to be passed through to Small NOAH acquisitions. In addition to this annual compensation, the Fund Administrator can receive a one-time cash advance to fund startup activities.

#### **1.5 Application Schedule**

As described in *Section 1.2*, the Fund Administrator will propose to implement an open window funding model or a competitive funding round model, or a hybrid model, as part of their response to the RFP. Application schedules will be set to ensure, contingent on availability of Program funds, multiple application periods each calendar year.

## **SECTION 2: GENERAL PROVISIONS**

The following section provides a summary of general Program requirements and provisions, which shall be incorporated in the Implementation Plan, Underwriting Criteria, and Funding Application and Review activities conducted by the Fund Administrator.

### **2.1 Eligible Applicants**

Eligible Project Sponsors are public entities, local housing authorities, Community Land Trusts (CLTs), Limited Equity Housing Cooperatives (LEHCs), and 501(c)(3) non-profit entities. Partnerships such as General Partnerships, Limited Partnerships, and Limited Liability Companies (LLCs) may apply provided that the Managing General Partner is an eligible entity.

#### Affordable Housing Experience

The ULA Measure and Ordinance requires applicants to have experience with affordable housing development or affordable housing property management within the project team. However, eligible entities without sufficient experience developing and managing affordable housing projects may partner with an experienced nonprofit to apply for Program funding, as long as the experienced nonprofit participates in the management of the project with duties equivalent to those of a Managing General Partner.

### **2.2 Eligible Projects**

Projects must meet the following requirements to be eligible for Program funds.

#### Eligible Project Types:

Eligible Project Types include the acquisition of existing, non-deed-restricted housing, including but not limited to housing that is subject to the City's Rent Stabilization Ordinance (RSO).

#### Project Size:

Small NOAH projects must be between three (3) and twenty (20) units, inclusive of any units that will be added using Program funding. The unit count maximum may be adjusted upward through a revision to these Small NOAH Program Guidelines as revenue for the program grows over time, and/or key opportunities are identified that meet House LA goals

#### Affordability Requirements and Rent Schedules:

- A majority of a property's occupied 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, utilizing a form provided by LAHD.
- Upon completion of preservation activities, all units must be covenanted to be affordable to households earning 80% Area Median Income (AMI) or below. Existing tenants should not be displaced if their incomes exceed 80% AMI or any lower income limits adopted for their unit. Unit affordability targets should be achieved over time through natural unit turnover.
  - All deed restricted affordable units must be affordable in perpetuity, as defined in *Section 2.5*.
  - LAHD will apply HUD/LIHTC income targeting and rent schedules, with the exception of when the project or units in the project are subject to regulatory agreements that require Health and Safety Code income targeting and/or rent schedules.

Labor Compliance:

Construction and rehabilitation work funded through this Program must pay prevailing wage.

Outside Leveraging:

Leveraging of additional public or private funding sources is not required in this Program. The Fund Administrator will be a CDFI or non-profit financial institution that will underwrite projects on behalf of the City and award City funds. Subject to the discretion of Project Sponsors, additional outside financing may be secured so long as the terms of any such funding source do not conflict with Program regulations, the funding source does not mandate shorter than permanent affordability, the funding source does not preclude the future conversion of the property to tenant ownership, and the Fund Administrator determines, based on approved underwriting standards, that the project is capable of supporting any associated debt service.

## **2.3 Eligible Activities**

Eligible activities include financial assistance, including but not limited to Service Payback Loans with a maximum 30-year term, and/or making subordinate, fully-amortizing, and/or residual receipts loans to projects that provide affordable rental or homeownership housing, including shared ownership, and/or supportive housing. Eligible activities may also include establishment of a Predevelopment Fund to support escrow deposits and due diligence activities.

Eligible project costs include:

- Acquisition costs during predevelopment;
- Predevelopment costs, including but not limited to, costs for architectural plans and renderings, 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);
- Construction and financing costs, including but not limited to, demolition, off-site public improvements, construction bonds, general contractor and subcontractor payments including overhead, profit, and general conditions;
  - Soft costs related to the construction, development, and/or rehabilitation of the project, including but not limited to, conventional financing, design, program, financing, entitlement processing, developer fees, legal fees, and professional fees;
  - Any costs related to installation, construction, legalization, and/or permitting of Accessory Dwelling Units (ADUs), Junior ADUs (JADUs), and/or Unpermitted Dwelling Units;
  - Relocation and related expenses;
  - Replacement reserves; and
  - Reasonable reserves for annual operating costs, for projects requiring short-term capitalized operating assistance, that are still able to demonstrate long-term financial viability without operating assistance other than from Section 8 Housing Choice Vouchers or similar long-term rental housing vouchers.

## **2.4 Ineligible Activities**

Funds awarded under the Small NOAH Program shall not be used for the following expenses or activities:

- Substitution for any committed permanent project financing source, unless the substitution was approved at the time of commitment.
- Commercial space or tenant improvements.
- Reimbursement for project costs that have been paid by another permanent project funding source, unless the reimbursement was approved at the time of commitment.
- Travel expenses, food, or meals.
- Application fees for other project financing.
- Office or general organizational expenses.
- The payment of delinquent taxes, fees, or charges on properties, unless payment is part of the acquisition (e.g., Chapter 8 purchases).

## **2.5 Loan / Financial Assistance Terms and Limits**

Loan Limits: At least once per fiscal year, loan limits will be established according to the following process:

1. LAHD, or its designee, will determine loan limits based on the average per unit Total Development Costs (TDC), based on various unit typologies, in the previous fiscal year. LAHD, or its designee, will use comparable benchmark projects funded by ULA or other City sources to determine average costs.
  - i. Average per unit costs will be adjusted by an inflation factor.

- ii. Availability and feasibility of leveraged funding sources will be considered as a factor.
2. LAHD, or its designee, will determine the average per unit supportable debt by unit typology and at prevailing interest rates.
3. LAHD, or its designee, will set loan limits based on the gap between the per unit cost, per unit soft sources available, and per unit supportable debt.

LAHD, or its designee, may update loan limits more frequently if necessary to account for changes in economic conditions.

Loan Type: Construction (including reimbursement of acquisition and predevelopment costs), and permanent loans. Permanent loans may allow for transfer of ownership to a legal entity owned and/or controlled by residents.

Interest Rate: The interest rate for fully amortizing loans is three percent (3%) simple interest, and LAHD may determine a lower interest rate of no less than 1% if it is found to be necessary for project feasibility. In the case of Service Payback Loan or other forgivable loan product, the interest rate may be 0%.

Calculation of Interest: Simple interest will be calculated on the loan amount outstanding and based upon a 365-day year, and actual number of days elapsed.

Term of Permanent Loan: The loan term shall be up to 60 years if fully amortizing, or a maximum of 30 years in the case of a Service Payback Loan or other forgivable loan product

Term of Affordability Covenant: The term of the affordability restrictions in the Regulatory Agreement shall be in perpetuity (or such shorter period of time as may be required by applicable law); provided, however, that for projects qualifying for LIHTC, tax-exempt bonds, or federal or state government-sponsored entity loan programs, LAHD shall, based on a Department finding of extraordinary need, have flexibility to structure the terms in its loan documents and/or covenants or restrictions in regulatory documents, so that the project as underwritten at closing is financially feasible and compatible with such program requirements.

Developer Fee: The allowable Developer Fee(s) will be established by LAHD for the Fund Administrator to publicize in each applicant solicitation, and shall be based on the financial and operational risk borne by the developer / owner, and the financial risk borne by the lender(s), if any.

These loan and financial assistance terms may be adjusted in the future, in consultation with the Citizens Oversight Committee, based on additional research and policy considerations regarding social housing strategies.

## **2.6 Loan Management and Occupancy Monitoring**

### **a. Loan Management**

Sponsors of awarded projects are required to comply with the following:

- Submit Audited Financial Statements (AFSs), which may be in the form of consolidated financial statement of the Project Sponsor, annually.
- If applicable, effectuate loan payments by the date indicated on the loan agreement.
- If applicable, complete a Calculation of Residual Receipts Form using information from the AFS for each project. LAHD or the Fund Administrator as its designee may make technical adjustments to the calculation before issuing a final invoice for any underpayments, or providing a credit for overpayments.
- Maintain adequate operating and replacement reserves, and obtain pre-approvals from LAHD or its designee prior to withdrawals from these funds.
- Submit Real Estate Owned Schedule annually showing actual operating costs and income for each project.

### **b. Occupancy Monitoring**

Once a year, project owners must submit documentation that demonstrates that tenants who occupy restricted units are income-eligible and that the rents they pay are within the allowable program limits. Affirmative marketing practices aim to further the goals of the ULA measure and ordinance, which include improving access to permanent affordable housing for vulnerable populations. Affirmative marketing practices shall require that project owners market to non-English speakers. The Project Sponsor will also agree to provide regular reporting on demographic information related to tenants, consistent with ULA-required tracking and reporting on tenants housed using Program funds.

### **c. Default**

The loan agreement will specify the events that may cause LAHD or its designee to declare the borrower in default. These events include, but are not limited to:

- Failure to purchase the subject property;
- Failure to construct/rehabilitate the proposed project within the time agreed;
- Breach of rental/ownership covenants;
- Failure to maintain the property in good condition;
- Failure to make agreed-upon loan repayments;
- Failure to receive an LAHD approval prior to any change in ownership entity;
- Breach of affirmative action, equal opportunity, contractor responsibility, equal benefits or MBE/WBE requirements;

- Failure to submit annual financial statements certified by a certified public accountant;
- Failure to comply with Measure ULA Project Labor Agreement requirements and/or prevailing wage requirements, as applicable;
- Failure to meet accessibility construction standards, and/or failure to comply with all applicable accessibility standards, including but not limited to: Section 504 of the Rehabilitation Act of 1973 as amended, Title VIII of the Civil Rights Act of 1964 as amended in 1988 by the Fair Housing Amendments Act, and the Americans with Disabilities Act Title II, the State of California's Unruh Act, Department of Fair Employment and Housing (DFEH) Regulations and California Government Code Section 11135 et. seq.;
- Failure to maintain appropriate insurance coverage without LAHD approval;
- Commencing construction (including demolition) without LAHD authorization;
- Failure to abide by development and/or construction schedules;
- Failure to maintain the project "in balance" during construction;
- Failure to pay property taxes that are associated with the project;
- Bankruptcy;
- Dissolution or insolvency of the ownership entity; and
- Uncured event of default under any other loan agreements from federal, state or county or private lenders.

## **2.7 Event of Conflict**

Projects must comply with all covenants and loan agreements. Where discrepancies exist between these Small NOAH Program Guidelines and other funding requirements, the most restrictive will prevail.



## **SECTION 3: PRE-QUALIFICATION, FUNDING ROUNDS, TIMING, AND APPROVAL PROCESS**

### **3.1 Pre-Qualification Process**

Pre-Qualification is the first step in the application process. Pre-Qualification will be used to conduct an initial screening of potential Project Sponsors and provide loan Pre-Approvals based on cost estimates and maximum project size. Loan Pre-Approvals may facilitate potential borrowers moving more quickly and flexibly in negotiating acquisitions.

Pre-qualification applications are accepted throughout the year. However, to receive funding from the Small NOAH Program, Pre-Approved borrowers must still submit a second, full loan application with project-specific details once an acquisition has been negotiated. Borrower details that were validated through the Pre-Qualification process do not need to be reviewed again.

The Fund Administrator will pre-qualify applicants based on the following:

- Compliance with *Section 2* of these Guidelines.
- Project Sponsors must have experience in acquiring and rehabilitating at least three (3) properties and maintaining them as affordable housing 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 financial performance via Audited Financial Statements (AFS) as well as proper habitability standards. In addition, sponsor experience will be evaluated based on underwriting standards adopted by the Fund Administrator and as approved by LAHD.
- 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.
- Project Sponsors must identify employees and/or contracted consultants with professional experience necessary to carry out the duties of managing the acquisition, rehabilitation, leasing, and management of affordable housing projects.
- 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 by:
  - 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;
  - 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; and
- A description of actions the organization is already taking or will take 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, and using a tenant or homebuyer selection process that does not disadvantage certain racial groups and actively mitigates potential inadvertent racial bias).

If an organization does not fully meet all of the Pre-Approval criteria individually, a Project Sponsor may pre-qualify by partnering with experienced Nonprofit organization(s), as evidenced by either:

1. Presenting a partnership agreement with an experienced non-profit organization that meets the eligibility and capacity criteria.
  - Partnership agreements should show (i) allocation of ownership shares, (ii) allocation of key management responsibilities and liability, and (iii) agreement on compensation or revenue-sharing.
2. Presenting a Memorandum of Understanding (MOU) with an experienced non-profit organization that meets the eligibility and capacity criteria.
  - MOUs must show (i) compensation of the involved parties, including allocation of share of developer fee, cash flow, and net sale proceeds, if any, and (ii) assignment of key management responsibilities to the experienced non-profit.

Upon successful Pre-Qualification, the Fund Administrator will provide a Pre-Approval Letter to the organization. The Pre-Approval Letter will include parameters governing the uses of the loan, maximum amount of financing that can be provided, maximum unit counts for the acquisition target(s), as well as the form of the full loan application to be completed once the sponsor has identified and negotiated an acquisition. The Pre-Approval will be valid for a year, or a longer term as deemed appropriate by the Fund Administrator and LAHD.

### **3.2 Annual Development and Planning for Pre-Qualification Application**

At least once per year, the Fund Administrator and LAHD will provide updated guidance, subject to Mayor and City Council approval, pertaining to maximum loan limits, project underwriting standards, allowable Developer Fee(s), and resident leadership requirements applicable to the most current Funding Availability. Loan limits will be determined as a function of estimated development costs, anticipated non-ULA leveraged funds, and LAHD goals with respect to unit typology and affordability mix, as described in *Section 2.5*.

### **3.3 Loan Application Form and Process**

Each Pre-Approval Letter shall be accompanied by detailed guidance about how to submit a complete final loan application, including where to submit the loan application and all documentation requirements that must be attached. Pre-Approved borrowers can exercise the option to submit a full loan application at any time prior to the expiry of their Pre-Approval. *Section 4: Threshold Requirements* provides additional details on what documentation must be submitted as part of a full loan application.

Based on these Small NOAH Program Guidelines, draft documents submitted during the contractor's successful selection process, and finalized Implementation Plan documents, the Fund Administrator will administer either an open window application process, a competitive funding round process, or a hybrid of the two.

#### Open Window Model

The Fund Administrator may review and approve loan applications on a rolling basis, awarding funds to all projects that pass threshold review until funds are exhausted. If the Fund Administrator elects to award funds on an open window model, funds will be awarded on a first-come-first-served basis to Pre-Approved borrowers who are able to bring viable projects that satisfy threshold review.

#### Competitive Funding Round Model

Alternatively, contingent on funding availability, the Fund Administrator may hold up to four (4) competitive funding rounds per year, in which applications meeting threshold review would be assigned scores and ranked in accordance with *Section 5: Selection Process and Criteria*. Under the competitive funding round model, loan applications will be held until the competitive funding round opens, and the Fund Administrator would first recommend funding allocations to the highest scoring project, and then allocate to subsequent projects in order of highest to lowest score, until funding is exhausted.

Funding recommendations shall be publicized and applicants shall have a window to submit an appeal before the Fund Administrator finalizes the allocations and commits funds to awardees.

### **3.4 Appeal Process**

Fund Administrator determinations of funding awards or denials can be appealed by the applicant. Each Funding Availability notice will provide detailed guidance delineating acceptable grounds, process for filing, and standards for adjudicating an appeal.

Applicants shall not file an appeal regarding Fund Administrator staff evaluation of another applicant's application.

### **3.5 Commitment of Funds**

Upon resolution of any appeals, the Fund Administrator will execute Loan Agreements with the final selected projects and transmit funds to the project sponsors.

In the event of a need to increase loan limits above the conditional commitment amounts in order to close unexpected gaps and accelerate affordable housing production, the Fund Administrator can increase by up to 10% above the awarded loan commitment, subject to funding availability.

## **SECTION 4: THRESHOLD REQUIREMENTS**

This section enumerates the elements of a complete application and describes the documentation requirements associated with each element. All applicants must demonstrate reasonableness of funding request and project feasibility. Applications will first undergo Threshold Review by the Fund Administrator to ensure that all required elements have been met.

Applications that do not meet threshold requirements will not be reviewed or considered for funding by the Fund Administrator.

### **4.1 Summary of Threshold Items**

The following provides a summary of each Threshold Item and descriptions of materials that will be required to demonstrate the Project satisfies each Threshold Item.

#### **a. Sponsor Pre-Qualification**

Pre-Qualification is a prerequisite of submitting an application during a Funding Availability. See *Section 3* of these Small NOAH Program Guidelines for more information.

#### **b. Financial Feasibility**

Financial feasibility is a threshold requirement. To demonstrate financial feasibility, applicants must submit a complete pro forma financial analysis using a template workbook that has been prepared by the Fund Administrator and approved by LAHD. Projects will be reviewed according to underwriting standards adopted by the Fund Administrator and approved by LAHD, which shall be updated periodically and available to the public.

#### **c. Majority Lower Income Requirement**

Lower Income Households must comprise a majority of the acquisition target's units at the time of the application. Project Sponsors can demonstrate this by submitting attestations from a majority of existing residents that they have household incomes at or below the requisite AMI level.

#### **d. Rehabilitation and Capital Needs Assessment**

Applicants must submit a Capital Needs Assessment (CNA) that identifies maintenance, repairs, rehabilitation and capital improvement needs within the next five (5) years, if any.

They must also provide a Scope of Work (SOW) that is responsive to the areas of life and safety concerns identified in the CNA.

Additionally, the SOW must address plans for legalizing or permitting any unpermitted dwelling spaces. All residential units must be City's definitions of a "dwelling unit" and fully conform with applicable codes. If a project includes existing unpermitted or illegal units, whether occupied or unoccupied at the time of acquisition, legalization and permitting (or demolition, if vacant) of the units must be included in the project scope.

Small NOAH Program projects are required to complete, at minimum, the items indicated within the SOW and as supported by the CNA.

**e. Timeliness**

Timely completion of affordable housing is a core objective of the Small NOAH Program, and project sponsors are required to provide a Milestones Commitment Letter as part of threshold review. The Milestones Commitment Letter must outline key pre-development and construction activities and timelines for completion thereof, including expected submission of building permits and start of construction.

Commitments shall be valid for twenty-four months. If loans are not funded and construction started within twenty-four months, the commitment may expire.

**f. Tenant Governance and Ownership**

Residents shall have a right to participate directly and meaningfully in decision-making concerning the governance of Small NOAH Program-funded projects.

**Resident Engagement and Leadership Plan Requirements**

All sponsors are required to provide a Resident Engagement and Leadership Plan that includes the following:

- Meetings to create Community Agreements.
- Monthly gatherings between property management and residents to support community cohesion and raise issues related to the building.
- Quarterly meetings between residents and property management to review operations, management, and adjust Community Agreements.
- Semi-annual meetings between residents and property management to review budgets, financials, and actuals to determine budget priorities.
- Formation of a Resident Council, as defined in Introduction Section 5. In a rental property, the Resident Council must be convened within twelve (12) months after the building is initially leased up and must meet regularly. In an ownership property, the Resident Council, whether organized as a homeowners'

association, cooperative board, LEHC, or other similar representative or elected governance body required by state law based on the legal structure of the property, must be convened within the timeframe mandated by law or six (6) months, whichever is less; and must meet as frequently as is mandated by law, but no less than quarterly, to maintain oversight over property management, finances, and community cohesion.

- Resident Trainings, which provide continuous opportunities for residents to learn about all aspects of managing a residential or mixed-use building, as applicable. Resident Trainings can be provided by capacity-building networks, including any resident governance capacity-building collaborative established by the City.
- If the property is planned for future conversion from rental to ownership, then financial and design plans for ownership should engage current residents and/or resident representatives such as those on any Resident Council, and such plans should be structured to maximize retention of current residents and their conversion from tenants to owners.
- If the property consists of condominiums, is an LEHC, or includes another form of homeownership, a timeline and process for the establishment and convening of the governing body, as well as the development of policies regarding homebuyer education and access to lending opportunities and down payment assistance, marketing and sales policies that meet Affirmatively Furthering Fair Housing standards, and any applicable Right of Return or Right of First Refusal policies, and establishment of a Resale Formula.

#### Tenant Governance Experience Requirements

All sponsors are required to provide documentation that the development team has either experience owning and/or operating residential properties under tenant governance, or, Nonprofit partner(s) with experience owning and/or operating residential properties under tenant governance.

Experience with tenant governance is demonstrated by submitting the following:

- Community Agreements that have been created and adopted by residents in at least one property, as well as two or more of the following:
- Resident Council meeting minutes from at least one property; and/or
- Resident Council bylaws adopted by the residents of at least one property; and/or
- CLT ground lease and the bylaws of resident-owned or resident-controlled housing that is the lessee of CLT land, such that, when viewed jointly, the documents demonstrate ongoing relationship between the project sponsor and residents; and/or
- Attestation from residents verifying that the project sponsor has supported a resident-governed property by engaging residents in a collective or representative decision-making process regarding their own rental or ownership housing; and/or

- Demonstrated expertise facilitating community meetings attended by participants with linguistic, cultural, household income and/or other demographic characteristics similar to the anticipated resident population; and/or
- Evidence that current staff have received capacity-building training specific to tenant governance or resident ownership, including, but not limited to, training provided by the ULA-funded Capacity-Building Program.

Developers that do not have capacity themselves to support tenant governance must partner with a locally-based Nonprofit organization that has a demonstrated history of managing residential properties under tenant governance models.

Partnerships may take the form of General Partnerships, Limited Partnerships, Limited Liability Companies, or other Special-Purpose Entities (SPEs) where the experienced Nonprofit has an ownership stake in the SPE, or fee-for-service contractual agreements with a Nonprofit demonstrating experience in tenant governance. Partnership documents must provide an outline of roles and responsibilities between developer and partner organization(s).

**g. Replacement, Relocation, and Right of First Refusal**

Units demolished for redevelopment under this Program shall be replaced at a ratio of one replacement unit for each qualified demolished unit, subject to a Replacement Unit Determination (RUD) by LAHD. Moreover, replacement units must be restricted to an AMI level that matches the affordability of the household that resided in the demolished unit, or to an AMI level that is more deeply affordable. Project sponsors shall submit a Rent/Income Restriction History Assessment, which must provide, to the best of sponsor's ability, a breakdown by income level of any deed-restricted or rent-controlled residential units that will be or were vacated within the last five (5) years, as well as a record of all Lower Income Households that were known to reside in the property within the last five (5) years.

Tenants displaced due to ULA-funded construction must be offered Relocation benefits and Right of First Refusal. Project sponsors shall submit a Relocation Plan, which must include offers of comparable dwellings, as well as a Leasing Preference Policy granting Right of First Refusal to tenants displaced by the project.

For more information, please refer to *Los Angeles Administrative Code* Section 22.618.3(d)(1)(i)(c).



**h. Accessibility Standards**

Project sponsors must provide a Self-Certification Form for Compliance to Accessibility Standards. City-funded projects must comply with all applicable accessibility standards in effect at the time of the application solicitation. These include all applicable statutes, ordinances, regulations, court orders, consent decrees, or other legally enforceable standards that may apply to housing projects.

**4.2 Application Requirements**

Each year, the Fund Administrator will provide guidance that details the complete application requirements and the amount of funding available. The Fund Administrator will indicate the form of the application, which must be submitted electronically. For an application to be considered complete, all requirements listed in the notice must be provided.

**SECTION 5: SELECTION PROCESS AND CRITERIA**

This section shall be applicable if the Fund Administrator elects to hold a competitive selection process for project awards. The following section enumerates key City priorities for competitive selection of projects, with key implementation details to be developed by the Fund Administrator.

Applications determined to have passed Threshold Review would be scored and prioritized for funding based on selection criteria outlined in this section.

**5.1 Evaluation and Scoring Criteria - General**

All applications would be scored according to a Scoring Matrix, which would be further described along with a scoring methodology in each announcement of a Funding Availability. The Scoring Matrix shall prioritize tenant organizing history, cost effectiveness, tenant precarity, and projects benefiting vulnerable populations.

Applications with the highest scores will receive funding allocations first, until funds are exhausted.

**5.2 Evaluation and Scoring Criteria - Scoring Priorities**

Each Funding Availability would include specified scoring criteria that reflect the following priorities:

<b>Priority</b>	<b>Description</b>
History of Tenant Organizing	Projects with a history of outreach to the property's tenants, including but not limited to attestation and/or meeting minutes from an organized group of the property's residents, or a letter of support signed by a majority of the building's households.
Cost Effectiveness	Cost effectiveness will be evaluated on a per unit basis, with adjustments for high cost land areas.
Tenant Precarity	<p>Tenant precarity is defined as either properties at imminent risk of Ellis Act evictions, or properties with some combination of the following attributes:</p> <ul style="list-style-type: none"> <li>• History of harassment by landlord</li> <li>• History of 3-day notices</li> <li>• History of no-fault eviction notices</li> <li>• At least 10% of households are paying more than 50% of monthly household income in rent</li> <li>• Households have received a rent increase of greater than ten percent (10%) in the last twelve (12) months</li> <li>• Property owner is in violation or has more than one (1) complaint within the last twelve (12) months related to City rental housing laws, including on other properties held by the same owner in the City of Los Angeles</li> </ul>
Priority Populations	<p>Priority populations are defined as properties where:</p> <ul style="list-style-type: none"> <li>• A majority of households in the property include children, seniors, people with disabilities, and/or Limited English Proficient residents.</li> <li>• A majority of households in the property have a household income at or below 30% AMI.</li> </ul>

# **Preserving Affordability Program Guidelines**

## **SECTION 1: ADMINISTRATIVE OVERVIEW**

### **1.1 Program Administrator**

The Acquisition and Rehabilitation of Affordable Housing: Preserving Affordability Program (Preserving Affordability Program) is administered by the City of Los Angeles Housing Department (LAHD). Within LAHD, the Housing Development Bureau (HDB) manages the development and issuance of Notices of Funding Availability (NOFAs), and project review and underwriting, including scoring and awarding of applications. This subprogram would facilitate acquisition of for-profit-owned affordable properties with expiring covenants; or facilitate acquisition of Non-profit-owned affordable properties with expiring covenants, and are being sold or transferred to another Non-profit in order to maintain operations as affordable housing.

LAHD will revise maximum loan limits annually to reflect changes in the economic environment including budget, availability of external funds, legal and regulatory mandates, interest rates, commodity and land prices, and inflation. Prior to issuing NOFAs, LAHD will provide an update to the ULA Citizens Oversight Committee (COC) and City Council pertaining to maximum loan limits.

### **1.2 Notice of Funding Availability (NOFA) Schedule**

Subject to funding availability, LAHD will offer one NOFA for the Preserving Affordability Program every fiscal year. Additional information regarding the NOFA, project application, and project award schedule will be provided in Department-issued NOFAs.

## **SECTION 2: GENERAL PROVISIONS**

The following section provides a summary of general Program requirements and provisions.

### **2.1 Eligible Applicants**

Eligible Project Sponsors are public entities, local housing authorities, Community Land Trusts (CLTs), Limited Equity Housing Cooperatives (LEHCs), and 501(c)(3) non-profit entities. Partnerships such as General Partnerships, Limited Partnerships, and Limited Liability Companies (LLCs) may apply provided that the Managing General Partner is an eligible entity.

### Affordable Housing Experience

The ULA Measure and Ordinance requires applicants to have experience with affordable housing development or affordable housing property management experience within the project team. However, eligible entities without sufficient experience developing and managing affordable housing projects may partner with an experienced nonprofit to apply for Program funding, as long as the experienced nonprofit participates in the management of the project with duties equivalent to those of a Managing General Partner.

## **2.2 Eligible Projects**

Projects must meet the following requirements to be eligible for Program funds.

### Eligible Project Types:

The project must be an existing residential building that is subject to a regulatory agreement that restricts some or all of its units with respect to household incomes and/or rents. In addition, the building must have an existing regulatory agreement that will expire within ten (10) years from the time of the application for funding.

### Project Size:

- The Preserving Affordability Program has no maximum or minimum project size with respect to unit counts.

### Affordability Requirements and Rent Schedules:

- Upon completion of preservation activities, all units must be covenanted to be affordable to households earning 80% Area Median Income (AMI) or below. Existing tenants should not be displaced if their incomes exceed 80% AMI or any lower income limits adopted for their unit. Unit affordability targets should be achieved over time through natural turnover.
- All deed restricted affordable units must be affordable in perpetuity, as defined in *Section 2.5*.
- If the property is already occupied, a majority of the property's units (50% or more) must be occupied by households earning 80% AMI or below at the time of application.
- LAHD will apply HUD/LIHTC income targeting and rent schedules, with the exception of when the project or units in the projects are subject to regulatory agreements that require Health and Safety Code income targeting and/or rent schedules.

Labor Compliance:

- Must pay prevailing wage.
- If there will be major construction or rehabilitation on projects with 40 units or more, the project must comply with the City of Los Angeles Department of Public Works Master Project Labor Agreement (PLA) or a specific ULA Measure-wide PLA, negotiated with mutual agreement between the Los Angeles/Orange Counties Building and Construction Trades Council and the Southern California Association of Nonprofit Housing (SCANPH), and approved by the Los Angeles City Council.

Outside Leveraging:

Leveraging of non-ULA funding sources is only permissible if such additional funding does not preclude future conversion of the property to tenant ownership, permanent affordability, or any other requirements in the ULA measure and ordinance.

## **2.3 Eligible Activities**

Eligible activities include financial assistance, including, but not limited to, Service Payback Loans with a maximum 30-year term, and/or making subordinate, fully-amortizing, and/or residual receipts loans to projects that provide affordable rental or homeownership housing, supportive housing, and/or mixed-income housing.

Eligible project costs include:

- Acquisition costs during predevelopment;
- Predevelopment costs, including but not limited to, costs for architectural plans and renderings, 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);
- Construction and financing costs, including but not limited to, demolition, off-site public improvements, construction bonds, general contractor and subcontractor payments including overhead, profit, and general conditions;
- Relocation and related expenses;
- Soft costs related to the construction, development, and/or rehabilitation of the project, including but not limited to, conventional financing, design, program, financing, entitlement processing, developer fees, legal fees, and professional fees;
- Replacement reserves; and
- Reasonable reserves for operating costs, for projects requiring short-term capitalized operating assistance, that are still able to demonstrate long-term financial viability without operating assistance other than from Section 8 or similar long-term rental housing vouchers.

## **2.4 Ineligible Activities**

Funds awarded under the Preserving Affordability Program shall not be used for the following expenses or activities:

- Substitution for any committed permanent project financing source, unless the substitution was approved at the time of commitment.
- Reimbursement for project costs that have been paid by another permanent project funding source unless the reimbursement was approved at the time of commitment.
- Travel expenses, food, or meals.
- Application fees for other project financing.
- Office or general organizational expenses.
- The payment of delinquent taxes, fees, or charges on properties, unless payment is part of the acquisition (e.g., Chapter 8 purchases).

## **2.5 Loan / Financial Assistance Terms and Limits**

Loan Limits: At least once per year, loan limits will be established according to the following process:

1. LAHD will determine the average Total Development Costs (TDC) by unit typology in the previous fiscal year. LAHD will use comparable benchmark projects funded by ULA or other City sources to determine average costs.
  - Average per unit costs will be adjusted by an inflation factor.
2. LAHD will determine the average per unit supportable debt by income level and at prevailing interest rates.
3. LAHD will set loan limits for each AMI category based on the gap between the per unit cost, per unit soft sources, and per unit supportable debt at each AMI category.

LAHD may update loan limits more frequently if necessary to account for changes in economic conditions.

Loan Type: Construction (including reimbursement of acquisition and predevelopment costs), and permanent loans. Permanent loans may allow for transfer of ownership to a legal entity owned and/or controlled by residents.

Interest Rate: The interest rate for fully amortizing loans is three percent (3%) simple interest, and LAHD may determine a lower interest rate of no less than 1% if it is found to be necessary for project feasibility. In the case of Service Payback Loan or other forgivable loan product, the interest rate may be 0%

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Calculation of Interest: Simple interest will be calculated on the loan amount outstanding and based upon a 365-day year, and actual number of days elapsed.

Term of Permanent Loan: The loan term shall be no less than 60 years if fully amortizing, or a maximum of 30 years in the case of a Service Payback Loan or other forgivable loan product.

Term of Affordability Covenant: The term of the affordability restrictions in the Regulatory Agreement shall be in perpetuity (or such shorter period of time as may be required by applicable law); provided, however, that for projects qualifying for LIHTC, tax-exempt bonds, or federal or state government-sponsored entity loan programs, LAHD shall, based on a Department finding of extraordinary need, have flexibility to structure the terms in its loan documents and/or covenants or restrictions in regulatory documents, so that the project as underwritten at closing is financially feasible and compatible with such program requirements.

Developer Fee: The allowable Developer Fee(s) will be established by LAHD and included in the NOFA, to be approved by the Mayor and Council prior to issuance, and shall be consistent with the most recent TCAC regulations in effect. LAHD will update developer fee limits as needed to remain consistent with TCAC limits.

These loan and financial assistance terms may be adjusted in the future, in consultation with the Citizens Oversight Committee, based on additional research and policy considerations regarding social housing strategies.

## **2.6 Sponsor and Project Underwriting Standards**

Applications shall be reviewed in accordance with LAHD Sponsor Underwriting Guidelines and Project Underwriting Guidelines.

Underwriting Guidelines are available to the public, revised regularly to reflect the most up-to-date LAHD staff analysis of financial stress and risk tolerances.

For Sponsor Underwriting Guidelines, the analysis is based on:

- Portfolio size and health, including deferred maintenance needs, lease-up rates, amount of reserves, cash flow, and debt coverage ratios;
- Development record, including number of projects completed or in development, and projects meeting development milestones on time and on budget; and
- Organization health, including reviews of three (3) most recent years of Audited Financial Statements (AFSs), and tests of assets, revenues, expenses, cash flow, debt, and liabilities, and organizational budgets, financial projections, staffing plans and board participation records.

Project Sponsors that lack significant experience or capacity are required to partner with an experienced entity that satisfies Sponsor Underwriting standards, and that can demonstrate that the organization brings adequate financial and staff capacity to guarantee successful development and operations of the project, including by showing that the partner organization has sufficient experience in property management and project development that would meet the standards set in the Sponsor Underwriting Guidelines.

For Project Underwriting Guidelines, the analysis is based on review of potential portfolio liabilities and challenges, benchmarks of cost drivers, economic conditions, compliance with legal and regulatory mandates, and other variables that affect the broader affordable housing environment.

Project Underwriting Guidelines may include parameters for:

- Reasonable costs;
- Income and expense escalators;
- Bonding, insurance, and other liability coverage requirements;
- Operating and replacement reserve ratios;
- Lien priority;
- Taxes and fees;
- Hard and soft cost contingencies;
- Debt service;
- Vacancy rates;
- Relationship of proposed rents to neighborhood market rents; and
- Proposed project timeline for development and lease up.

## **2.7 Loan Management and Occupancy Monitoring**

### **a. Loan Management**

Sponsors of awarded projects are required to:

- Submit Audited Financial Statements (AFSs) annually and effectuate loan payments by the date indicated on the loan agreement.
- Complete a Calculation of Residual Receipts Form using information from the AFS for each project. LAHD may make technical adjustments to the calculation before issuing a final invoice for any underpayments, or providing a credit for overpayments.
- Maintain adequate operating and replacement reserves, and obtain pre-approvals from LAHD prior to withdrawals from these funds.
- Submit Real Estate Owned Schedule annually showing projected and actual operating costs and income for each project.



**b. Occupancy Monitoring**

Once a year, project owners must submit documentation that demonstrates that tenants who occupy restricted units are income-eligible and that the rents they pay are within the allowable program limits. Affirmative marketing practices aim to further the goals of the ULA measure and ordinance, which include improving access to permanent affordable housing for vulnerable populations. Affirmative marketing practices shall require that project owners market to non-English speakers. The project owner will also agree to provide regular reporting on demographic information related to tenants, consistent with ULA-required tracking and reporting on tenants housed using Program funds.

**c. Default**

The loan agreement will specify the events that may cause LAHD to declare the borrower in default. These events include, but are not limited to:

- Failure to purchase the subject property;
- Failure to construct/rehabilitate the proposed project within the time agreed;
- Breach of rental/ownership covenants;
- Failure to maintain the property in good condition;
- Failure to make agreed-upon loan repayments;
- Failure to receive an LAHD approval prior to any change in ownership entity;
- Breach of affirmative action, equal opportunity, contractor responsibility, equal benefits or MBE/WBE requirements;
- Failure to submit annual financial statements certified by a certified public accountant;
- Failure to comply with Measure ULA Project Labor Agreement requirements and/or prevailing wage, as applicable;
- Failure to meet accessibility construction standards, and/or failure to comply with all applicable accessibility standards, including but not limited to: Section 504 of the Rehabilitation Act of 1973 as amended, Title VIII of the Civil Rights Act of 1964 as amended in 1988 by the Fair Housing Amendments Act, and the Americans with Disabilities Act Title II, the State of California's Unruh Act, Department of Fair Employment and Housing (DFEH) Regulations and California Government Code Section 11135 et. seq.;
- Failure to maintain appropriate insurance coverage without LAHD approval;
- Commencing construction (including demolition) without LAHD authorization;
- Failure to abide by development and/or construction schedules;
- Failure to maintain the project "in balance" during construction;
- Failure to pay property taxes that are associated with the project;
- Bankruptcy;
- Dissolution or insolvency of the ownership entity; and

- Uncured event of default under any other loan agreements from federal, state or county or private lenders.

## **2.8 Event of Conflict**

Projects must comply with all covenants and loan agreements. Where there are discrepancies between these Preserving Affordability Program Guidelines and other funding requirements, the most restrictive will prevail.

## **SECTION 3: FUNDING ROUNDS, TIMING, AND APPROVAL PROCESS**

Based on these Preserving Affordability Program Guidelines, LAHD will periodically release NOFAs to announce the opening of applications and to effectuate the awarding of funds. The terms and requirements of these Preserving Affordability Program Guidelines shall be applicable to each NOFA, and a NOFA may incorporate additional supplementary terms and details that further clarify LAHD policy and objectives.

The terms of each NOFA must be approved by the Mayor and Council prior to issuance.

### **3.1 Notice of Funding Availability (NOFA) Development Process and Publication**

Subject to funding availability, LAHD shall issue one Preserving Affordability Program NOFA per year. The timing of each NOFA shall be announced at least three (3) months in advance, and applicants shall have at least 30 days from the release of a NOFA to submit proposals. The timing of the NOFA shall consider the timing needs of potential Preserving Affordability projects that have been pre-identified as part of the three (3) year budgeting process, described in *Introduction Section 1(b)* of these Guidelines, including those projects that plan to exercise a Right of First Refusal.

Each NOFA shall provide specific maximum loan limits both at the project level and on a per unit basis, which may or may not vary depending on unit type and depth of affordability. Loan limits will be determined as a function of estimated development costs, expected non-ULA leveraged funds, and LAHD goals with respect to unit typology and affordability mix, as described in *Section 2.5*.

Moreover, each NOFA shall define “at-risk” properties eligible for Program funding:

- Covenant expiry: To be eligible for this Program, projects must have existing affordability covenants that are due to expire within ten (10) years of application submission. LAHD may define a more restrictive timeframe for expiration of affordability restrictions.
- Project financial distress: LAHD may establish standards for financial stress testing.

At least three (3) business days before the application window opens, LAHD shall hold a Bidders' Conference to provide a high-level overview of the NOFA and respond to sponsor questions.

### **3.2 Application Submittal and Review**

Each NOFA shall be accompanied by detailed guidance about how to submit a complete application, including where to submit an application and all documentation requirements that must be attached upon submission.

Applications shall be reviewed, underwritten, and scored on a rolling basis until the application window closes. Once the deadline to submit has passed, applications that pass threshold review will be divided into two priority pools and ranked by score within each pool.

More detailed information about this is provided in *Section 4: Threshold Requirements* and *Section 5: Selection Process and Criteria*.

Funding recommendations shall be publicized and applicants shall have a window to submit an appeal before LAHD transmits its final funding recommendations to City Council.

### **3.3 Appeal Process**

LAHD funding recommendations can be appealed by the applicant. Each NOFA will provide detailed guidance delineating acceptable grounds for appeal and the process for filing an appeal. Applicants shall not file an appeal regarding LAHD staff evaluation of another applicant's application.

### **3.4 Council Approval Process**

Consistent with Los Angeles Administrative Code Section 22.618.3(d)(iv), LAHD shall present the Preserving Affordability Program projects to the City Council and Mayor with award amounts and conditions to be met prior to funding. As applicable, the City Council and Mayor will authorize the General Manager of the LAHD, or designee, to determine that funding conditions have been met; to negotiate and execute the relevant financing documents for the project, subject to the approval of the City Attorney as to form; to prepare Controller instructions and any necessary technical adjustments consistent with Mayor and City Council actions, subject to the approval of the City Administrative Officer (CAO); and request that the Controller implement the instructions.

In the event of necessary technical corrections and adjustments that do not change the affordability mix, total number of units, or loan amount per unit, the General Manager of LAHD, or designee, shall be authorized to approve such corrections.

## **SECTION 4: THRESHOLD REQUIREMENTS**

The following section enumerates the elements of a complete Preserving Affordability Program application and describes the documentation requirements associated with each element. All applicants must demonstrate reasonableness of funding request and project feasibility. Applications will first undergo Threshold Review to ensure that all required elements have been met.

Applications that do not meet threshold requirements will not be reviewed or considered for funding.

### **4.1 Summary of Threshold Items**

The following subsections provide a summary of each Threshold Item and descriptions of materials that will be required to demonstrate the Project satisfies each Threshold Item.

#### **a. Financial Feasibility**

Financial feasibility is a threshold requirement. To demonstrate financial feasibility, applicants must submit a complete pro forma financial analysis using a template workbook that has been approved by LAHD and complies with LAHD Project Underwriting Guidelines, which shall be updated periodically and publicly available.

#### **b. Capital Needs Assessment (CNA) and Scope of Work (SOW)**

Project sponsors are required to submit a Capital Needs Assessment (CNA) identifying all current and anticipated capital and/or maintenance needs within the next five (5) years, and a proposed Scope of Work (SOW) detailing maintenance, repairs, and rehabilitation, and capital improvements to be undertaken. Projects are required to complete, at minimum, the items indicated within the SOW and as supported by the CNA.

If a Capital Improvement Plan is part of the SOW, that must be included in the application.

#### **c. Proof of Financial Stress**

Project Sponsors are required to demonstrate that the property is at risk of losing its affordability due to expiring covenants.

For any eligible project additionally claiming to be under significant financial distress, Audited Financial Statements (AFSs) must be provided as part of the application in order

to demonstrate eligibility. LAHD will establish standards for financial stress tests within each Preserving Affordability Program NOFA.

**d. Expiring Covenants**

Project sponsors are required to demonstrate that the property is at risk of losing its affordability due to expiring covenants.

A copy of the property's affordability covenant is a threshold item required to demonstrate eligibility. LAHD will establish a timeframe for covenant expiration within each NOFA, but shall be no less than ten (10) years of the project onset.

**e. Project Labor Agreement (PLA)**

For projects with 40 units or more, the project sponsor must submit a Letter of Assent attesting that it will comply with all the terms and conditions of the City of Los Angeles Board of Public Works Master Project Labor Agreement (PLA), or a specific ULA Measure-wide PLA, negotiated with mutual agreement between the Los Angeles/Orange Counties Building and Construction Trades Council and the Southern California Association of Nonprofit Housing (SCANPH), and approved by the Los Angeles City Council.

For more information, refer to *Los Angeles Administrative Code* Section 22.618.7.

**f. Replacement, Relocation, and Right of First Refusal**

Units demolished for redevelopment under this Program shall be replaced at a ratio of one replacement unit for each qualified demolished unit, subject to a Replacement Unit Determination (RUD) by LAHD. Moreover, replacement units must be restricted to an AMI level that matches the affordability of the household that resided in the demolished unit, or to an AMI level that is more deeply affordable. Project sponsors shall submit a Rent/Income Restriction History Assessment, which must provide, to the best of sponsor's ability, a breakdown by income level of any deed-restricted or rent-controlled residential units that will be or were vacated within the last five (5) years, as well as a record of all Lower Income Households that were known to reside in the property within the last five (5) years.

Tenants displaced due to ULA-funded construction must be offered Relocation benefits and Right of First Refusal. Project sponsors shall submit a Relocation Plan, which must include offers of comparable dwellings, as well as a Leasing Preference Policy granting Right of First Refusal to tenants displaced by the project.

For more information, refer to *Los Angeles Administrative Code* Section 22.618.3(d)(1)(i)(c).

**g. Project Sponsor Experience**

Project sponsors must submit a Schedule of Projects demonstrating at least three (3) completed projects within the last ten (10) years with: a) Building Typology comparable to the proposed project; b) financing and affordability restrictions comparable or more complex than the proposed project; and c) Property Management Experience demonstrating positive cash flow, updated building repairs, and compliance with financial and affordability audits. The organization may use the experience of its principal to satisfy this requirement. In addition, sponsor experience will be evaluated based on LAHD Sponsor Underwriting Guidelines.

Eligible applicants without a history of affordable housing experience may satisfy this threshold requirement by partnering with an experienced nonprofit or show adequate staff capacity to develop and operate the project.

**h. Racial Equity Commitment**

Project Sponsors must demonstrate a commitment to advancing racial equity and reducing racial disparities in housing outcomes, as evidenced by:

- A profile describing the organization's mission, length of existence, staff experience, characteristics of its Board of Directors, and its commitment affordable housing and advancing racial equity;
- 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; and
- A description of actions the organization is already taking or will take 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, and using a tenant or homebuyer selection process that does not advantage certain groups and actively mitigates potential inadvertent racial bias).

**i. Timeliness Requirement**

Timely production of affordable housing is a core objective of the Preserving Affordability Program, and project sponsors are required to provide a Milestones Commitment Letter as part of threshold review. The Milestones Commitment Letter must outline key pre-development and construction/rehabilitation activities and timelines for completion thereof, including expected submission of building permits and start of construction/rehabilitation.

LAHD reserves the right to rescind funding commitments to projects that are awarded, but subsequently fail to reach milestones.

**j. Site Control**

Project Sponsors must demonstrate site control and clean title.

Site control may be evidenced by any of the following:

- Fee title as demonstrated by a current title report;
- Long-term leasehold interest (minimum term must equal term of LAHD regulatory agreement);
- Option to purchase or lease (obtaining financing shall be the sole impediment to exercising the option);
- Executed land sale contract or other enforceable agreement for acquisition of the property;
- Executed Disposition and Development Agreement (DDA) with a public agency; or
- Option to lease or an alternative document that meets LAHD requirements.

Regardless of the type of site control documents provided, Project Sponsors shall submit with the application a copy of a Preliminary Title Report prepared within the 90 days preceding application submission.

Where properties are subject to Right of First Refusal under State Preservation Notice Law pursuant to Government Code Section 65863.11, site control can be presumed for entities qualifying for a Right of First Refusal to purchase the property.

**k. Tenant Governance and Ownership**

Residents shall have a right to participate directly and meaningfully in decision-making concerning the operation and management of Preserving Affordability Program-funded projects.

**Resident Engagement and Leadership Plan Requirements**

All sponsors are required to provide a Resident Engagement and Leadership Plan that includes the following:

- Meetings to create Community Agreements.
- Monthly gatherings between property management and residents to support community cohesion and raise issues related to the building.

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- Quarterly meetings between residents and property management to review operations, management, and adjust Community Agreements.
- Semi-annual meetings between residents and property management to review budgets, financials, and actuals to determine budget priorities.
- Formation of a Resident Council, as defined in Introduction Section 5. In a rental property, the Resident Council must be convened within twelve (12) months after the building is initially leased up and must meet regularly. In an ownership property, the Resident Council, whether organized as a homeowners' association, cooperative board, LEHC, or other similar representative or elected governance body required by state law based on the legal structure of the property, must be convened within the timeframe mandated by law or six (6) months, whichever is less; and must meet as frequently as is mandated by law, but no less than quarterly, to maintain oversight over property management, finances, and community cohesion.
- Resident Trainings, which provide continuous opportunities for residents to learn about all aspects of managing a residential or mixed-use building, as applicable. Resident Trainings can be provided by capacity-building networks, including any resident governance capacity-building collaborative established by the City.
- If the property is planned for future conversion from rental to ownership, then financial and design plans for ownership should engage current residents and/or resident representatives such as those on any Resident Council, and such plans should be structured to maximize retention of current residents and their conversion from tenants to owners.
- If the property consists of condominiums, is an LEHC, or includes another form of homeownership, a timeline and process for the establishment and convening of the governing body, as well as the development of policies regarding homebuyer education and access to lending opportunities and down payment assistance, marketing and sales policies that meet Affirmatively Furthering Fair Housing standards, and any applicable Right of Return or Right of First Refusal policies, and establishment of a Resale Formula.

Tenant Governance Experience Requirements

All sponsors are required to provide documentation that the development team has either experience owning and/or operating residential properties under tenant governance, or, Nonprofit partner(s) with experience owning and/or operating residential properties under tenant governance.

Experience with tenant governance is demonstrated by submitting the following:

- Community Agreements that have been created and adopted by residents in at least one property, as well as two or more of the following:
- Resident Council meeting minutes from at least one property; and/or



- Resident Council bylaws adopted by the residents of at least one property; and/or
- CLT ground lease and the bylaws of resident-owned or resident-controlled housing that is the lessee of CLT land, such that, when viewed jointly, the documents demonstrate ongoing relationship between the project sponsor and residents; and/or
- Attestation from residents verifying that the project sponsor has supported a resident-governed property by engaging residents in a collective or representative decision-making process regarding their own rental or ownership housing; and/or
- Demonstrated expertise facilitating community meetings attended by participants with linguistic, cultural, household income and/or other demographic characteristics similar to the anticipated resident population; and/or
- Evidence that current staff have received capacity-building training specific to tenant governance or resident ownership, including, but not limited to, training provided by the ULA-funded Capacity-Building Program.

Developers that do not have capacity themselves to support tenant governance must partner with a locally-based Nonprofit organization that has a demonstrated history of managing residential properties under tenant governance models.

Partnerships may take the form of General Partnerships, Limited Partnerships, Limited Liability Companies, or other Special-Purpose Entities (SPEs) where the experienced nonprofit has an ownership stake in the SPE, or fee-for-service contractual agreements with a nonprofit demonstrating experience in tenant governance. Partnership documents must provide an outline of roles and responsibilities between developer and partner organization(s).

## **I. Accessibility Standards**

Project sponsors must provide a Self-Certification Form for Compliance to Accessibility Standards. City-funded projects must comply with all applicable accessibility standards in effect at the time of the NOFA. These include all applicable statutes, ordinances, regulations, court orders, consent decrees, or other legally enforceable standards that may apply to housing projects.

## **4.2 Application Requirements**

Subject to funding availability, LAHD will issue one NOFA every year detailing the complete application requirements and the potential amount of funding available. Each NOFA will indicate the form of the application, which must be submitted electronically. For an application to be considered complete, all requirements listed in the NOFA must be provided.

At LAHD's discretion, a NOFA may provide additional application and/or threshold requirements that are not listed in these Preserving Affordability Program Guidelines.

## **SECTION 5: SELECTION PROCESS AND CRITERIA**

Applications determined to have passed Threshold Review will be scored and prioritized for funding based on the methodology and selection criteria outlined in this section.

### **5.1 Evaluation and Scoring Criteria - General**

All applications will be scored according to a Scoring Matrix, which will be an element of each Preserving Affordability NOFA released by LAHD. The Scoring Matrix shall prioritize, among other elements, cost effectiveness, unit typologies that align with City goals, as those criteria are further described in *Section 5.2*.

After applications are scored, LAHD will recommend funding allocations to projects in order of highest to lowest score until available funds are exhausted

In the event that two or more projects receive the same score, they will be prioritized based on a tiebreaker score, to be defined in each NOFA.

## **5.2 Evaluation and Scoring Criteria - Scoring Priorities**

NOFAs will include specified scoring criteria that will reflect the following priorities.

<b>Priority</b>	<b>Description</b>
History of Tenant Organizing	Projects with a history of outreach to the property's tenants, including but not limited to attestation and/or meeting minutes from an organized group of the property's residents, or a letter of support signed by a majority of the building's households.
Cost Effectiveness	Cost effectiveness will be evaluated on a per unit basis, with adjustments to reflect the differential between covenanted rents and submarket rents.
Risk of Affordability Loss	<ul style="list-style-type: none"> <li>• Priority would be for covenants with more imminent expiry.</li> <li>• Priority would be projects that have issued a three (3) year notice under State Preservation Notice law pursuant to section 65863.10 of the California Government Code.</li> <li>• Priority would be projects where the current owner has demonstrated intent to not extend covenants and move the building to market rate. This can be shown through public statements or declarations from existing residents of their understanding of the owner's plans</li> </ul>
Risk of Financial Insolvency	Priority would be projects at greater risk of financial insolvency.
Priority Populations	Projects that set aside a certain percentage of units for special needs populations (the special needs units can count towards the 20% ALI/ELI set aside requirement).
California Department of Housing and Community Development (HCD)/TCAC Opportunity Mapping	The HCD/TCAC Opportunity Map index ranks census tracts based on socioeconomic indicators. Prioritization will be awarded to projects located in High or Highest Resource Areas.

# ULA HOMEOWNERSHIP OPPORTUNITIES PROGRAM GUIDELINES

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## **INTRODUCTION**

### **1. Program Summary**

#### **a. Goals and Requirements**

The Homeownership Opportunities Program has a goal of promoting long-term housing security and wealth-building via homeownership for low-income Angelenos. The Program supports low-income households in attaining their homeownership goals by providing financial assistance for down payments and other acquisition costs.

The United to House LA (ULA) ballot measure and effectuating ordinance requires that 70% of all ULA Program revenue must be dedicated to Affordable Housing programs. These programs include Multifamily Affordable Housing, Acquisition and Rehabilitation, Capacity-Building, Homeownership, Operating Assistance and Alternative Models for Permanent Affordable Housing.

The Homeownership Opportunities Program is required to support single family and cooperative homeownership opportunities, including but not limited to down-payment assistance, shared equity homeownership, and pre-development funding associated with creating such housing.<sup>1</sup> Eligibility for the Homeownership Opportunities Program is restricted to low-income households earning at or below 80% of the Area Median Income (AMI).

### **2. Context**

The ULA measure and ordinance allows for no more than four percent (4%) of the annual ULA Program revenue to be dedicated to the Homeownership Opportunities Program, as a core strategy to support single family and cooperative homeownership opportunities. The Homeownership Opportunities Program is the only ULA Program that has no minimum required program expenditure amount.

According to the 2022 American Community Survey (ACS) 5-year estimate, there are approximately 886,998 renter households in the City of Los Angeles, and approximately 2,245,299 people are renters. In the traditional wealth building approach, homeownership opportunities are seen as a significant vehicle for housing security and the building of intergenerational wealth in the United States. Typically, households transition from renter households to owner households by purchasing their home. However, due to historic decision making in the public and private sectors, barriers continue to exist that prevent Angelenos of Color from becoming homeowners. In Los Angeles, white households have a median net worth of \$355,000. In comparison, households headed by Angelenos of Mexican

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<sup>1</sup> Los Angeles Administrative Code Section 22.618.3(d)(1)(ii)d.

descent and African American descent have a median wealth of \$3,500 and \$4,000, respectively.<sup>2</sup>

The Los Angeles Housing Department (LAHD) currently operates a low-income homeownership assistance program called the Low Income Purchase Assistance (LIPA) program. The LIPA program provides financial assistance to low-income first-time homebuyers, in the form of loans to cover the down payment, closing, and acquisition cost. While this program has supported over 1,500 low-income households in purchasing their first home, many low-income residents continue to find that homeownership is out of their reach due to high prices, low inventory, and high cost of debt.

The Homeownership Opportunities Program seeks to promote long-term housing security and wealth-building by providing down-payment assistance for low-income Angelenos.

### **3. Commitment to Racial Equity**

Existing data and scholarship confirm that Black, Latinx, and other communities of color are disproportionately affected by homelessness, housing insecurity, and lack of affordable homeownership options, and have disproportionately low percentages of homeownership. Decades of land use policies and zoning practices have reinforced racial segregation, poverty, environmental injustice, and disinvestment that is manifested today in racially disparate rates of homeownership. These Homeownership Opportunities Program Guidelines acknowledge that this disproportionality is the result of generations of structural racism. The implementation of the Homeownership Opportunities Program has a goal of adhering to principles of racial equity, with a primary focus on addressing the lack of affordable homeownership options.

Consistent with this commitment to promote racial equity, the Homeownership Opportunities Program is designed to address the needs and realities of historically marginalized communities, and how racism, as well as disability, transphobia, sexism, and other community experiences affect the vulnerability of a neighborhood, and its experiences. To this end, the Program provides resources to proactively address racial and economic segregation throughout the City by creating homeownership and wealth-building opportunities that address historic patterns of discrimination and exclusion.

### **4. Program Metrics**

The Los Angeles Housing Department (LAHD), or its designee, shall collect program metrics and participant data in alignment with the ULA measure and ordinance reporting requirements and in a manner that supports the evaluation of long-term impacts and outcomes for the Homeownership Program. On an ongoing basis and to the extent feasible,

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<sup>2</sup> Federal Reserve Bank of San Francisco, *The Color of Wealth in Los Angeles*, 2016.  
. [https://www.aasc.ucla.edu/besol/color\\_of\\_wealth\\_report.pdf](https://www.aasc.ucla.edu/besol/color_of_wealth_report.pdf)

LAHD and any designees shall track and report data and metrics identified on the chart below. Wherever relevant, data shall be disaggregated by race, family composition, sexual orientation, age, ability, gender, and location (address, zip code, and Council District), as well as by property type (single-family residence, condominium/townhome, or shared equity ownership models).

Goal	Metrics
Provide homeownership assistance to low-income households to promote community stability, in alignment with ULA goals and priorities.	<ul style="list-style-type: none"> <li>• Number of households receiving first-time homeownership assistance by income, race, number of household members, and other demographic variables.</li> <li>• Number of homes purchased in High or Highest Resource Areas.</li> <li>• Number of homes purchased in Racially/Ethnically Concentrated Areas of Poverty (R/ECAP).</li> <li>• Number of homes purchased in Racially Concentrated Areas of Affluence (RCAA).</li> </ul>
Demonstrate financial impact of ULA Program investment on program participants.	<ul style="list-style-type: none"> <li>• Ratio of homeownership loan recovery by LAHD.</li> <li>• Ratio of total ULA program spend per unit to most up to date estimated property value.</li> <li>• Ratio of total ULA program spend per unit to estimated net appreciation in property value.</li> </ul>

LAHD shall analyze these and potentially additional metrics and any other participant data collected on an annual basis and provide a summary of its analysis to the ULA Citizen Oversight Commission (COC) to allow for an assessment of whether the Homeownership Opportunities Program is meeting its goals and priorities.

## **5. Branding**

LAHD, in collaboration with the ULA COC, shall develop and implement a plan to include ULA branding on all program materials. This shall include digital and paper materials, signage (e.g., at public workshops or construction sites), and permanent branding on/in housing funded by Measure ULA (e.g., a permanent sign or plaque).

## **6. Definitions**

*“Borrower(s)”* shall mean an entity that has been approved for or received a loan from the Los Angeles Housing Department (“LAHD”) that has remaining interest or principal to be paid, or for which the term of the loan has not yet expired.

*“Citizen Oversight Committee”* shall mean the body of 15 appointed members who monitor the activities of the House LA Fund and advise the Mayor, City Council, and the Los Angeles Housing Department (“LAHD”) on priorities, program guidelines, and program implementation. It is also abbreviated as “COC.”

*“Housing Needs Assessment”* shall mean a data-informed study, conducted by the Citizen Oversight Committee (“COC”) by December 31, 2023 and updated at least once every three (3) years to understand, quantify, and qualify the City of Los Angeles’s housing needs with respect to homelessness, housing affordability, tenant protections and the housing needs of vulnerable populations, including but not limited to people experiencing homelessness, seniors in Lower Income Households, formerly homeless people, persons with disabilities, veterans, single-parent households, youth in transition, survivors of domestic violence, and Lower Income Households. The study must disaggregate data by race, family composition, sexual orientation, age, disability, and gender.

*“Lower Income Household(s)”* shall mean households earning at or below 80% Area Median Income (“AMI”).



## **SECTION 1: PROGRAM ADMINISTRATION**

### **1.1 Program Administration Overview**

The Homeownership Opportunities Program is administered by the City of Los Angeles Housing Department (LAHD), which may, at its discretion, allocate Program funding into any activity that meets all Program requirements as set forth in the ULA measure and ordinance and in these Guidelines. Under the City's existing Low Income Purchase Assistance (LIPA) program, Lending Partners originate a first mortgage to Borrowers using their own funds, while LAHD underwrites and originates a second mortgage that provides low-cost financing to assist Borrowers with down payments, closing costs, and/or paying down the principal on the first mortgage.

LAHD may elect to engage Lending Partners to administer Program-funded activities, including the origination and underwriting of loans on behalf of LAHD.

LAHD, or its designee, will annually revise applicable Underwriting Standards and maximum Program loan limits to reflect changes in the economic environment, including, but not limited to, availability of funds, legal and regulatory mandates, interest rates, and inflation. Once every fiscal year, LAHD will provide an update to the ULA Citizen Oversight Committee (COC) pertaining to the maximum loan limits.

#### Monitoring and Reporting:

LAHD, or its designee, shall be responsible for collecting and reporting Program performance metrics such as count of households preserved, demographic data on homebuyers, and metrics on cost effectiveness, including total home purchase price, estimated annual property value, City loan amounts per unit, as further delineated in *Section 4* of the Introduction to these Program Guidelines.

### **1.2 Lending Partners Role**

For all activities pertaining to the first mortgage, Lending Partners will be responsible for executing an application process, underwriting projects, and disbursing funds to selected applicants in accordance with their practices and procedures. The Lending Partners would be LAHD's main points of contact with Borrowers throughout the application, underwriting, and funding process for the first mortgage.

Upon attending a training by the Department, the Lending Partners will be responsible for completing all activities listed below:

- Outreach and Marketing
- Underwriting Loan Applications
- Originating Loans

- Executing Loan Agreements
- Metrics and Reporting

Concurrently with the commitment and/or execution of a loan agreement with a Lending Partner, LAHD will ascertain that the Borrower meets all requirements for the second mortgage from LAHD, and will prepare loan documents to provide a subordinate, deferred-payment loan to the Borrower.

### **1.3 Lending Partners Procurement**

If, in the future, LAHD determines that a different funding model is needed, or additional elements consistent with these guidelines become necessary, those elements may be incorporated by Contract Lending Partners to be selected by LAHD through a procurement process conducted consistent with the Los Angeles Administrative Code and relevant City and LAHD policies. Contingent on approval by the Mayor and Council, LAHD would issue a Request for Proposals (RFP) to solicit and select contractors to act as Contract Lending Partners.

#### **a. Evaluation and Selection Process**

In the event that a procurement process is determined necessary to support a different funding model in the future, award of a contract to a Contract Lending Partner would be based on best value competitive bid. Bidders may be evaluated on lending experience, demonstrated history of reaching target household types, and quality of proposed Underwriting Standards. When feasible, LAHD would evaluate bidders on having a demonstrated history of lending to BIPOC communities and advancing homeownership opportunities for BIPOC and low-income borrowers. Bidders would also be required to be based in the City of Los Angeles and demonstrate a robust lending experience in Los Angeles City and County. Prior to release of an RFP, LAHD would establish threshold requirements. The RFP would provide additional details, including a revised update of the Program budget as ULA revenues are tabulated, as well as scoring and selection criteria for bidders, scope of work, and reporting and compliance requirements.

### **1.4 City Living Wage Ordinance**

All contractors shall comply with the Living Wage Ordinance, Los Angeles Administrative Code Section 10.37 et seq., as amended from time to time. Contractors further shall agree to comply with federal law proscribing retaliation for union organizing. Any subcontract entered into by a contractor for work to be performed under these Program Guidelines must include an identical provision.

## **SECTION 2: GENERAL PROVISIONS**

The following section provides a summary of general Program requirements and provisions related to Program operation and implementation.

### **2.1 Eligible Borrowers**

Eligible Borrowers shall be first-time homebuyers earning at or below 80% of the household Area Median Income (AMI). First-time homebuyers are defined as persons who do not hold an ownership interest in any real property and have not held ownership interest in real property at any time within the last three years. Eligible Borrowers shall additionally be US citizens, lawful permanent residents, and other qualified residents with temporary lawful immigration status. Eligible Borrowers shall occupy the acquired property as their primary residence.

### **2.2 Eligible Properties**

Eligible Properties are single-unit residential dwellings, which may include single-family detached homes, accessory dwelling units (ADUs) and/or Junior ADUs (JADUs), or single-unit residences within condominiums, townhouses, or planned unit developments.

The City Council and Mayor may, at any time and with the recommendations of LAHD and the COC, promulgate additional guidelines governing a subprogram aimed at supporting purchase of homes in cooperatives and tenancies-in-common (TICs). Such a subprogram would support tenants in projects funded by the Alternative Models for Permanent Affordable Housing Program and the Acquisition and Rehabilitation for Affordable Housing Program in converting from rental housing to resident ownership.

Eligible Properties must be located within the City of Los Angeles.

### **2.3 Eligible Activities**

Eligible activities include making subordinate, deferred-payment loans to households for the purposes of purchasing a home.

Eligible project costs are acquisition costs, including down payment on a mortgage, inspection fees, and other closing costs.

### **2.4 Loan / Assistance Terms and Limits**

Loan Limits: Each fiscal year, LAHD may elect to establish Program loan limits according to the following process:

1. LAHD will determine the average acquisition cost by unit typology
2. LAHD will determine the average household supportable debt based on target income level, various household typologies, and prevailing interest rates
3. LAHD will set loan limits for each unit typology based on the gap between the acquisition cost and household supportable debt
  - Modifiers may be applied based on unit or household typology to ensure loan amounts are sufficient to facilitate home purchases

Loan Type: Permanent loans, with zero percent (0%) interest, deferred payment (requiring no monthly payments), and a shared appreciation component. Loans are assumable by the Borrower's heir(s).

Term of Loan: Thirty (30) Years, or earlier repayment in full upon sale, title transfer, or any other repayment condition enumerated in the City promissory note.

Shared Appreciation: Upon resale, full amortization of the loan, or triggering of any other repayment condition specified by the City, a percentage of the net appreciation in value of the property shall accrue to the City of Los Angeles. Net appreciation shall be calculated as gross appreciation less transaction costs, initial homeowner-contributed down payment, and eligible capital improvements. The percentage of the net appreciation due to the City is based on the ratio of City financial assistance to the total purchase price.

All proceeds from loan repayments and shared appreciation accrual shall be reinvested into the Homeownership Opportunities Program.

## **2.5 Default**

The Loan Agreement will specify the events that may cause LAHD, or its designee, to declare the borrower in default.

### **SECTION 3: FUNDING CYCLES, TIMING, AND APPROVAL PROCESS**

Pursuant to these Homeownership Opportunities Program Guidelines, and subject to funding availability and administrative capacity, LAHD, or its designee, may elect to periodically announce the opening of applications for a specified timeframe, or accept applications via an open window model throughout the year. During each Funding Cycle, LAHD, or its designee, may incorporate additional supplementary terms and details that further clarify City policy and objectives.

#### **3.1 Fiscal Planning and Funding Cycle Development Process**

Every fiscal quarter, LAHD will tabulate Program revenues and reconcile against projections. At any time, LAHD may apportion and encumber expenditures to Lending Partners based on projected loan volume.

Subject to funding availability and administrative capacity, LAHD, or its designee, may implement a Funding Cycle to accept applications. Each Funding Cycle will be announced with details on the duration of the Funding Cycle and specific maximum loan limits, which may or may not vary depending on unit and/or household typology. Loan limits will be determined as a function of estimated acquisition costs, supportable household debt, and LAHD goals with respect to unit and household typologies, as described in *Section 2.4*.

#### **3.2 Application Submittal and Underwriting Review**

Each Funding Cycle announcement shall be accompanied by detailed guidance about how to submit a complete application, including where to submit an application, a list of all participating lending partners, if any, and all documentation requirements that must be attached upon submission.

LAHD, or its designee, may elect to review applications on a rolling basis or only once the application window has lapsed. Applications will be underwritten to LAHD Project Underwriting Guidelines, or Lending Partner Underwriting Standards, as applicable.

#### **3.3 Loan Agreements**

LAHD, or its designee, shall execute Loan Agreements with applicants who meet LAHD Project Underwriting Guidelines or Lending Partner Underwriting Standards, as applicable. Loan Agreements will contain all elements enumerated in *Section 2.4* of these Homeownership Opportunities Guidelines, as well as additional terms, details, and conditions necessary to effectuate City goals.

# ULA CAPACITY-BUILDING PROGRAM GUIDELINES

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A. United to House LA Measure

## INTRODUCTION

### 1. Program Summary

#### a. Goals and Requirements

United to House LA (ULA) includes the Alternative Models for Permanent Affordable Housing Program and the Acquisition and Rehabilitation for Affordable Housing Program. These programs allocate unprecedented resources to position tenants to have an active and material relationship with their housing, in the form of tenant participation, management and potential ownership opportunities. The premise of this approach is that pathways to homeownership are largely inaccessible for low-income households, and thus new models, including financial resources, are necessary to facilitate homeownership opportunities for lower-income households. Moreover, a fundamental intention of the sponsors of ULA is to elevate and expand opportunities for lower-income tenants to participate in the management of their home, in partnership with building owners, landlords, or fellow owners.

Advancing such models will require engaging, educating, and empowering residents regarding these new opportunities. Through organizing, training and technical assistance, the Capacity-Building Program is intended to support successful outcomes for tenant engagement, leadership, management, and ownership of housing, including through implementation of the Alternative Models for Permanent Affordable Housing Program and the Acquisition and Rehabilitation for Affordable Housing Program.

These Capacity-Building Program Guidelines are applicable not only to the Los Angeles Housing Department (LAHD) in its role administering the Capacity-Building Program, but also to community-based organizations and any umbrella entity overseeing or directing the activities of community-based organizations described below. For the purposes of these guidelines, community-based organizations, individually, collectively, and as an umbrella entity, shall be referred to as *Contracting Partner(s)*. For the purposes of these guidelines, any reference to LAHD, in its role as administrator of the Capacity-Building Program, shall include Contracting Partner(s) unless specifically stated otherwise.

The goals of the Capacity-Building Program are to:

- Facilitate and support tenant participation in building management.
- Provide training and resources to ensure long-term stability of non-profit and tenant-managed properties.
- Support residents and property managers in implementing and sustaining non-profit, land trust, cooperative and tenant-led management and/or ownership models.

- Facilitate equitable access to participation in ULA Production Programs, specifically the Alternative Models for Permanent Affordable Housing Program and the Acquisition and Rehabilitation for Affordable Housing Program.

**b. List of subprograms or activities**

The Capacity-Building Program is designed to complement other ULA Affordable Housing Production Programs by ensuring that tenants and nonprofits are informed about and prepared to participate in the Alternative Models for Permanent Affordable Housing Program and the Acquisition and Rehabilitation for Affordable Housing Program. The program will be implemented in a way that supports and expands City-funded outreach efforts associated with ULA Affordable Housing Production Programs and Homelessness Prevention Programs.

**2. Context**

The ULA measure and ordinance requires a portion of the annual ULA Program revenue to be dedicated to the Capacity-Building Program. No less than ten percent (10%), and up to fifty percent (50%), of the ten percent (10%) of ULA Program revenue allocated to Homeownership Opportunities, Capacity-Building and Operating Assistance Program annually shall go towards the Capacity-Building program.

According to the 2022 American Community Survey (ACS) 5-year estimate, there are approximately 886,998 renter households in the City of Los Angeles, and approximately 2,245,299 people are renters. In the traditional affordable housing approach, the developer owns the building and renters have a prescribed role as tenants, in which their core obligation is to pay rent in return for shelter. In this traditional housing approach, tenants are not typically consulted on issues pertaining to management and operation of the housing including, but not limited to, 1) developing the operating and leasing policies, 2) operation and maintenance decisions, and 3) other financial decisions about the building. Further, tenants are typically not extended any equity stake in the buildings in which they live, limiting their financial trajectory.

ULA Affordable Housing Production Programs, including the Alternative Models for Permanent Affordable Housing Program and the Acquisition and Rehabilitation for Affordable Housing Program, are intended to establish a new affordable housing construct, in which tenants are actively engaged in operation and maintenance decisions about their housing, and potentially create pathways to an ownership stake in their place of residence. The Capacity-Building Program is designed to establish widespread tenant understanding of (and technical assistance with) the Alternative Models for Permanent Affordable Housing Program and the Acquisition and Rehabilitation for Affordable Housing Program, such that individual tenants and the nonprofit organizations that are formed to own properties are equipped to meaningfully participate in these programs.



The Capacity-Building Program will make resources (including but not limited to tools, templates, models and training) available to potential future nonprofit developers, owners and residents of projects that are seeking or have secured funding from the Alternative Models of Permanent Affordable Housing and Acquisition Program and/or Rehabilitation of Affordable Housing Program, as well as current residents, developers, community partners, owners, and property managers. Subject to funding availability and administrative capacity, these resources may also be made available to residents of other publicly-funded affordable housing projects in the Los Angeles region that similarly deploy resident and community ownership models of permanently affordable social housing.

### **3. Commitment to Racial Equity**

Existing data and scholarship confirm that Black, Latinx, and other communities of color have disproportionately low percentages of property ownership. These Capacity-Building Program Guidelines acknowledge that this disproportionality is the result of generations of structural racism. Decades of land use policies and zoning practices have reinforced racial segregation, poverty, environmental injustice, and disinvestment that is manifested in the inconsistency in demographics between the City's residents and property owners.

As ULA seeks to foster new opportunities for tenant management and ownership of residential buildings, the implementation of the Capacity-Building Program is specifically designed to promote racial equity, with a focus on developing tenant management and ownership of residential buildings in the City's most vulnerable, marginalized and underserved communities.

Consistent with this commitment to promote racial equity, the Capacity-Building Program is intended to be attuned to the needs and realities of historically marginalized communities, and how racism, as well as disability, transphobia, sexism, and other tenant experiences affect the vulnerability of a tenant and their experiences. To this end, the Capacity-Building Program is committed to delivering culturally relevant outreach, grounded in activities, communication, and interventions that consider the community context and audience being served. Consequently, the Capacity-Building Program will emphasize the importance of interpretation, translation, and other agreed upon language justice accommodations to those whose primary language is not English.

### **4. Program Metrics**

The Los Angeles Housing Department (LAHD) and Contracting Partner(s) shall collect program metrics and participant data in alignment with the ULA measure and ordinance reporting requirements and in a manner that supports the evaluation of long-term impacts and outcomes for the Capacity-Building Program. On an ongoing basis and to the extent feasible, LAHD and Contracting Partner(s) shall track and report data and metrics identified on the chart below. Wherever relevant, data shall be disaggregated by race, family composition, sexual orientation, age, ability, gender, and location (address, zip code, and

Council District). LAHD and Contracting Partner(s) shall also regularly collect and report on pertinent qualitative data, including oral histories, to highlight program participant and service provider success stories.

Goal	Metrics
Facilitate and support tenant participation in building management to ensure long-term stability of tenant-managed properties.	<ul style="list-style-type: none"> <li>• General condition of the properties subject to the Alternative Models for Permanent Affordable Housing Program and the Acquisition and Rehabilitation for Affordable Housing Program (and if there are problems, the explicit plans to address them with residents' agreement).</li> <li>• Number and location of properties, units and residents participating in the Alternative Models for Permanent Affordable Housing Program and the Acquisition and Rehabilitation for Affordable Housing Program.</li> <li>• Number, location, and participation levels of tenant management training conducted and tools deployed (for developers, community partners, property managers, and/or residents) focused on awareness of building management programs.</li> <li>• Number, location, and participation levels of tenant management training conducted and tools deployed (for developers, community partners, property managers, and/or residents) focused on the long-term stability of tenant-managed properties, including resident involvement in adoption of Property Management Plans, Operating Budgets and Capital Improvement Plans and Budgets.</li> <li>• Number of collaboration and cross-training activities with developers, community partners and/or property management staff.</li> </ul>
Support resident and property manager implementation and maintenance of tenant-led ownership model.	<ul style="list-style-type: none"> <li>• Number and location of properties having implemented and considering implementation of tenant-led ownership models.</li> <li>• Number and location of residents participating in tenant-led ownership models.</li> <li>• Number and location of resident-led ownership model trainings conducted and tools developed (for developers, community partners, property managers, and/or residents) focused on implementation of tenant-led ownership model buildings.</li> </ul>

	<ul style="list-style-type: none"> <li>• Number of collaboration and cross-training activities with developers, community partners and/or property management staff.</li> <li>• Number of properties that have successfully converted to community or resident-led ownership.</li> </ul>
Facilitate equitable access to participation in ULA Production Programs, specifically the Alternative Models for Permanent Affordable Housing Program and the Acquisition and Rehabilitation for Affordable Housing Program.	<ul style="list-style-type: none"> <li>• Number and location of properties, units and residents in Racially/Ethnically Concentrated Areas of Poverty (R/ECAP) participating in the Capacity-Building Program.</li> <li>• Number, location, and languages of reaches and contacts made providing exposure to and awareness of Alternative Models for Permanent Affordable Housing Program and the Acquisition and Rehabilitation for Affordable Housing Program.</li> </ul>

Consistent with *Section 5.2* of these Capacity-Building Program Guidelines, LAHD shall analyze these metrics and any other participant data collected on an annual basis and provide a summary of its analysis to the ULA Citizen Oversight Committee (COC) to allow for an assessment of whether the Capacity-Building Program is meeting its goals and priorities.

## **5. Branding**

LAHD, in collaboration with the ULA COC, shall develop and implement a plan to include ULA branding on all program materials. This shall include digital and paper materials, signage (e.g., at public workshops or construction sites), and permanent branding on/in housing funded by Measure ULA (e.g., a permanent sign or plaque).

## **SECTION 1: ADMINISTRATIVE OVERVIEW**

### **1.1 Program Administrator**

Subject to requirements of the City's Administrative Code, LAHD shall administer the Capacity-Building Program, including procuring contracts with Contracting Partner(s) to provide direct services and coordinate Program administration if multiple service providers are needed. The LAHD General Manager, or designee, shall be empowered to delegate and/or revoke administrative responsibilities to Contracting Partner(s) and/or appropriate LAHD staff at their discretion.

### **1.2 Selection Process**

The Capacity-Building Program is to be administered by LAHD's General Manager, or designee, consistent with *Section 1.1* above, and implemented by Contracting Partner(s) procured as described in *Section 5*.

## **SECTION 2: GENERAL PROVISIONS**

### **2.1 Eligible Participants**

Eligible Participants: The Capacity-Building Program shall serve tenants (inclusive of nonprofit organizations, individual tenants and tenant households), as well as developers, community partners, and property managers for properties participating in the Alternative Models for Permanent Affordable Housing Program and the Acquisition and Rehabilitation for Affordable Housing Program in the City. The Capacity-Building Program shall target outreach and training to Eligible Participants in buildings that have sought or are seeking funding from the Alternative Models for Permanent Affordable Housing Program and/or the Acquisition and Rehabilitation for Affordable Housing Program to maximize the success of tenant management and ownership opportunities in those buildings.

Subject to funding availability and administrative capacity, these resources may also be made available to residents of other publicly-funded affordable housing projects in the Los Angeles region that similarly deploy resident and community ownership models of permanently affordable social housing.

### **2.2 Eligible Forms of Funding**

LAHD may seek and spend additional funding for the Capacity-Building Program, including potential grants, consistent with LAHD's general procedures and requirements.

Funding may be expended to facilitate Eligible Activities (further defined and discussed in *Section 2.3*) through contracts, purchase orders, and any other contracting mechanism consistent with City requirements.

## **2.3 Eligible Activities**

Eligible Activities of the Capacity-Building Program fall broadly within four categories: 1) Design, 2) Outreach, 3) Training and Tools, and 4) Monitoring and Compliance. In addition to these four categories, data collection and reporting activities will be included to monitor the efficacy of the Capacity-Building Program. Additional detail regarding these activities is provided in *Section 3.1, Scope of Services*. Activities not determined to be within these identified categories may still be determined to be Eligible Activities consistent with the Capacity-Building Program, subject to the discretion of LAHD and the ULA COC.

## **2.4 Program Funding - Caps and Limits**

The ULA measure and ordinance allocates one percent (1%) of overall annual program revenue for the Capacity-Building Program. The ULA measure and ordinance also requires that ten percent (10%) of the overall annual program allocation be directed to the Homeownership Opportunities, Capacity-Building and Operating Assistance program in any given year. Funding allocated to the Capacity-Building Program shall be apportioned and prioritized for the eligible activities identified in these guidelines subject to the approval, discretion, and delegation of LAHD.

## **2.5 Timing / Frequency of Awards**

Consistent with *Section 5* of these Capacity-Building Program Guidelines, LAHD may execute annual contract(s) and annual extensions with Contracting Partner(s) for the implementation of Eligible Activities identified in *Section 2.3*.

Notwithstanding the fact that ULA funds are allocated annually, at its discretion LAHD may execute multi-year contracts subject to funding availability with Contracting Partner(s) for the implementation of Eligible Activities identified in *Section 2.3*.

## SECTION 3: PROGRAM REQUIREMENTS: SERVICES AND FUNDING PRIORITIES

### 3.1 Scope of Services

LAHD, or its designee, in collaboration with the ULA COC, shall effectuate these guidelines and provide services necessary for the execution and performance of the Eligible Activities identified in *Section 2.3* of these Capacity-Building Program Guidelines.

#### a. Design

These Capacity-Building Program Guidelines identify and acknowledge the innovative nature of the ULA Affordable Housing Production Programs (in particular the Alternative Models for Permanent Affordable Housing Program and the Acquisition and Rehabilitation for Affordable Housing Program). Tenant governance models have not been extensively implemented by the City and may need to be adapted to local needs. Accordingly, implementation of the Capacity-Building Program shall require LAHD, Contracting Partner(s), and/or any designee to conduct case study research, and based on that research, design models that articulate various approaches to tenant management and/or tenant ownership that could be functionally integrated into the Alternative Models of Permanent Affordable Housing Program or Acquisition and Rehabilitation of Affordable Housing Program, respectively. Case study research and analysis shall be shared with developers, community partners, and residents interested in pursuing social housing models (models) via ULA and/or other funding sources.

As described above, subject to funding availability and administrative capacity, these resources and activities may also be made available to residents of other publicly-funded affordable housing projects in the Los Angeles region that similarly deploy resident and community ownership models of permanently affordable social housing.

These models are not intended to be *one-size-fits-all*, but may be both general and introductory to interested nonprofit community organizations and residents, as well as be project and property specific, with design tailored to maximize likely success in specified circumstances.

#### b. Outreach

The Capacity-Building Program shall mobilize outreach team(s) and organizers to inform potential future residents, current residents, developers, community partners, owners, and property managers that are seeking or have secured funding from the Alternative Models of Permanent Affordable Housing Program and/or Acquisition and Rehabilitation of Affordable Housing Program to support tenant management and potential ownership opportunities. Outreach activities may include, but are not limited to:

- Phone and text banking tenants.

- Door to door canvassing and flier distribution.
- Mailing fliers or postcards.
- Orientation sessions.

Capacity-Building Program outreach shall be culturally competent, linguistically tailored, and focused on targeted communities and properties which are seeking or have secured funding from the Alternative Models of Permanent Affordable Housing Program and/or Acquisition and Rehabilitation of Affordable Housing Program. Capacity-Building Program outreach shall emphasize objectives of educating, motivating, and activating Eligible Participants to engage in Capacity-Building training and assistance programs.<sup>1</sup>

**c. Training and Tools**

Training

Training will be the central component of the Capacity-Building Program, inclusive of ongoing support to residents, developers, community members, building owners and property managers who are currently implementing or planning to implement tenant management, and/or pursue tenant ownership models. The Capacity-Building Program Guidelines recognize that ongoing support and technical assistance in implementing tenant management and tenant ownership is vital to ensuring long-term stability of these Capacity-Building Program components.

The Capacity-Building Program shall implement a training program for each building subject to the Alternative Models of Permanent Affordable Housing Program and/or the Acquisition and Rehabilitation of Affordable Housing Program to support participants (including residents, developers, community members, building owners and property managers) through various stages of the property management process. Training shall be project-specific in nature, and shall, at a minimum, address topics including residential leadership, organizing, mediation, property management, asset management, building budgeting, building systems and repairs, ownership financing, tenant-landlord law, nonprofit corporation laws and regulations applicable to the ownership entities, and Governing Board rights and responsibilities.

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<sup>1</sup> Educating should involve, as a minimum, informing residents, Resident Councils, and community-based organizations (CBOs) about services being provided; communicating key messages about what services are provided for capacity-building, and how to participate; effectively answering questions about capacity-building services, and assessing what services are needed. Motivating should involve, as a minimum, sharing relevant and compelling information to motivate residents to participate in forming a resident council or housing cooperative, addressing information concerns, and encouraging participation through trusted messengers and channels. Activating should involve, as a minimum, reminding residents and CBOs to attend services or training, and providing 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 ideas.

The Capacity-Building Program shall facilitate and support the formation of Governing Boards for the implementation and governance of tenant management, and/or pursue resident ownership models, as appropriate. A Governing Board may take the form of a Resident Council, Homeowners Association, Co-op Board, or any other model that empowers building tenants as voting members. A Governing Board shall be vested with the authority to direct the operation and maintenance of a residential building, subject to by-laws and State law, as applicable. LAHD, or its designee, shall create a Resident and Organizer Property Management/Oversight Training Manual, which shall be updated and revised on an on-going basis.

LAHD may, at its discretion, in consultation with the ULA COC, expand Capacity-Building Program training to include other areas of identified needs.

Training activities include but are not limited to:

- **Individual Sessions:** Initiated as requested by eligible participants, LAHD or contractors shall address specific questions and concerns raised by developers, community partners, owners, property managers, and current residents as they are raised, and as warranted, develop more extensive modules, materials, and curriculum.
- **Workshops:** Events that feature a presentation to a group of tenants, community partners, developers, and/or property managers, focused on specified elements of tenant management and/or tenant ownership. Workshops may be held at LAHD facilities, or other public or private facilities, including within a building or residential property where tenants reside. Workshops may be conducted virtually or in-person, and shall be conducted in multiple languages and be ADA accessible, as necessary.
- **Other Education Events:** Alternative formats or structures may be utilized as deemed appropriate for tenant engagement. These events may be held virtually, in-person, or hybrid as is deemed most effective for the target audience. Virtual educational events may be delivered on social media.

Training on relevant subjects related to housing operations shall be made available to all interested residents regardless of governance and/or ownership model utilized.

### Tools

LAHD or contractors shall furnish relevant Design research (as described above), including case studies, models, and templates to prospective eligible participants, including but not limited to future or current residents, developers, property managers, and/or community partners, as well as provide direct technical assistance and support access to tenant governance resources as needed.



Tools specific to maintaining rental properties may include templates, models, and training to support predevelopment, leasing and/or asset and property management activities, with an overall focus on tenants' training and education, as well as implementation of Governing Boards, as described below. If property rehabilitation is required, LAHD may provide education, in consultation with the ULA COC, to the tenants on their rights and obligations during the rehabilitation process.

Tools specific to developing ownership projects may include supporting the marketing plan, providing homebuyer training, and providing ongoing training to ensure the habitability, financial health, and sustainability of the property. Tools may evolve over time based on future policies established by the City to advance resident management and ownership opportunities.

**d. Monitoring of Activities and Milestones**

The Capacity-Building Program shall establish a monitoring and compliance system to track the functioning of tenant governance activities established consistent with the Alternative Models of Permanent Affordable Housing Program and/or the Acquisition and Rehabilitation of Affordable Housing Program. Tenant governance actions and responsibilities subject to monitoring and compliance shall be identified and highlighted in training and workshops.

LAHD, or its designee, shall track tenant governance activities and milestones pursuant to these Capacity-Building Program Guidelines and as enumerated in professional service contracts, that may include, but are not limited to:

- Meetings to create Community Agreements, which are documents that describe how a group of people will live together.
- Monthly gatherings between property management and residents to support community cohesion and raise issues related to the building.
- Quarterly meetings between residents and property management to review operations, management, and adjust Community Agreements.
- Semi-annual meetings between residents and property management to review budgets, financials, and actuals to determine budget priorities.
- In addition to the above, formation of a Governing Board, a body that directs the operations and maintenance of a property with voting rights for residents. For rental properties, the Resident Council is a representative body elected by residents and would serve as the rental property's Governing Board. The Resident Council or other resident Governing Board must be convened within twelve (12) months after the building is initially leased up and must meet regularly. For a property that has been acquired with tenants already in place, the formation of a Governing Board may take up to eighteen (18) months. If the building is developed or acquired by a Community Land Trust (CLT), it is considered already an alternative tenant-led model. The CLT will present a

community outreach plan, plans to form a Resident Council or ownership model (if considered), and plans to incorporate tenants into the CLT board within twelve (12) months of the finished development or acquisition.

At LAHD's discretion, and in negotiation of the Contracting Partner(s)'s Scope of Services, monitoring activities may be extended to include the monitoring of regulatory agreements and/or mandated activities.

### **3.2 Program Budget**

The ULA measure and ordinance allocates one percent (1%) of overall program revenue for the Capacity-Building Program, which is equivalent to ten percent (10%) of the overall allocation of ten percent (10%) of ULA Program revenues to the Homeownership Opportunities, Capacity-Building and Operating Assistance program. Funding will be allocated for all services identified in these guidelines. Funding allocated to the Capacity-Building Program shall be apportioned and prioritized subject to the approval, discretion, and delegation of LAHD.

## **SECTION 4: IMPLEMENTATION PLAN**

Consistent with these Capacity-Building Program Guidelines, LAHD may contract for Capacity-Building Program administration and services, as further described in *Section 5*. Upon availability of funds, adoption of these Capacity-Building Program Guidelines, fulfillment of staffing needs, and execution of contract(s) for Capacity-Building Program services, LAHD shall direct the Contracting Partner(s) to initiate Capacity-Building Program Eligible Activities.<sup>2</sup>

## **SECTION 5: CONTRACTUAL SERVICES**

Implementation of the Capacity-Building Program may require LAHD identifying and contracting with Contracting Partner(s). All procurement activities must be conducted consistent with the City Administrative Code and any relevant City and LAHD policies. The contracting structure shall allow for the use of subcontractors, as needed, to provide specialized services based on subject matter expertise.

Contracts for Capacity-Building Program services shall at the minimum have a one-year term. Notwithstanding the fact that ULA funds are allocated annually, at its discretion LAHD may execute multi-year contracts with Contracting Partner(s) for the implementation of Eligible

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<sup>2</sup> LAHD may take other actions to establish and in furtherance of the Capacity-Building Program, including, but not limited to the study of capacity-building and tenant ownership models and best practices in other large cities, prior to these identified steps. However, execution of Eligible Activities and the Scope of Services identified in *Sections 2.3* and *3.1*, respectively, necessarily require the completion of these steps.

Activities identified in *Section 2.3*. Upon the completion of any existing contract term for the Contracting Partner(s), LAHD may consider extending the term of that contract consistent with the terms of the agreement, or conducting a competitive bid for Capacity-Building services, consistent with the City's competitive bidding requirements.

## **5.1 Evaluation and Selection Process**

Award of a contract for Capacity-Building Program services shall be based on a best value competitive bid. Prior to release of a Request for Proposals (RFP) or other form of procurement, LAHD shall establish a scoring system assigning values to the following criteria, and rating responses to proposals accordingly:

- 1) Experience and approach to providing tenant-based outreach and education services of a similar nature;
- 2) Experience conducting research and program analysis in the fields of affordable housing and tenant management and/or tenant ownership;
- 3) Experience training new organizations and/or board members of nonprofits in the areas of property management, asset management, building and organizational budgeting, reporting and legal compliance activities.
- 4) Experience with and approach to providing services to the communities anticipated to be targeted for capacity-building activities; and
- 5) A cost proposal for the solicited services.

In addition to the evaluation criteria listed above, proposers must meet all of the following threshold requirements:

- 1) 501(c)(3) status with offices or experience working 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) 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, nor have any outstanding disallowed costs or other liability to the City under previous contracts with LAHD;
- 3) Have a minimum of four (4) years of experience performing, or partnering with Community Based Organizations to perform, tenant services that include outreach, curriculum design, and training; and
- 4) Have one or more established partnerships with organizations that have active tenant-management and/or tenant-ownership projects, including Community Land Trusts and housing cooperatives.

## **5.2 Contract Administration**

At least once per year, LAHD will provide a report to the COC and City Council summarizing the work accomplished as well as proposed programmatic improvements and contract amendments. Changes to the service contract(s) may shift elements of the Program Scope of Services between LAHD and the Contracting Partner(s), to best reflect organizational capacity, changes in service priority, and learning during the course of Program administration.

### Payment and Invoicing Policies

The Contracting Partner(s) shall submit invoices to LAHD with an accounting of costs incurred. The contract will stipulate the frequency that costs will be invoiced to LAHD.

The contract may provide that LAHD may approve payment to be advanced to the Contracting Partner(s) on an as-needed basis, especially if there are major startup costs and challenges.

## **5.3 City Living Wage Ordinance**

All contractors shall comply with the Living Wage Ordinance, Los Angeles Administrative Code Section 10.37 et seq., as amended from time to time. Contractors further shall agree to comply with federal law proscribing retaliation for union organizing. Any subcontract entered into by a contractor for work to be performed under these Program Guidelines must include an identical provision.

## **5.4 Data Collection and Reporting**

The metrics and participant data identified in *Section 3.1* of these Capacity-Building Program Guidelines shall be collected by the Contracting Partner(s) and provided to LAHD on a quarterly basis.

Further, LAHD, or its designee, shall no less than on an annual basis, provide a report to the COC that: 1) documents how the Contracting Partner(s) and LAHD are co-learning about resident management and resident ownership best practices, 2) assesses developer/owner participation in the program to evaluate correlation with tenant management and tenant ownership goals of ULA, and 3) assesses developer/owner program compliance to ensure accountability measures are implemented, and 4) evaluates the Contracting Partner(s) success incorporating racial equity into program implementation.

LAHD shall analyze the data and metrics collected and the annual report provided by the Contracting Partner(s) identified in this *Section 5.4* to form the basis of the report to the COC, as described in *Section 5.2*, which is intended to assess whether the Capacity-Building Program

is meeting its goals and the priorities. This annual analysis shall specifically include a racial equity review of the Capacity-Building Program.

# ULA OPERATING ASSISTANCE PROGRAM GUIDELINES

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A. United to House LA Measure

## **INTRODUCTION**

### **1. Program Summary**

#### **a. Goals and Requirements**

The Operating Assistance Program supports affordable housing in the City of Los Angeles by providing operating support for projects facing a short-term disruption in cash flow or wider economic shock.

The United to House LA (ULA) ballot measure and effectuating ordinance creates an Operating Assistance program that is allocated no less than 5%, and up to 9%, of House LA Program funds.

The ULA Affordable Housing Programs include Multifamily Affordable Housing, Acquisition and Rehabilitation, Capacity-Building, Homeownership, Operating Assistance and Alternative Models for Permanent Affordable Housing. Following is a summary of universal ULA Requirements that must be met in all Affordable Housing programs, as further delineated in Los Angeles Administrative Code Section 22.618.3(d)(1)(i):

- All units affordable to Lower Income Households, with a limited exception for units created under the Alternative Models for Permanent Affordable Housing Program.
- All units are restricted affordable in perpetuity, with limited exception to permit 55-year covenant terms if required by other funding sources in the project.
- One-to-one replacement of existing qualifying units as required, as verified by a Replacement Unit Determination (RUD) from LAHD.
- Provide relocation benefits and right of first refusal to any qualifying existing occupants.
- Prevailing wage is required for all construction activities.
- A Project Labor Agreement (PLA) required for construction and rehabilitation of 40 or more units.

Additionally, the below requirements are applicable to all activities under the Operating Assistance Program:

- Activities must support new construction, acquisition, and/or rehabilitation of existing housing.
- Activities must take the form of project-based, multi-year rental subsidies, or operating subsidies, or service subsidies.
- Activities must prioritize projects housing Acutely Low Income and/or Extremely Low Income Households, as well as projects that will maintain Nonprofit

ownership, Community Land Trust (CLT) stewardship, and/or shared-equity tenant ownership.

## **2. Context**

As of June 2024, LAHD has a \$2.7 billion multifamily affordable housing loan portfolio that serves more than 120,000 residents in the City of Los Angeles. Of that loan portfolio, over \$205 million in loans are tied to projects that have nearly depleted their reserves to manage increased operational costs. Out of 649 projects analyzed in 2023, 158 projects did not have positive cash flow. Operational costs have increased for a number of reasons, including but not limited to increased inflation rates, utility bill increases, and higher insurance premiums. In addition, reduced rental income which resulted from economic impacts of the COVID-19 pandemic has further contributed to negative cash flow. In particular, many permanent supportive housing projects face substantial operational deficits that deplete reserves, sometimes completely. Some of the most at-risk projects are those with a high share of units occupied by higher acuity residents. These projects often require frequent high-cost repairs, and involve more intensive property management in addition to the provision of supportive services.

LAHD's Troubled Assets Working Group maintains a Watchlist of properties that are in most serious financial risk within the City's affordable housing portfolio. As of May 2024, there are about 100 properties on the Watchlist.

ULA provides funding for several affordable housing production paradigms. The Operating Assistance Program is unique in that it is positioned to address operational needs of new housing that may be constructed in the future as a result of the ULA affordable housing production programs, as well as ongoing operating needs of the City's existing affordable housing portfolio.

## **3. Commitment to Racial Equity**

Existing data and scholarship confirm that Black, Latinx, and other communities of color are disproportionately affected by homelessness. These Operating Assistance Program Guidelines acknowledge that this disproportionality is the result of generations of structural racism. Decades of land use policies and zoning practices have reinforced racial segregation, poverty, environmental injustice, and disinvestment that is manifested in the demographics of our contemporary homeless population.

As ULA seeks to foster innovative initiatives to manage assets and cover operational costs, the implementation of the Operating Assistance Program is specifically designed to promote racial equity, with a focus on supporting projects that serve the City's most vulnerable communities by providing operating assistance for projects facing a short-term disruption in cash flow or wider economic shock.



Consistent with this commitment to promote racial equity, the Operating Assistance Program is designed to be attuned to the needs and realities of historically marginalized communities, and how racism, as well as disability, transphobia, sexism, and other community experiences affect the vulnerability of a neighborhood, and its experiences. To this end, the Operating Assistance Program provides resources to support the ongoing maintenance and operation of affordable and supportive housing, in order to ensure stability of existing vulnerable communities.

#### **4. Program Metrics**

The Los Angeles Housing Department (LAHD) and program partners will collect information in alignment with the ULA measure and ordinance reporting requirements and in a manner that supports the evaluation of long-term impacts and outcomes of the Operating Assistance Program. To the extent feasible, this information includes but is not limited to, the number of units assisted and the number of residents located within each project. Operating assistance activities will be tracked as they relate to the following metrics identified in the chart below. Wherever relevant, data shall be disaggregated by race, family composition, sexual orientation, age, ability, gender, and location (address, zip code, and Council District).

Goal	Metrics
Ensure long-term financial stability by awarding operating assistance to qualifying housing developments.	<ul style="list-style-type: none"> <li>Number of units provided operating support, reported by: <ul style="list-style-type: none"> <li>Income category.</li> <li>Location in High or Highest Resource areas.</li> <li>Located in Racially/Ethnically Concentrated Areas of Poverty (R/ECAP).</li> <li>Location in Racially Concentrated Areas of Affluence (RCAA).</li> <li>Location on public land.</li> <li>Location near public transit.</li> </ul> </li> </ul>
Ensure long-term housing stability for tenants, in alignment with ULA goals and priorities.	<ul style="list-style-type: none"> <li>Number of residents living in buildings receiving operating assistance, to be disaggregated by the ULA measure and ordinance reporting requirements.</li> </ul>
Ensure fiscal prudence and responsibility by strategically expending funds.	<ul style="list-style-type: none"> <li>Number of dollars expended, reported by: <ul style="list-style-type: none"> <li>Fiscal Year.</li> <li>Project.</li> <li>Unit.</li> </ul> </li> </ul>

LAHD shall analyze these and potentially additional metrics and participant data annually and provide a summary of its analysis to the ULA Citizens Oversight Committee (COC) to allow for an assessment of whether the Program is meeting its goals and priorities.

## **5. Branding**

LAHD, in collaboration with the ULA COC, shall develop and implement a plan to include ULA branding on all program materials. This shall include digital and paper materials, signage (e.g., at public workshops or construction sites), and permanent branding on/in housing funded by Measure ULA (e.g., a permanent sign or plaque).

## **6. Definitions**

*“Acutely Low-Income”* shall have the same meaning as in Section 50063.5 of the California Health and Safety Code.

*“Audited Financial Statement(s)”* shall mean organizational records covering the balance sheet, statement of cash flow, and other documents describing the organization’s financial position and that have been reviewed and approved by independent third-party auditors.

*“Borrower(s)”* shall mean an entity that has been approved for or received a loan from the Los Angeles Housing Department (“LAHD”) that has remaining interest or principal to be paid, or for which the term of the loan has not yet expired.

*“California Tax Credit Allocation Committee”* shall mean the state agency that creates the Qualified Allocation Plan (“QAP”) for allocating Low Income Housing Tax Credits (“LIHTC”) within the State of California. It is also abbreviated as “CTCAC” or “TCAC.” The QAP published by CTCAC/TCAC is commonly referred to as “TCAC Regulations”

*“California Debt Limit Allocation Committee”* shall mean the state agency that administers the state’s annual debt limit ceiling and administers the state’s tax-exempt bond program to allocate such bonds to projects. It is also abbreviated as “CDLAC.”

*“Capital Needs Assessment”* shall mean a third-party analysis based on a building inspection that identifies problems in major building systems such as structural, electrical, plumbing, sewage, roofing, flooring, mechanical, heating/cooling, and safety.

*“Citizens Oversight Committee”* shall mean the body of 15 appointed members who monitor the activities of the House LA Fund and advise the Mayor, City Council, and the Los Angeles Housing Department (“LAHD”) on priorities, program guidelines, and program implementation. It is also abbreviated as “COC.”

*“Community Agreement(s)”* shall mean a document that is created by residents of a property for the purposes of defining how they will live together and the acceptable behaviors for

residents and their guests, and how disagreements or disputes between neighbors will be resolved. Each property that has received United to House Los Angeles (“ULA”) funds through the Alternative Models for Permanent Affordable Housing and/or the Acquisition and Rehabilitation for Affordable Housing programs must produce a Community Agreement.

*“Community Land Trust”* shall mean 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 income-qualified owner for the convenient occupation and use of that dwelling or unit for a renewable term of 99 years. It is also abbreviated as “CLT.”

*“CTCAC/HCD Opportunity Map”* shall mean the geographic tool utilized by the California Tax Credit Allocation Committee (“CTCAC”) to index census tracts across the State of California based on economic, social, employment, educational, and environmental indicators. The 2024 version of the tool is linked [here](#).

*“Department of Housing and Community Development”* shall mean the California Department of Housing and Community Development. It is also abbreviated as “HCD.”

*“Department of Housing and Urban Development”* shall mean the U.S. Department of Housing and Urban Development. It is also abbreviated as “HUD.”

*“Extremely Low Income”* shall have the same meaning as in Section 50106 of the California Health and Safety Code.

*“Housing Needs Assessment”* shall mean a data-informed study, conducted by the Citizens Oversight Committee (“COC”) by December 31, 2023 and updated at least once every three (3) years to understand, quantify, and qualify the City of Los Angeles’s housing needs with respect to homelessness, housing affordability, tenant protections and the housing needs of vulnerable populations, including but not limited to people experiencing homelessness, seniors in Lower Income Households, formerly homeless people, persons with disabilities, veterans, single-parent households, youth in transition, survivors of domestic violence, and Lower Income Households. The study must disaggregate data by race, family composition, sexual orientation, age, disability, and gender.

*“LAHD Project Underwriting Guidelines”* shall mean a project review process created by the Los Angeles Housing Department (“LAHD”), shared publicly, and updated periodically to reflect LAHD staff assessment of necessary financial strength and specific acceptable

tolerance ranges for key financial assumptions and potential challenges of each proposed project. The goal of the Underwriting Guidelines shall be to ensure that each City housing investment creates a project that will be financially and physically viable for the years of the program covenants, and shall provide a good living environment for the residents over the years, and be a positive part of the community. Project Underwriting Guidelines are based on sensitivity testing of potential portfolio liabilities and challenges, benchmarks of cost drivers, economic conditions, compliance with legal and regulatory mandates, and other variables that affect the broader affordable housing environment.

*“LAHD Sponsor Underwriting Guidelines”* shall mean a review and risk assessment process created by the Los Angeles Housing Department (“LAHD”), shared publicly, and updated periodically to assess the necessary financial strength, organizational capacity and relevant experience to complete and operate the proposed housing project in compliance with guidelines, as a physically and financially healthy project that serves the residents and community well for the years of the covenant. The guidelines shall specify acceptable tolerance ranges for key financial assumptions and potential challenges. LAHD Sponsor Underwriting Guidelines are based on portfolio size and health, development record, organizational and staff capacity to own and direct operations of the proposed project, and organization financial health.

*“Limited Equity Housing Cooperative”* shall have the same meaning as in Section 817 of the California Civil Code. It is also abbreviated as “LEHC.”

*“Lower Income Household(s)”* shall have the same meaning as in Section 50079.5 of the California Health and Safety Code.

*“Low Income Housing Tax Credits”* shall mean state or federal tax credit programs that reduce tax liability in exchange for acquisition, rehabilitation, or construction of deed-restricted affordable housing. It is also abbreviated as “LIHTC.”

*“Nonprofit(s)”* shall mean an organization exempt from taxation pursuant to Internal Revenue Code Section 501(c)(3). Instrumentalities of Nonprofit organizations, including wholly owned subsidiaries, are not automatically considered Nonprofits.

*“Project Labor Agreement”* shall mean the City of Los Angeles Department of Public Works Master Project Labor Agreement (“PLA”) or a specific ULA Measure-wide PLA, negotiated with mutual agreement between the Los Angeles/Orange Counties Building and Construction Trades Council and the Southern California Association of Nonprofit Housing (“SCANPH”), and approved by the Los Angeles City Council.

*“Real Estate Owned Schedule”* shall mean a list of properties owned by an entity and the parent company that controls that entity. The Real Estate Owned Schedule must include projected and actual operating costs and revenues for all properties listed.

*“Replacement Unit Determination”* shall mean an analysis specifying the count of qualified demolished units i) subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of lower or very low income, ii) subject to any form of rent or price control through a public entity’s valid exercise of its police power within the five (5) past years, iii) rented by lower or very low income households, or iv) that were withdrawn from rent or lease per the Ellis Act, within the past ten (10) years, and the Area Median Income (“AMI”) restriction that must be recorded consistent with the income level of the most recent qualified household that resided in a demolished unit. It is also abbreviated as “RUD.”

*“Resale Formula”* shall mean a formula that is reflected in a ground lease and/or an applicable deed restriction that sets an upper limit on the price for which a home or a cooperative share with resale restrictions may be resold, and that is applied consistently to each home or share upon resale.

*“Resale of Rental Property”* shall mean a change in ownership via a change in fee title on a property, or a long-term master lease of greater than thirty (30) years.

*“Resident Council(s)”* shall mean any of the following: i) an elected body of residents in a property who represent the residents in deciding the policies and financial priorities of a building; or ii) a homeowners’ association, cooperative board, LEHC, or other similar representative or elected governance body required by state law based on the legal structure of the property. Each property that has received ULA funds through the Alternative Models for Permanent Affordable Housing and/or the Acquisition and Rehabilitation for Affordable Housing programs shall be supported in developing a Resident Council.

*“Residual Receipts”* shall mean loan terms that offer below market rate interest, deferred payments, and loan payments that are due only after, and if, operating costs and senior debt service are paid.

*“Stabilization Plan and Exit Strategy”* shall mean a document that identifies whether the project is: i) able to fully resolve operating losses using Program funding only; or ii) using Program funding as a bridge to stabilization using future, non-Program funding sources; or iii) using Program funding as a temporary stopgap in response to a sector-wide or industry-wide structural economic challenge such as increasing insurance premiums. The Stabilization Plan and Exit Strategy must provide detailed milestones for bringing the project back into positive cash flow including timelines for each stage of the stabilization process and external funding sources, if applicable.

*“Statement of Public Purpose”* shall mean a document that, in consideration of the COC’s Housing Needs Assessment and other available neighborhood-specific information on a community’s housing challenges, describes how a proposed project would benefit the community in which it is located, meet the public needs identified in the COC’s Housing

Needs Assessment through the project's community outreach and final design, and advance the goals of ULA as defined in Los Angeles Administrative Code Section 22.618.1: Purpose.

*"Very Low Income"* shall have the same meaning as in Section 50105 of the California Health and Safety Code.

## **SECTION 1: ADMINISTRATIVE OVERVIEW**

### **1.1 Program Administration**

The Operating Assistance Program is administered by the City of Los Angeles Housing Department (LAHD). Within LAHD, the Housing Development Bureau (HDB) manages the development and issuance of Notices of Funding Availability (NOFAs), and project review and underwriting, including scoring and awarding of applications, as well as asset management and portfolio monitoring.

### **1.2 Notice of Funding Availability (NOFA) Schedule**

Subject to funding availability, LAHD will offer one NOFA for the Operating Assistance Program every fiscal year. Additional information regarding the NOFA, project application, and project award schedule will be provided in Department-issued NOFAs.

More detail about the NOFA development and issuance process is detailed in *Section 3* of these Operating Assistance Program Guidelines.

## **SECTION 2: GENERAL PROVISIONS**

The following section provides a summary of general Program requirements and how the Program will be administered.

### **2.1 Eligible Applicants**

Eligible applicants are public entities, local housing authorities, Community Land Trusts (CLTs), Limited Equity Housing Cooperatives (LEHCs), and Nonprofits. Partnerships such as General Partnerships, Limited Partnership, and Limited Liability Companies may apply provided that the Managing General Partner is an eligible entity. A for-profit entity cannot be the Managing General Partner.

#### Affordable Housing Experience

The ULA Measure and Ordinance requires applicants to have experience with affordable housing development and property management within the project team. However, eligible entities without sufficient experience developing and managing affordable housing developments may partner with an experienced Nonprofit to apply for Program funding, as long as the experienced Nonprofit participates in the ownership of the project as a Managing General Partner.

### LAHD Loan Requirement

Applicants must either have an existing housing project funded by the City of Los Angeles, or a commitment for a new housing project to be funded by the City of Los Angeles. Priority will be given to projects housing Acutely Low Income or Extremely Low Income households, as well as projects that maintain ownership or stewardship by Nonprofits, Community Land Trusts (CLTs), and Limited Equity Housing Cooperatives (LEHCs).

## **2.2 Eligible Projects**

Projects must meet the following requirements to be eligible for Program funds:

### LAHD Loan

Projects must be recipients of LAHD funding or of a commitment for LAHD funding.

### Project Size:

There is no maximum or minimum project unit count applicable to this program.

### Affordability Requirements and Applicable Rent Schedules:

All units receiving operating support must be covenanted to be affordable to households earning 80% Area Median Income (AMI) or below. Mixed-income projects under the Alternative Models for Permanent Affordable Housing Program are also eligible for funding.

LAHD will apply HUD/LIHTC income targeting and rent schedules. However, projects must comply with all income targeting and rent schedules required by other funding sources and must apply the most restrictive, if there is a conflict.

### Labor Compliance:

The Operating Assistance Program does not fund major construction or rehabilitation activities. Minor and/or emergency repairs costing less than \$250,000 per funding round are allowed. Any construction, maintenance, repairs or rehabilitation work funded through this Program must pay prevailing wage.

## **2.3 Eligible Cost Basis**

Eligible costs include retrospective and/or prospective operating costs for eligible projects, including but not limited to payments for:

- Debt service;
- Insurance premiums and other insurance expenses;
- Short term security or fire watch services of less than 12 months;
- Deferred operating costs for building maintenance and repairs of less than \$250,000;
- Local, state, and federal tax liability;



- Up to two (2) months of rental subsidies per unit to cover operating shortfalls, not to exceed six (6) months per three (3) year period; or
- Replenishing of operating reserves required by LAHD.

Costs can be reimbursed for excess expenses incurred within the same fiscal year of the sponsor's application and the fiscal year immediately preceding the year of application.

Prospective expenses can be requested for an amount equal to a maximum of two (2) years of projected excess costs.

In no case shall the total retrospective and prospective basis exceed the per unit maximum assistance limit defined in the NOFA.

## **2.4 Ineligible Activities**

Funds awarded under the Operating Assistance Program shall not be used for the following capital expenses or activities:

- Major replacement, upgrades, and/or capital improvement of systems including but not limited to Heating, Ventilation, and Air Conditioning (HVAC), plumbing, electrical, sewer, fire sprinklers, roofing, water heaters, solar panels, or insulation;
- Major repairs costing more than \$250,000; or
- New construction except to replace units damaged by fire or natural disaster.

## **2.5 Maximum Assistance Limits**

Each fiscal year, LAHD shall determine maximum assistance limits based on anticipated operating assistance needs. The maximum assistance limits shall be determined in consideration of the following:

1. Portfolio-wide benchmarking of Per Unit Per Annum (PUPA) excess operating costs and vacancy losses.
  - a. PUPA excess operating costs and vacancy losses may be benchmarked against the Watchlist maintained by LAHD's Troubled Assets Working Group, and/or other subgroup average PUPA by unit typology, including unit AMI limits and Permanent Supportive Housing (PSH) use.
2. PUPA excess cost and vacancy loss estimates to be collected from surveys of properties within the LAHD loan portfolio.

LAHD's estimated PUPA limit shall be multiplied by two (2) to calculate the maximum assistance limits, representing the two (2) years of maximum allowable assistance under this Program.

## **2.6 Form of Assistance**

Operating Assistance will be provided in the form of a supplemental loan or a grant:

- For awards in excess of \$100,000, the form of assistance will be a supplement to the existing or proposed project loan, with the same loan term, interest rate, and payment terms as the existing LAHD loan.
- For awards below \$100,000, the form of assistance will be a grant to the project owner or sponsor.

## **2.7 Monitoring and Compliance**

Because only properties within the LAHD Asset Management division's existing portfolio, and projects that are slated to enter the portfolio with ULA funding, are eligible to apply for Operating Assistance Program funding, all eligible applicants would already be under LAHD occupancy monitoring and loan management upon submitting a request for operating assistance. Sponsors of awarded projects will continue submitting Audited Financial Statements (AFSs) to LAHD on an annual basis and effectuate residual receipts loan payments.

# **SECTION 3: FUNDING ROUNDS, TIMING, AND APPROVAL PROCESS**

## **3.1 Notice of Funding Availability (NOFA) Issuance**

Based on these Operating Assistance Program Guidelines, LAHD will periodically announce a Notice of Funding Availability (NOFA) to accept applications and effectuate awarding of funds. The terms and requirements of these Operating Assistance Guidelines shall be applicable to each NOFA, and a NOFA may incorporate additional supplementary terms and details that further clarify LAHD policy and objectives.

## **3.2 Development and Planning for Funding Rounds**

Subject to funding availability, LAHD shall issue one NOFA per year. Participation in the NOFA shall only be available to projects within the LAHD loan portfolio, or any projects that receive an award of funding through ULA Affordable Housing Programs. The timing of each NOFA shall be announced at least three (3) months in advance of the application opening, and applicants shall have at least 30 days from the opening of the NOFA to submit proposals.

Each Operating Assistance Program NOFA notice shall provide specific maximum assistance limits, which may vary depending on unit typology. Each NOFA may also apply limits to the maximum number of projects for which a developer can request assistance

through this Program. Prior to issuing each NOFA, LAHD will provide an update to the COC and City Council pertaining to the maximum loan limits.

At least five (5) business days before the application window opens, LAHD shall host a non-mandatory Bidders' Conference to provide a high-level overview of the NOFA and respond to sponsor questions.

### **3.3 Application Submittal and Review**

Each Operating Assistance NOFA shall be accompanied by detailed guidance about how to submit a complete application, including where to submit an application and all documentation requirements that must be attached upon submission.

Applications shall be reviewed, underwritten, and scored on a rolling basis until the application window closes. Once the deadline to submit has passed, timely applications that pass threshold review will be scored according to prioritization criteria and ranked by score. For more detailed information about these elements, see *Section 4: Threshold Requirements* and *Section 5: Selection Process and Criteria*.

LAHD will first recommend funding allocations to the highest scoring project, and then allocate to subsequent projects in order of highest to lowest score, until funding is exhausted.

Preliminary recommendations shall be publicized and applicants shall have a window to submit an appeal before LAHD transmits its funding recommendations to the City Council.

### **3.4 Appeal Process**

LAHD's preliminary recommendations of funding allocation can be appealed by the applicant. Each NOFA will provide detailed guidance delineating acceptable grounds for appeal, the process for filing an appeal, and the standards for adjudicating an appeal.

Applicants shall not file an appeal regarding LAHD staff evaluation of another applicant's application.

### **3.5 Council Approval Process**

Consistent with Los Angeles Administrative Code Section 22.618.3(d)(1)(iv), LAHD shall present the Operating Assistance Program projects to the City Council and Mayor with award amounts and conditions to be met prior to funding. As applicable, the City Council and Mayor will authorize the General Manager of the LAHD, or designee, to determine that funding conditions have been met; to negotiate and execute the relevant financing documents for the project, subject to the approval of the City Attorney as to form; to prepare Controller instructions and any necessary technical adjustments consistent with Mayor and

City Council actions, subject to the approval of the City Administrative Officer (CAO); and request that the Controller implement the instructions.

In the event of necessary technical corrections and adjustments that do not change the affordability mix, total number of units, or loan amount per unit, the General Manager of LAHD, or designee, shall be authorized to approve such corrections.

## **SECTION 4: THRESHOLD REQUIREMENTS**

This section enumerates the elements of a complete application and describes the documentation requirements associated with each element. All applicants must demonstrate reasonableness of funding request and long-term feasibility. Applications will first undergo Threshold Review by LAHD to ensure that all required elements have been met.

Applications that do not meet threshold will not be reviewed or considered for funding by LAHD.

### **4.1 Summary of Threshold Items**

The following provides a summary of each Threshold Item and descriptions of materials that will be required to demonstrate the Project satisfies each Threshold Item.

#### **a. Proof of Financial Need**

Sponsors face a threshold requirement to demonstrate financial need and reasons for requesting emergency operating assistance. To demonstrate financial need, applicants must submit:

- Audited Financial Statements (AFSs) for a lookback period to be defined by LAHD.
- A complete Variance Analysis using a template workbook that has been approved by LAHD. The Variance Analysis must identify the source(s) of excess costs and/or unexpected revenue shortfalls. The Variance Analysis must be accompanied by a narrative detailing cost-saving measures undertaken to date, as well as an itemized breakdown of how reserves were spent.
- A complete Pro Forma financial analysis using a template workbook that has been approved by LAHD. The Pro Forma must identify the sponsor's estimate for the amount of operating subsidy required to stabilize the project. If non-Program funds are required to finance capital improvements, those sources must be identified on the Pro Forma as well.

**b. Stabilization Plan and Exit Strategy**

This Program provides time-limited assistance to projects facing resolvable challenges, in an amount equal to up to two (2) years of eligible operating cost or income gaps.

Projects may resolve such operating challenges through one of three Pathways. Project Sponsors must submit a Stabilization Plan and Exit Strategy, indicating which Pathway a project will take:

Pathway A: Award of ULA Operating Assistance Program funds would fully resolve the project's operating gap, without the use of additional non-Program funding sources. Examples of this may include repairs following a fire or flooding.

Pathway B: Award of ULA Operating Assistance Program funds would bridge the project's operating needs, until a more long-term capital funding source can be accessed. Examples of this may include projects that apply for increased voucher payments under established HUD programs.

Pathway C: Award of ULA Operating Assistance Program funds would provide temporary relief from external structural economic or environmental shocks that impact a project's operating expenses or income but are not directly caused by the project sponsor, including but not limited to industry-wide price increases (e.g., increases in insurance premiums).

Sponsors of projects utilizing either Pathway A or Pathway B are required to demonstrate a financial strategy for feasibility, as demonstrated by positive cash flow for at least 15 years.

Sponsors of projects utilizing Pathway B are required to apply for any and all funding sources identified in their Pro Forma.

Sponsors of projects utilizing Pathway C are not required to demonstrate resolution of operating gaps when Operating Assistance relief terminates. Pathway C projects must instead identify systemic cost drivers or economic shocks beyond their control and show, at minimum, positive cash flow during the term of the Operating Assistance support and operating reserves funded at a level that meets the most current LAHD Project Underwriting Guidelines. Project sponsors must also identify the changes in rent levels or other operating revenue and expenses, as well as changes in funding program requirements that would be needed to make projects feasible even if the economic shock, such as higher insurance or utility costs, does not change.

A sponsor's failure to submit timely and complete applications for external funding sources, or to take meaningful action toward other milestones named in the Stabilization Plan and Exit Strategy, may result in the inability to apply for other Operating Assistance funds in the future.

**c. Rehabilitation and Capital Needs Assessment**

For projects utilizing Pathway B, if identifying capital improvement needs, Project Sponsors must submit a Capital Needs Assessment (CNA) as a threshold requirement. The CNA enumerates maintenance, repairs, rehabilitation and other capital improvement needs.

Project Sponsors must also provide a Scope of Work (SOW) that is responsive to the areas of concern identified in the CNA.

**d. Relocation**

Any tenants temporarily displaced due to ULA-funded remediation and repair activities must be offered Relocation benefits. Project sponsors shall submit a Relocation Plan, which must include offers of comparable dwellings.

For more information, please refer to *Los Angeles Administrative Code* Section 22.618.3(d)(1)(i)(c).

**e. Accessibility Standards**

Project sponsors must provide a Self-Certification Form for Compliance to Accessibility Standards. Depending on the scope of work to be funded, City-funded projects must comply with all accessibility standards in effect at the time of the NOFA, as applicable. These include the federal Americans with Disabilities Act (ADA), State of California Disabled Persons Act, the City of Los Angeles Accessible Housing Program (AcHP) and any other statutes, ordinances, regulations, court orders, consent decrees, or other legally enforceable standards that may apply to housing projects. Existing projects that do not comply with the City's AcHP standards at the time of application shall provide a certification of compliance with the tenant education and reasonable accommodation requirements of the AcHP program and an acknowledgement that future construction work would require compliance with physical standards.

**4.2 Application Requirements**

Subject to funding availability, LAHD will issue at least one NOFA per fiscal year. Public notice of the NOFA shall detail the complete application requirements and the amount of funding available. Each NOFA will indicate the form of the application, which must be submitted electronically. For an application to be considered complete, all requirements listed in the NOFA must be timely provided.

At LAHD's discretion, a NOFA may provide additional application and/or threshold requirements that are not listed in these Operating Assistance Program Guidelines.

## SECTION 5: SELECTION PROCESS AND CRITERIA

Applications determined to have passed Threshold Review will be scored and prioritized for funding based on selection criteria outlined in this section.

### 5.1 Evaluation and Scoring Criteria - General

All applications that pass Threshold Review will be scored according to a Scoring Matrix, which will be an element of each Operating Assistance NOFA issued by LAHD. The Scoring Matrix shall prioritize projects which have undertaken pre-application efforts to control and contain costs, projects that submit high-quality a Stabilization Plan and Exit Strategy, and overall cost effectiveness. These criteria will be further specified in each NOFA and refined in consideration with key priorities and available resources at the time of development of each NOFA.

Applications with the highest scores will receive funding allocations first, until funds are exhausted. In the event that two or more projects receive the same score, selection priority may be determined by a tiebreaker, to be defined in each implementing NOFA.

### 5.2 Evaluation and Scoring Criteria

Each NOFA will include specified scoring criteria that will reflect the following priorities:

Priority	Description
LAHD Troubled Asset Working Group's Watchlist	These are LAHD loan portfolio projects whose operating and/or replacement reserves are depleted.
Stabilization Efforts to Date	Projects demonstrating meaningful corrective measures to bring down operating costs or address financial challenges.
High-quality Stabilization Plan and Exit Strategy	The quality of a Stabilization Plan and Exit Strategy will be evaluated on the basis of: <ul style="list-style-type: none"><li>• Financial stress testing of the Pro Forma.</li><li>• Pathway A and B projects will also be evaluated on their ability to achieve stable operations upon the sunset of Program relief.</li></ul>
Projects that serve ALI/ELI households	There will be priority for projects that restrict a certain percentage of units for Acutely Low Income (ALI) and/or Extremely Low Income (ELI) households.
Projects that will maintain Nonprofit, CLT, or shared-equity tenant	There will be priority for projects that are or will be owned by Nonprofits, CLTs, and/or shared equity tenant groups (i.e., public agencies and housing authorities are lower priority).

*ULA Operating Assistance Program Guidelines*  
*Approved by City Council on December 10, 2024*

ownership	
Cost Effectiveness	Projects that need less than 70% of maximum per unit assistance limits will be prioritized.



# ULA SHORT-TERM EMERGENCY ASSISTANCE PROGRAM GUIDELINES

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A. United to House LA Measure

## **INTRODUCTION**

### **1. Program Summary**

#### **a. Goals and Requirements**

The Short-Term Emergency Assistance Program seeks to prevent homelessness by ensuring that short-term emergency rental assistance is available to tenants in the City of Los Angeles (City) who are experiencing, or have recently experienced an Economic Hardship. Economic Hardship is defined as one or more individuals within a tenant household having qualified for unemployment benefits or experienced a reduction in household income, incurred significant costs, or experienced other economic impacts, which can be attested to in writing.

Consistent with the United to House LA (ULA) ballot measure and effectuating ordinance, the Short-Term Emergency Assistance Program will provide short-term emergency funding to tenant households at risk of becoming homeless. Funds available through this program are intended to stabilize low-income households 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 six months.<sup>1</sup>

The Short-Term Emergency Assistance Program is intended to be implemented consistent with and in coordination with other ULA Homelessness Prevention Programs and services. These Short-Term Emergency Assistance Program Guidelines shall apply to the Los Angeles Housing Department (LAHD) in its administration and execution of the Short-Term Emergency Assistance Program and other ULA Homelessness Prevention Programs. These Short-Term Emergency Assistance Program Guidelines are also applicable to any third party LAHD contracts for the purposes of executing Short-Term Emergency Assistance Program responsibilities.

#### **b. List of subprograms or activities**

The Short-Term Emergency Assistance Program will provide emergency rental assistance of up to six (6) months of rent, either arrears or prospective, to landlords on behalf of low-income tenant applicants in the City who are experiencing a loss or decrease in household income due to an Economic Hardship. If a landlord is not responsive to the tenant applicant's or the City's attempts to effectuate payment, a qualified tenant can elect to receive the rental assistance directly. The rental assistance may be provided in a pre-filing mandatory eviction diversion program, provided to preserve and maintain tenancy. Priority eligibility shall be established for households with the lowest income levels and rental arrears of six months or less. Promotion of the Short-Term Emergency Assistance Program will be coordinated with other ULA Homeless Prevention Programs.

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<sup>1</sup> Los Angeles Administrative Code Section 22.618.3(d)(2)(i)a.

## **2. Context**

The ULA measure and ordinance require five percent (5%) of the annual tax revenue to be dedicated to a Short-Term Emergency Assistance Program, as a core and proactive strategy to prevent homelessness.

According to the 2022 American Community Survey (ACS) 5-year estimate, there are approximately 886,998 renter households in the city, and approximately 2,245,299 people are renters. Of those renters, approximately 54% are rent-burdened, and 29% are severely rent-burdened.<sup>2</sup> As of March 31, 2024, approximately 24,000 eviction cases are filed each year in the city. Black and Latinx tenants, especially female heads of households, are disproportionately impacted by evictions. Evictions that ultimately lead to homelessness impose extreme hardship on the people unhoused and significant costs on local and state governments, including but not limited to the costs of emergency shelter, interim and long-term housing, hospital-backed health care, transportation costs, and increased costs associated with child dependency and incarceration.

A landlord's claim of unpaid rent is the most common reason tenants are displaced or evicted. For tenants facing Economic Hardship, such as a loss of household income, injury, or a sudden occurrence of significant costs or debt, many choose to self-evict believing there is no other option than moving out and trying to find replacement housing. The Short-Term Emergency Assistance Program is intended to prevent the potentially disruptive consequences of Economic Hardship by providing emergency rental assistance to qualifying lower-income households.

## **3. Commitment to Racial Equity**

Existing data and scholarship confirms that Black, Latinx, and other communities of color are disproportionately affected by evictions and homelessness. These Short-Term Emergency Assistance Program Guidelines acknowledge that this disproportionality is the result of generations of structural racism. Decades of land use policies, zoning practices, and laws promoting an imbalanced landlord-tenant relationship have reinforced racial segregation, poverty, environmental injustice, and disinvestment that is manifested in the demographics of our contemporary homeless population.

As ULA seeks to combat homelessness through a variety of interventions, the implementation of the Short-Term Emergency Assistance Program is specifically designed to promote racial equity, with a focus on preventing homelessness by making short-term emergency rental assistance available to the city's most vulnerable communities.

Consistent with this commitment to promote racial equity, the Short-Term Emergency Assistance Program is designed to be attuned to the needs and realities of historically marginalized communities, and how racism, as well as disability, transphobia, sexism, and other tenant experiences affect the vulnerability of a tenant, and their experiences.

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<sup>2</sup> Rent burden data from 2023 Comprehensive Housing Affordability Strategy (CHAS) estimates.

#### **4. Program Metrics**

The Program Administrator, defined in *Section 1.1* of these Short-Term Emergency Assistance Program Guidelines, shall collect information in accordance with the ULA ordinance and measure reporting requirements and in a manner that supports the evaluation of long-term impacts and outcomes for the Short-Term Emergency Assistance Program. To the extent feasible, this information includes but is not limited to, race, family composition, sexual orientation, age, ability, gender, income, whether someone is formerly homeless, a veteran, a single-parent household, a youth in transition, or a survivor of domestic violence:

<b>Goal</b>	<b>Metrics</b>
Prevent displacement and foster housing stability for lower-income households by mitigating the effects of Economic Hardship on those households by providing short-term emergency rental assistance.	<ul style="list-style-type: none"><li>• Number of displacements and evictions.</li><li>• Number of Unlawful Detainer filings.</li><li>• Number of applications filed in the Short-Term Emergency Assistance Program portal.</li><li>• Number of applications for Short-Term Emergency Assistance Program funding approved.</li><li>• Number of Short-Term Emergency Assistance Program funding applications that did not receive funding.</li><li>• Average household income of approved applications for Short-Term Emergency Assistance Program funding.</li><li>• Amount of funding and duration of assistance requested.</li></ul>

Consistent with *Section 5.3* of these Short-Term Emergency Assistance Program Guidelines, LAHD shall analyze these and potentially additional metrics and participant data annually and provide a summary of its analysis to the COC to allow for an assessment of whether the Program is meeting its goals and priorities.

#### **5. Branding**

LAHD, in collaboration with the ULA COC, shall develop and implement a plan to include ULA branding on all program materials. This shall include digital and paper materials, signage (e.g., at public workshops or construction sites), and permanent branding on/in housing funded by Measure ULA (e.g., a permanent sign or plaque).

## **SECTION 1: PROGRAM ADMINISTRATION**

### **1.1 Program Administrator**

LAHD shall administer the Short-Term Emergency Assistance Program, with the LAHD General Manager designated as the Short-Term Emergency Assistance Program Administrator (Program Administrator). At their discretion, the LAHD General Manager shall be empowered to delegate and/or revoke administrative responsibilities to Contracting Partner(s), and/or appropriate LAHD staff.

### **1.2 Selection Process**

The Short-Term Emergency Assistance Program is to be administered by LAHD, or its designee, consistent with *Section 1.1* above. Any program partners or outside entity charged with implementing any portions of the Program shall be procured as described in *Section 5*.

## **SECTION 2: GENERAL PROVISIONS**

### **2.1 Eligible Participants**

Eligible Participants include Eligible Tenants and Eligible Landlords.

The Short-Term Emergency Assistance Program shall serve tenants (inclusive of individual tenants and tenant households) in the City seeking short-term rental assistance. Eligible Tenants must meet all of the following criteria: 1) reside in the City, 2) be obligated to pay rent on a residential rental dwelling, 3) be experiencing or have experienced in the previous 24 months, and will attest to, an Economic Hardship (as defined above), and 4) have a household income, as of December 31st of the year prior to application date, at or below 80% of the Area Median Income (AMI) pursuant to the United States Department of Housing and Urban Development thresholds.

A landlord is an Eligible Landlord if they are collecting rent from an Eligible Tenant for a tenancy of a legal residential rental dwelling in the City of Los Angeles.

### **2.2 Eligible Forms of Funding**

ULA allocates 5% of overall annual program revenue to the Short-Term Emergency Assistance Program, for distribution in the form of emergency short-term rental assistance to tenant households at risk of homelessness or displacement. LAHD may seek and allocate additional funding for this Short-Term Emergency Assistance Program, including but not limited to potential grants, consistent with LAHD's general restrictions and requirements; any additional funding sought and received shall not change or limit in any way how ULA funding is allocated or administered.

## **2.3 Eligible Activities**

Eligible activities of the Short-Term Emergency Assistance Program are limited to the payment of short-term rental assistance<sup>3</sup> for Eligible Tenants experiencing Economic Hardship. Assistance may be used to pay debt, including rental arrears, or to make prospective payments to preempt the actual financial effects of Economic Hardship. At the discretion of LAHD or its designee, the rental assistance may be provided as part of a pre-filing mandatory eviction diversion program, as a form of eviction prevention.

Eligible activities also include administration of the Short-Term Emergency Assistance Program, including but not limited to the maintenance and operation of the Application Portal as further described in *Section 2.6, Timing / Frequency of Awards*. As further detailed in these Short-Term Emergency Assistance Program Guidelines, Eligible Activities include disbursement of Short-Term Emergency Assistance Program funds directly to the Landlords of Eligible Tenants, and in limited circumstances directly to Eligible Tenants.<sup>4</sup> Short-Term Emergency Assistance Program funds may be disbursed directly to Eligible Tenants in circumstances where a landlord has been unresponsive after a period of seven (7) business days. Additional details regarding protocols for such activities are provided in *Section 3.1, Scope of Services*.

Activities not identified in this section may still be determined to be eligible activities consistent with the Short-Term Emergency Assistance Program, subject to the discretion of the Program Administrator.

## **2.4 Ineligible Activities**

LAHD employees and their direct family members, or the employees or direct family members of any party contracting with LAHD to support the administration of the program, are ineligible for participation in the Short-Term Emergency Assistance Program. For the purposes of this prohibition, “direct family members” shall be defined as any dependents, household members, parents, siblings, or spouses, or any other such family member as defined by applicable City regulations. Any Application or potential disbursement of funds to LAHD employees and/or their direct family members, or the employees or direct family members of any party contracting with LAHD to support administration of the program, shall be considered an Ineligible Activity warranting rejection of an application.

Current and prior applicants who submit fraudulent or altered documentation or information will automatically become ineligible for the program.

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<sup>3</sup> 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.

<sup>4</sup> These Short-Term Emergency Assistance Program Guidelines acknowledge that disbursements made directly to tenants may result in unintended tax consequences for those tenants. Program participants who would receive disbursements directly may determine that the benefit of assistance, and attendant housing stability, justifies the possible tax consequences. However, direct disbursements to those tenants shall only be transmitted with an acknowledgement of said potential tax consequences, and they shall be informed of these potential consequences prior to being issued direct payments.

## **2.5 Program Funding – Caps and Limits**

The ULA measure and ordinance allocates five percent (5%) of overall annual program revenue to the Short-Term Emergency Assistance Program. Funding allocated to the Short-Term Emergency Assistance Program shall be apportioned and prioritized for the eligible activities identified in these guidelines subject to the approval, discretion, and delegation of LAHD.

Any household receiving a funding disbursement consistent with these Short-Term Emergency Assistance Program Guidelines is limited to receiving no greater than the full amount of up to six (6) months rent of Short-Term Emergency Assistance Program funds, retroactive or prospective, over the course of any twelve (12) month period.

## **2.6 Timing / Frequency of Awards**

Eligible Participants shall submit applications for Short-Term Emergency Assistance Program funding (Applications) through a web-based portal approved or established by LAHD, its designee, or its Contracting Partner(s) (Application Portal). The Application Portal shall be accessible in multiple languages.

Subject to the same time limitations further identified in this *Section 2.6*, the program shall also accept Applications through modes and mediums other than the Application Portal, including by phone and at physical locations where the tenant may be provided assistance completing the Application. Representatives at physical locations shall provide additional technical assistance to help applicants in completing their application.

Contingent on available funding, LAHD may establish multiple application periods per year, or may accept applications on a rolling basis, during which time Applications may be accepted (Application Period). The length of each Application Period shall be defined prior to its commencement. Should LAHD elect to accept Applications on a rolling basis, the Application Period shall be considered indefinite.

Additionally, if the rental assistance is provided as part of a pre-filing mandatory eviction diversion program, applications may be made through a referral process outside of the Application Period.

## **SECTION 3: PROGRAM REQUIREMENTS: SERVICES AND FUNDING PRIORITIES**

### **3.1 Scope of Services**

LAHD, and any entity it contracts with for these purposes, shall effectuate these guidelines and provide services necessary for the execution and performance of the Eligible Activities identified in *Section 2.3* of these Short-Term Emergency Assistance Program Guidelines.

#### Funding Disbursements

The Short-Term Emergency Assistance Program will provide a one-time payment for rent payments owed in arrears, or prospectively, for up to six (6) months. At the discretion of LAHD or its designee, the rental assistance may be provided as part of a pre-filing diversion

program, as a form of eviction prevention. Total disbursements may be limited by *Section 2.5* of these Short-Term Emergency Assistance Program Guidelines.

Payments shall be made directly to the Applicant's landlord, property management firm, or the landlord's designated agent on behalf of the low-income tenant households at risk of losing housing or being displaced due to Economic Hardship. A tenant household is eligible for funding disbursements equivalent to of up to six (6) months of rent, one time over the course of a twelve (12) month period. Except as provided below, disbursements will be made to an Eligible Landlord on behalf of an Eligible Tenant household, which shall equal the total amount awarded for the covered period based on eligibility, and apply only to rental payments owed by the current Eligible Tenant household occupants.

As further specified below, where a landlord has been unresponsive for a period of seven (7) business days, Short-Term Emergency Assistance Program funds shall be made available to be disbursed directly to Eligible Tenants who have been selected for the Program.

#### Landlord Participation and Compliance

The program shall seek landlord participation in the Short-Term Emergency Assistance Program, including agreement to accept payment upon approval of an Application. Eligible Landlords shall submit a signed W-9 form to LAHD to receive a Short-Term Emergency Assistance Program funding disbursement. The program may, at its discretion, provide assistance to landlords in completing needed participation requirements, such as W-9 forms. As circumstances dictate, LAHD may require additional documentation.

LAHD, as well as other City entities including, but not limited to, the City Attorney's Office, may seek to encourage landlord acceptance of Short-Term Emergency Assistance Program funds by informing them that refusal to do so may constitute a violation of City ordinances, including Article 5.6.1 of the Los Angeles Municipal Code, and State Fair Housing laws prohibiting discrimination based on source of income. LAHD shall have authority to request that the City Attorney investigate landlords that fail to accept Short-Term Emergency Assistance funds.

When a landlord's failure to participate or not properly provide the required documentation to the Short-Term Emergency Assistance Program constitutes source of income discrimination, it may subject landlords to monetary penalties. Separate monetary penalties may be assessed for every rental unit for which the landlord refuses to provide timely Short-Term Emergency Assistance Program documentation or accept Short-Term Emergency Assistance Program funding.

All tenant protections, consistent with City, County, State and Federal law, shall remain in place while tenants apply for funding from the Short-Term Emergency Assistance Program and while such Applications are pending or approved and pending funding disbursement. If an Eligible Landlord fails to participate and files an Unlawful Detainer against the tenant, the Program Administrator shall make available documentation that the landlord failed to participate in the Program. Such documentation can be used as affirmative defense in court proceedings for failure to participate in the Short-Term Emergency Assistance Program when the tenant has an eviction filed against them.



Notwithstanding any conflicting provisions in these Short-Term Emergency Assistance Program Guidelines, at the discretion of the Program Administrator, where the landlord has refused to participate in the Short-Term Emergency Assistance Program or failed to provide documentation within a period of seven (7) business days, payments shall be made available to be disbursed directly to Eligible Tenants who have been selected for the Program. Direct payments to Eligible Tenants in these circumstances shall not require documentation or demonstration of proof of rental payment to the landlord.

### **3.2 Program Budget**

ULA allocates five percent (5%) of overall annual program revenue to the Short-Term Emergency Assistance Program. Funding will be allocated consistent with *Sections 2.3 and 3.1* of these Short-Term Emergency Assistance Program Guidelines. Funding allocated to the Short-Term Emergency Assistance Program shall be apportioned and prioritized for the Eligible Activities identified in these guidelines subject to the approval, discretion, and delegation of LAHD.

### **3.3 Funding Priorities**

Funding allocated to the Short-Term Emergency Assistance Program shall be apportioned and prioritized for the Eligible Activities identified in these Short-Term Emergency Assistance Program Guidelines subject to the approval, discretion, and/or delegation from the Program Administrator.

#### **Use of Funds**

The Short-Term Emergency Assistance Program shall prioritize low-income households with income below 30% AMI, as well as the following priority factors:

- Tenant households living in long-term (at least six continuous years) tenancies of rental units that are subject to the Rent Stabilization Ordinance (RSO).
- Households with disabled and senior tenants who are not participating in the ULA Income Support program.
- Tenants living in deed-restricted affordable housing units.
- Households with minor children tenants.
- Households for whom up to six months' rent in its entirety will satisfy the entire debt for the unit they currently inhabit; or who have entered into an agreement with their landlord to repay the remaining balance affordably.
- Households that are extremely rent burdened, paying more than 50% of total household income for rent each month.
- Households with housing choice vouchers and households living in subsidized affordable housing.
- Households with a maximum monthly rent amount as determined by LAHD.
- Households who are at imminent risk of eviction.

Within these parameters, Applications for short-term rental assistance submitted consistent with *Section 2.6* of these Short-Term Emergency Assistance Program Guidelines will be reviewed and evaluated based on the established priorities (identified in this *Section 3.3*). Based on findings from periodic Needs Assessments required per Los Angeles Administrative Code Section 22.618.6(c)(2) and program reporting, the COC may

periodically recommend adjustments to the priority factors in order to better align with areas of identified high need and better achieve the goals of ULA, as provided in Los Angeles Administrative Code Section 22.618.6(c)(10).

The COC may, in its discretion, recommend additional factor(s), consistent with findings from periodic Needs Assessments required per Los Angeles Administrative Code Section 22.618.6(c)(2) and program reporting, in order to better align the Program Guidelines with areas of identified high need and better achieve the goals of ULA, as provided in Los Angeles Administrative Code Section 22.618.6(c)(10). Such discretion includes, without limitation, input from Council and LAHD. Inclusion of additional factor(s) at that time shall have the effect of amending this *Section 3.3* of these Short-Term Emergency Assistance Program Guidelines, with additional factor(s) carried forward as Priority Factor(s) in subsequent Application evaluations unless 1) the COC subsequently removes that factor(s), or 2) in implementing the factor(s), the COC establishes a sunset period for that factor(s) at that time.

The COC may consider establishing Short-Term Emergency Assistance Program Priority Factors in tandem with Income Assistance Program priorities to maximize strategies to prevent homelessness and displacement of the City's most vulnerable demographics and populations.

#### **SECTION 4: IMPLEMENTATION PLAN**

The LAHD General Manager shall identify the number and required level of experience of necessary staff to administer the day-to-day responsibilities of the Short-Term Emergency Assistance Program, and seek to fill those positions expediently. Upon availability of funds, adoption of these Short-Term Emergency Assistance Program Guidelines, fulfillment of staffing needs, and procurement of any Contracting Partner(s), LAHD and/or its designee shall identify a date for the Application Portal to open.

#### **SECTION 5: CONTRACTUAL SERVICES**

At its discretion, LAHD may contract some or all of the responsibilities necessary to effectuate these Short-Term Emergency Assistance Guidelines to a third party program administrator, or Contracting Partner(s). Any procurement activities shall be conducted consistent with the City Administrative Code and relevant City and LAHD policies. Upon completion of any existing contract term, the Program Administrator may consider extending the term of that contract consistent with the terms of the existing agreement or conducting a competitive bid for Short-Term Emergency Assistance Program services, consistent with the City's competitive bidding requirements.

##### **5.1 Evaluation and Selection Process**

Should LAHD contract responsibilities to a third party, award of any contract for Short-Term Emergency Assistance Program services shall be based on a best value competitive bid. Prior to release of a Request for Proposals (RFP), LAHD shall establish a scoring system assigning values to the following criteria, and rating responses to proposals accordingly:

- 1) Experience and approach to providing services set forth in *Sections 2.3 and 3.1* of these Short-Term Emergency Assistance Program Guidelines.
- 2) Experience with and approach to providing services to the communities anticipated to be most at risk of displacement due to Economic Hardship.
- 3) A cost proposal for solicited services.

The COC may consider recommending an integrated RFP process that allows service providers to bid for multiple Homelessness Prevention Programs under the same ULA-funded contract.

## **5.2 City Living Wage Ordinance**

All contractors shall comply with the Living Wage Ordinance, Los Angeles Administrative Code Section 10.37 et seq., as amended from time to time. Contractors further shall agree to comply with federal law proscribing retaliation for union organizing. Any subcontract entered into by a contractor for work to be performed under these Program Guidelines must include an identical provision.

## **5.3 Data Collection and Reporting**

Consistent with *Section 4* of the Introduction to these Short-Term Emergency Assistance Program Guidelines, information regarding the number of applications filed (and approved) in the Short-Term Emergency Assistance Program portal, the amount of funding disbursed subject to approved applications, and other related metrics shall be compiled and provided to the COC within ninety (90) days after the closure of an Application Period.

Should the program at any time accept Applications on a rolling basis, the information identified in this *Section 5.3* shall be compiled and provided every ninety (90) days during pendency of that rolling Application Period, and within ninety (90) days after the closure of that rolling Application Period.

This information includes, but is not limited to:

- Number of displacements and evictions.
- Number of Unlawful Detainer filings.
- Number of applications filed in the Short-Term Emergency Assistance Program portal.
- Number of applications for Short-Term Emergency Assistance Program funding approved.
- Number of applications for Short-Term Emergency Assistance Program funding that did not receive funding.
- Average household income of approved applications for Short-Term Emergency Assistance Program funding.
- Amount of funding and duration of assistance requested.
- Housing status for set periods following receipt of Short-Term Emergency Assistance funds.

# ULA INCOME SUPPORT FOR RENT-BURDENED AT-RISK SENIORS AND PERSONS WITH DISABILITIES PROGRAM GUIDELINES

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## INTRODUCTION

### 1. Program Summary

#### a. Goals and Requirements

The Income Support for Rent-Burdened At-Risk Seniors and Persons with Disabilities Program (Income Support Program) provides income assistance to Acutely Low Income (ALI), Extremely Low Income (ELI), and Very Low Income (VLI) renters<sup>1</sup> — specifically, rent-burdened households with seniors and/or persons with disabilities that are at risk of homelessness<sup>2</sup> — in order to prevent them from being displaced from their home.

The Income Support Program is intended to be implemented in coordination with other United to House LA (ULA) Homelessness Prevention Programs and other services focused on eviction prevention and promoting housing stability. These Income Support Program Guidelines shall apply to ULA-funded activities related to the implementation of the Income Support Program by the City, including activities conducted by City Departments or any Contracting Partners that may be procured consistent with *Section 5* of these Guidelines.

The goals of the Income Support Program are to prevent displacement and foster housing stability for lower income, rent-burdened, at-risk seniors and/or persons with disabilities by mitigating the effects of income instability on those households through the provision of income support. This Income Support Program will build on the BIG:LEAP program, the City's pilot guaranteed basic income program, contributing to the further research and understanding of the impacts of basic income programs, supplementing work that is being done at the federal and state levels. In this way, the Program seeks to uplift the city's most vulnerable residents out of poverty, connect them to the vast network of resources, aid them in their path to financial security, stabilize their housing, and ultimately increase their overall health and well-being.

#### b. List of subprograms or activities

Consistent with the ULA measure and ordinance, the Income Support Program is a financial assistance program for rent-burdened ALI, ELI, and VLI households with seniors or people with disabilities that are at risk of homelessness. The Program provides direct cash assistance to qualifying tenants. Priority eligibility is established in *Section 3.3* of these Income Support Guidelines. Promotion of the Income Support Program will be coordinated with other ULA Homelessness Prevention Programs.

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<sup>1</sup> Income categories are defined by the California Health and Safety Code.

<sup>2</sup> "At-risk of homelessness" is defined as households with past due rent or an eviction warning notice, Unlawful Detainer filing, unsafe or unhealthy living conditions, or any other household debts that serve as evidence of such risk, or that meets the definition under § 576.2 of the ESG Program Interim Rule and § 578.3 of the CoC Program Interim Rule.

## **2. Context**

The ULA measure and ordinance requires ten percent (10%) of the annual ULA Program revenue be dedicated to the Income Support Program as a core strategy to prevent homelessness.

According to the 2022 American Community Survey (ACS) 5-year estimate, there are approximately 886,998 renter households in the City, with an estimated 130,000 (14.6%) having a member who is a senior, of which an estimated 83,000 senior renters are rent burdened. While there are existing programs that provide cash and supportive services to some seniors in the City of Los Angeles (an estimated 1,000 seniors receive Los Angeles County General Relief,<sup>3</sup> most of whom are homeless; 64,000 seniors receive In-Home Supportive Services, and 35,000 seniors receive Supplemental Security Income<sup>4</sup>), it is rarely enough to ensure stable housing.

As of March 31, 2024, approximately 24,000 eviction cases are filed each year in the City, disproportionately targeting Black and Latinx tenants, especially seniors and persons with disabilities, with many resulting in homelessness. As of May 2024, approximately 4,000 seniors in the City are homeless on any given night,<sup>5</sup> imposing extreme hardship on the person unhoused and substantial costs on local and state governments, including but not limited to the costs of emergency shelter, interim and long-term housing, hospital-backed health care, and transportation costs.

Most tenants' inability to pay rent is triggered by the confluence of several factors, including but not limited to, rising housing costs, low and/or fixed income, age and/or disability which strongly correlate with housing instability. The Income Support Program is intended to prevent the potentially disruptive consequences of these factors by providing direct cash assistance to qualifying rent-burdened at-risk seniors and/or persons with disabilities.

## **3. Commitment to Racial Equity**

Existing data and scholarship confirm that Black, Latinx, and other communities of color are disproportionately affected by evictions and homelessness. These Income Support Program Guidelines acknowledge that this disproportionality is the result of generations of structural racism. Decades of land use policies, zoning practices, and the confluence of rising housing costs, low and/or fixed income, age, and disability have reinforced racial segregation, poverty, environmental injustice, and disinvestment that is manifested in the demographics of our contemporary homeless population.

As ULA seeks to combat homelessness through a variety of interventions, the implementation of the Income Support Program is specifically designed to promote racial equity, with a focus on preventing homelessness for rent-burdened at-risk seniors and

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<sup>3</sup> L.A. County General Relief payments are \$221 per month. Eligibility is limited to people whose monthly net income is less than \$221 per month.

<sup>4</sup> The maximum Supplemental Security Income payment is \$943 per month.

<sup>5</sup> 2024 City of LA Homeless Count.

<https://www.lahsa.org/documents?id=8152-city-of-los-angeles-hc2024-data-summary>

persons with disabilities by making direct cash assistance available to the City's most vulnerable communities.

Consistent with this commitment to promote racial equity, the Income Support Program is designed to be attuned to the needs and realities of historically marginalized communities, and how racism, as well as disability, transphobia, sexism, and other tenant experiences affect the vulnerability of a tenant, and their experiences.

#### **4. Program Metrics**

The Program Administrator and Contracting Partners will, on an ongoing basis, collect information and metrics in alignment with the ULA measure and ordinance reporting requirements and in a manner that supports the evaluation of long-term impacts and outcomes for the Income Support Program. To the extent feasible, this information includes but is not limited to, number of applications filed and approved, number of households supported, and amount of income support provided. Wherever relevant, data shall be disaggregated by race, family composition, sexual orientation, age, ability, gender, and location (address, zip code, and Council District).

<b>Goal</b>	<b>Metrics</b>
Provide housing stability to lower income rent-burdened households with seniors and/or persons with disabilities by mitigating the effects of being At-Risk of homelessness, through the provision of direct cash assistance.	<ul style="list-style-type: none"><li>• Number of applications filed in the Income Support Program portal</li><li>• Number of Applications for Income Support Program approved</li><li>• Number of Applications for Income Support that did not receive funding</li><li>• Average household income of approved applications for Income Support Program funding</li><li>• Average amount of funding</li></ul>

Consistent with *Section 5.3* of these Income Support Program Guidelines, The Los Angeles Housing Department (LAHD) shall analyze these metrics and participant data annually and provide a summary of its analysis to the ULA Citizens Oversight Committee (COC) to allow for an assessment of whether the Income Support Program is meeting its goals and priorities.

#### **5. Branding**

LAHD, in collaboration with the ULA COC, shall develop and implement a plan to include ULA branding on all program materials. This shall include digital and paper materials, signage (e.g., at public workshops or construction sites), and permanent branding on/in housing funded by Measure ULA (e.g., a permanent sign or plaque).

## **SECTION 1: PROGRAM ADMINISTRATION**

### **1.1 Program Administrator**

The City shall administer the Income Support Program. The LAHD General Manager, or designee, shall be designated as the primary Income Support Program Administrator (Program Administrator), and may collaborate with other key City Departments, including the Department of Aging (DOA), the Department of Disability (DOD) and the Community Investment for Families Department (CIFD). At their discretion, the LAHD General Manager may delegate and/or revoke administrative responsibilities to Contracting Partners and/or appropriate partner City Departments.

### **1.2 Selection Process**

The Income Support Program is to be administered by LAHD, partner City Departments, and any designees, consistent with *Section 1.1* above. Any program partners or outside entity charged with implementing any portions of the Program, including the Contracting Partners, shall be procured as described in *Section 5*.

## **SECTION 2: GENERAL PROVISIONS**

### **2.1 Eligible Participants**

The Income Support Program shall serve tenants (inclusive of individual tenants and tenant households) in the City seeking direct cash assistance. Eligible Participants must meet all of the following criteria:

1. Household must reside in the City of Los Angeles and continue to reside in the City throughout the duration of assistance.
2. One or more individuals within the household must be a Senior and/or a Person with Disability, defined as follows:
  - a. Senior – a person who is at least 65 years of age or older at the time of application.
  - b. Person with Disability – a person who has a physical or mental impairment that substantially limits one or more major life activities, such as hearing, seeing, speaking, walking, breathing, performing manual tasks, caring for oneself, learning, or working.
3. Gross household income must be at or below 50% of the Area Median Income (AMI), as of December 31st of the year prior to the application date, as defined by California Health and Safety Code.



4. Household must have experienced being rent-burdened, defined as paying more than 30% of total household income for rent each month, as of December 31st of the year prior to the application date.
5. Household must attest to being At-Risk of Homelessness, as defined below:
  - a. At-Risk of Homelessness – a household with past due rent or an eviction warning notice, Unlawful Detainer filing, unsafe or unhealthy living conditions, or any other household debts that serve as evidence of such risk, or that meets the definition under § 576.2 of the ESG Program Interim Rule and § 578.3 of the CoC Program Interim Rule.

Eligible Participants shall not include landlords, master tenants, or homeowners.

## **2.2 Eligible Forms of Funding**

Funding shall be allocated in the form of direct cash assistance to Eligible Participants, consistent with the Program Requirements described in *Section 3*. Funding may also be expended to facilitate Eligible Activities, as further defined and discussed in *Section 2.3*, through contracts, purchase orders, and other contracting mechanisms that are consistent with City requirements and approved by the Program Administrator.

At its discretion, the Program Administrator, the Mayor, or the City Council may seek to allocate additional funding for this Income Support Program, including but not limited to potential grants, consistent with the City's general restrictions and requirements. Any additional funding allocated to these Program activities shall not change or limit in any way how ULA funding is allocated or administered.

## **2.3 Eligible Activities**

Eligible Activities of the Income Support Program are limited to the payment of direct cash assistance, in the form of unrestricted income support, to Eligible Participants.<sup>6</sup> Program activities may additionally include benefits counseling services with qualified service providers and Contracting Partners, as well as referrals to case management and/or navigation services, for the purposes of assisting Eligible Participants with enrollment in other social services programs. Additional detail regarding these activities is provided in *Section 3.1, Scope of Services*.

Activities not identified in this *Section 2.3* may still be determined to be Eligible Activities consistent with the Income Support Program, subject to the discretion of the Program Administrator.

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<sup>6</sup> These Income Support Program Guidelines acknowledge that disbursements made directly to tenants may result in unintended benefit reduction consequences for those tenants, though conclude that the competing priority of ensuring tenants avoid being at-risk is paramount. Direct disbursements to tenants shall be transmitted with an acknowledgement of potential benefit reduction consequences, and wherever possible, paired with benefits counseling resources.

## **2.4 Ineligible Activities**

Any provision of services to landlords or property owners, is expressly prohibited under this Program.

City employees and their direct family members, or the employees or direct family members of any party contracting with the Program Administrator to support the administration of the program, are ineligible for participation in the Income Support Program. For the purposes of this prohibition, “direct family members” shall be defined as any dependents, household members, parents, siblings, or spouses, or any other such family member as defined by applicable City regulations. Any Application or potential disbursement of funds to City employees and/or their direct family members, or the employees or direct family members of any party contracting with the Program Administrator to support administration of the program, shall be considered an Ineligible Activity warranting rejection of an application.

Current and prior applicants who submit fraudulent or altered documentation or information will automatically become ineligible for the program.

## **2.5 Program Funding – Caps and Limits**

The ULA measure and ordinance allocates ten percent (10%) of overall annual program revenue to the Income Support Program. Funding allocated to the Income Support Program shall be apportioned and prioritized for the Eligible Activities identified in these guidelines subject to the approval, discretion, and delegation of the Program Administrator.

Any household receiving funding disbursement consistent with these Income Support Program Guidelines is limited to receiving no more than the total maximum amount of cash assistance as established for that Application Period. In collaboration with the ULA COC, LAHD shall also establish disbursement minimums based on market factors, available funds, and demand, to be adjusted at least every three (3) years.

## **2.6 Timing and Frequency of Awards**

Eligible Participants shall submit applications for Income Support Program funding (Applications) through a web-based portal established by the Program Administrator, its designee, or its Contracting Partners (Application Portal). The Application Portal shall be accessible in multiple languages.

Subject to the same time limitations further identified in this *Section 2.6*, the Program shall also accept Applications through modes and mediums other than the Application Portal, including by phone and at physical locations where the tenant may be provided assistance completing the Application. Representatives at physical locations shall provide additional technical assistance to help applicants in completing their application.

Contingent on available funding, the Program Administrator may establish multiple application periods per year, or may accept applications on a rolling basis, during which time Applications may be accepted (Application Period). The length of each Application Period shall be defined prior to its commencement. Contingent on funding availability, the program

may accept applications on a rolling basis. In such an event, the Application Period shall be considered indefinite.

### **SECTION 3: PROGRAM REQUIREMENTS: SERVICES AND FUNDING PRIORITIES**

#### **3.1 Scope of Services**

The Program Administrator, and any other entity it contracts with for these purposes, shall effectuate these guidelines and provide services necessary for the execution and performance of the Eligible Activities identified in *Section 2.3* of these Income Support Program Guidelines.

##### Funding Disbursements

Payments shall be made directly to the Eligible Participant, upon verification of eligibility criteria and selection based on Funding Priorities described in *Section 3.3*. The Income Support Program will provide a one-time payment or recurring monthly payments, in an amount to be determined prior to the onset of each Application Period. Contingent on ultimate implementation design and funding availability, total disbursements may be limited to a one-time payment, or a period ranging from twenty-four (24) to sixty (60) months, or may be provided to the Eligible Participant for an indefinite period.

Payment amounts described above will be adjusted annually to account for inflation using the Consumer Price Index (CPI-U) for the Los Angeles-Long Beach-Anaheim area, or, if such index ceases to be published, using an equivalent index chosen by the Program Administrator.

##### Benefits Counseling

Eligible Participants selected to receive Income Support payments shall be provided access to benefits counseling services in advance of receiving payments, and as needed, throughout enrollment. Benefits counseling will ensure participants are sufficiently aware of the impact of the cash payments on their continued eligibility for existing public benefit programs, and allow participants to make informed decisions about participating in the Income Support Program.

In addition, interested participants shall be intentionally and proactively referred to other public benefits and social services programs for which they may be eligible, in order to access additional resources. Participants may be referred to other programs that include assistance with case management, food, transportation, employment, mental and physical health services, legal services, and housing navigation.

Counseling shall be accessible to every program participant; full language access and reasonable accommodations shall be provided via appropriate interpretation, modification and/or facilitation of these services to ensure equal access. This service may use ULA funds or new or existing alternative sources.

### **3.2 Program Budget**

ULA allocates ten percent (10%) of overall annual program revenue to the Income Support Program. Funding will be allocated consistent with *Sections 2.3 and 3.1* of these Income Support Program Guidelines. Funding allocated to the Income Support Program shall be apportioned and prioritized for the Eligible Activities identified in these guidelines subject to the approval, discretion, and delegation of the Program Administrator.

### **3.3 Funding Priorities**

Funding allocated to the Income Support Program shall be apportioned and prioritized for the Eligible Activities identified in these Income Support Program Guidelines subject to the approval, discretion, and/or delegation from the Program Administrator.

#### Use of Funds

As provided in *Section 2.1* of these Guidelines, Eligible Participants for the Income Support Program shall include rent-burdened households with seniors and/or persons with disabilities that are acutely low income, extremely low income, or very low income, and are at-risk of becoming homeless.

Within these parameters, Applications for direct cash assistance submitted consistent with *Section 2.6* of these Income Support Program Guidelines will be reviewed and evaluated based on the Priority Factors identified below in order to establish application priority. Prior to the commencement of each Application Period, the Program Administrator and ULA Citizens Oversight Committee (COC) shall establish a weighting methodology for the purposes of ranking the Priority Factors. Disbursement of Income Support Program funding shall prioritize Applications from Eligible Participants based on the Priority Factors.<sup>7</sup>

Priority factors shall include, but are not limited to:

- Tenant households with income at/or below 30% AMI.
- Tenant households that are severely rent burdened, defined as paying more than 50% of total household income for rent each month.
- Tenant households that have an open case with the City Department of Aging, or the City Department of Disability, or the State of California Adult Protective Services agency.
- Tenant households residing in units located in high displacement risk ZIP codes.
- Tenant households with a prior history of homelessness.
- Tenant households with long-term tenancies (at least six continuous years) in rental units subject to the City's Rent Stabilization Ordinance (RSO).
- Tenant households residing in units that are deed-restricted affordable units, or other subsidized affordable housing.
- Tenant households that are receiving housing choice vouchers.
- Tenant households with a history of eviction or pending/active eviction notices.

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<sup>7</sup> If the Program Administrator and COC do not establish a new weighting methodology for prioritization prior to an opening of an Application Period, the previous approved methodology shall remain in effect.

The COC may, in its discretion, recommend additional factor(s), consistent with findings from periodic Needs Assessments required per Los Angeles Administrative Code Section 22.618.6(c)(2) and program reporting, in order to better align the Program Guidelines with areas of identified high need and better achieve the goals of ULA, as provided in Los Angeles Administrative Code Section 22.618.6(c)(10). Inclusion of additional factor(s) at that time shall have the effect of amending this *Section 3.3* of these Income Support Program Guidelines, with additional factor(s) carried forward as Priority Factor(s) in subsequent Application evaluations, unless 1) the COC subsequently removes that factor(s), or 2) in implementing the factor(s), the COC establishes a sunset period for that factor(s) at that time.

The COC may consider establishing Income Support Program Priority Factors in tandem with Short-Term Emergency Assistance Program priorities to maximize strategies to prevent homelessness and displacement of the City's most vulnerable demographics and populations.

#### **SECTION 4: IMPLEMENTATION PLAN**

The Program Administrator shall identify the number and required level of experience of necessary staff to administer the day-to-day responsibilities of the Income Support Program, and seek to fill those positions expediently. Further, the Program Administrator shall identify opportunities to synergize, collaborate, and/or consolidate implementation of the Income Support Program with other City departments, County of Los Angeles departments, and the Los Angeles Homeless Services Authority (LAHSA). Lastly, the Program Administrator shall also work with appropriate partners to understand how to minimize negative impacts on publicly funded benefits including but not limited to Medi-Cal, Medicare, CalFresh, General Relief, and/or Supplemental Security Income, and work to ensure those negative impacts are minimized through Program design and delivery. Upon availability of funds, adoption of these Income Support Program Guidelines, fulfillment of staffing needs, identification of appropriate partnerships with LAHSA and other County departments, and mechanism to minimize negative impacts on benefits, the Program Administrator shall finalize Program implementation parameters and identify a date for the Application Period to open.

#### **SECTION 5: CONTRACTUAL SERVICES**

At its discretion, the Program Administrator may contract some or all of the responsibilities necessary to effectuate these Income Support Program Guidelines to a third party program administrator, or Contracting Partner(s). Any procurement activities shall be conducted consistent with the City Administrative Code and relevant City and Department policies. Upon completion of any existing contract term, the Program Administrator may consider extending the term of that contract consistent with the terms of the existing agreement or conducting a competitive bid for Income Support Program services, consistent with the City's competitive bidding requirements.

## **5.1 Evaluation and Selection Process**

Should the Program Administrator delegate contract responsibilities to a third party, the award of any contract for Income Support Program services shall be based on a best value competitive bid. Prior to release of a Request for Proposals (RFP), the Program Administrator shall establish a scoring system assigning values to the following criteria (at minimum), and rating responses to proposals accordingly:

- 1) Experience and approach to providing services set forth in *Sections 2.3 and 3.1* of these Income Support Program Guidelines.
- 2) Experience with and approach to providing services to similar communities as those that would receive income support and services under these Income Support Program Guidelines.
- 3) A cost proposal for solicited services.

The COC may consider recommending an integrated RFP process that allows service providers to bid for multiple Homelessness Prevention Programs under the same ULA-funded contract.

## **5.2 City Living Wage Ordinance**

All contractors shall comply with the Living Wage Ordinance, Los Angeles Administrative Code Section 10.37 et seq., as amended from time to time. Contractors further shall agree to comply with federal law proscribing retaliation for union organizing. Any subcontract entered into by a contractor for work to be performed under these Program Guidelines must include an identical provision.

## **5.3 Data Collection and Reporting**

Consistent with *Section 4* of the *Introduction* to these Income Support Program Guidelines, information regarding the number of applications filed (and approved) in the Income Support portal, the amount of funding disbursed subject to approved applications, and other related metrics shall be compiled and provided to the COC within ninety (90) days after the closure of an Application Period.

Should the Program Administrator, at any time, accept Applications on a rolling basis, the information identified in this *Section 5.2* shall be compiled and provided every ninety (90) days during pendency of that rolling Application Period, and within ninety (90) days after the closure of that rolling Application Period.

This information includes, but is not limited to:

- Number of applications filed in the Income Support Program portal.
- Number of Applications for Income Support Program approved.
- Number of Applications for Income Support that did not receive funding.

*ULA Income Support Program Guidelines*  
*Approved by City Council on December 10, 2024*

- Average household income of approved applications for Income Support Program funding.
- Average amount of funding.

In addition to ongoing program reporting, the Program Administrator may conduct additional Program evaluation, including partnering with researchers or academic institutions to study and assess the long-term impacts of the Program on participants and their outcomes.

# ULA EVICTION DEFENSE AND PREVENTION PROGRAM GUIDELINES

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A. United to House LA Measure



## **INTRODUCTION**

### **1. Program Summary**

#### **a. Goals and Requirements**

The Eviction Defense and Prevention Program is a right-to-counsel program that seeks to prevent homelessness and to promote housing stability by providing legal representation and other legal services, including tenants' rights education, to eligible tenants facing eviction. The Eviction Defense and Prevention Program is intended to be implemented consistent with and in coordination with other United to House LA (ULA) Homelessness Prevention Programs.

These Eviction Defense and Prevention Program Guidelines are applicable to Los Angeles Housing Department (LAHD)-administered ULA-funded programs and any and all programs funded with ULA "Eviction Defense/Prevention"<sup>1</sup> program funding.<sup>2</sup>

The goals of the Eviction Defense and Prevention Program are to:

- Provide Full Scope Legal Services, as defined in *Section 3.1* of these Eviction Defense and Prevention Program Guidelines, to low-income tenants in eviction proceedings
- Provide Limited Scope Legal Services, as defined in *Section 3.1* of these Eviction Defense and Prevention Program Guidelines, to low-income tenants not eligible to receive Full Scope Legal Services
- Increase tenant awareness of their rights and responsibilities

#### **b. List of subprograms or activities**

Consistent with the ULA measure and ordinance, the Eviction Defense and Prevention Program is a right-to-counsel program designed to complement other ULA Homelessness Prevention Programs by ensuring that eligible tenants have access to legal resources to prevent and defend evictions. These Eviction Defense and Prevention Program Guidelines implement two tiers of legal services: 1) Full-scope services which include but are not limited to defending a tenant throughout the legal process after an eviction complaint has been filed by their landlord or a housing authority termination of

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<sup>1</sup> Los Angeles Administrative Code Section 22.618.3 (d)(2)(ii)(a).

<sup>2</sup> At the time of the drafting of these Eviction Defense and Prevention Guidelines, LAHD is under contract with Stay Housed LA (which includes Legal Service Providers), which may one day be funded to implement this program. These Eviction Defense and Prevention Guidelines are intended to be read as consistent with Stay Housed LA's existing contractual obligations. If these Eviction Defense and Prevention Guidelines conflict with an existing contractual obligation, including a contract with StayHousedLA, that conflict shall not be deemed a material breach of any obligation. Notwithstanding the foregoing, these Eviction Defense and Prevention Guidelines are applicable to any subsequent contract with any party funded by ULA's Eviction Defense/Prevention program funds.

subsidized housing; and, 2) Limited-scope services which are shorter-term services that include consultation or legal clinic support that seeks to prevent an eviction complaint from being filed in the first place, as well as pro per assistance to assist tenants advocating for or representing themselves in an eviction action.

Full Scope Legal Services are provided by attorneys and staff who represent tenants in Unlawful Detainer eviction proceedings or subsidized housing terminations. Until there are sufficient resources available to provide Full Scope Legal Services to all eligible low-income tenants in the City facing eviction, the program prioritizes tenants living in zip codes that are at higher risk of eviction. As more resources become available, the program will expand Full Scope Legal Services to more zip codes, according to eviction risk, until all City zip codes are covered.

Limited-scope legal services include clinics that enable and empower tenants to address eviction complaints and prepare for eviction proceedings and prevention legal services. Limited Scope Legal Services will be available to qualifying tenants residing in all zip codes.

## **2. Context**

The ULA measure and ordinance requires ten percent (10%) of annual tax revenue to be “allocated to fund a right-to-counsel program” to provide housing-related legal services to Lower Income household(s).<sup>3</sup> The Eviction Defense and Prevention Program is that program.

According to the 2022 American Community Survey (ACS) 5-year estimate, there are approximately 886,998 renter households in the City, and approximately 2,245,299 people are renters. Of those renters, approximately 54% of tenants are rent-burdened, and 29% are severely rent-burdened.<sup>4</sup> As of March 31, 2024, approximately 24,000 eviction cases are filed each year in the City. Black and Latinx tenants, especially female head of households, are disproportionately impacted by evictions in the City. Evictions that ultimately lead to homelessness create significant costs for local and state governments, including but not limited to the costs associated with providing emergency shelter, interim and long-term housing, hospital-based health care, and transportation costs, which can also result in increased costs associated with child dependency and incarceration of unhoused family members.

Providing counsel and legal services to defend and prevent evictions has proven to prevent the disruptive displacement of families that results in social, economic, and public health costs. Preventing these costs helps to mitigate and reduce the serious threats to the public health, safety, and general welfare of residents in Los Angeles caused by displacement and

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<sup>3</sup> Los Angeles Administrative Code, Section 22.618.3 (d)(2)(ii)(a).

<sup>4</sup> Rent burden data from 2023 Comprehensive Housing Affordability Strategy (CHAS) estimates.

eviction. Accordingly, the Eviction Defense and Prevention Program is a core component of ULA's Homelessness Prevention Program.

### **3. Commitment to Racial Equity**

Existing data and scholarship confirms that Black, Latinx, and other communities of color are disproportionately affected by homelessness. These Eviction Defense and Prevention Program Guidelines acknowledge that this disproportionality is the result of generations of structural racism. Decades of land use policies and zoning practices have reinforced racial segregation, poverty, environmental injustice, and disinvestment that is manifested in the demographics of our contemporary homeless population.

As ULA seeks to combat homelessness through a variety of interventions, the implementation of the Eviction Defense and Prevention Program is specifically designed to promote racial equity, with a focus on preventing homelessness by preventing eviction in the City's most vulnerable communities, both because of their historic mistreatment and because of the modern currents of gentrification, which manifests in a disproportionate number of tenants of color being evicted.

Consistent with this commitment to promote racial equity, the Eviction Defense and Prevention Program is designed to be attuned to the needs and realities of historically marginalized communities, and how racism, as well as disability, transphobia, sexism, and other tenant experiences, affect the vulnerability of a tenant and their experiences. To this end, until sufficient resources are available to provide a right-to-counsel to all eligible tenants facing eviction, the Eviction Defense and Prevention Program prioritizes full-scope legal services for renters living in zip codes that are at higher risk of eviction, which tend to have a strong correlation to historically marginalized communities.

Further, legal services providers (LSPs) or other entities receiving ULA funding to implement this program are encouraged to hire staff and partner with organizations that are reflective of the target populations that will be served, to best ensure that the Eviction Defense and Prevention Program is responsive to the community context.

#### **4. Program Metrics**

LSPs shall collect program metrics and participant data in alignment with the ULA measure and ordinance reporting requirements and in a manner that supports the evaluation of long-term impacts and outcomes for the Eviction Defense and Prevention Program, and shall continuously track and report data and metrics identified on the chart below. To the extent feasible, LSPs shall regularly report the status of legal proceedings and the outcomes associated with legal services provided, and any umbrella entity that subcontracts with LSPs will be required to collect this reporting and submit to LAHD on a regular basis.

<b>Goal</b>	<b>Metrics</b>
As part of a right-to-counsel program, provide Full Scope Legal Services to qualifying low-income tenants in eviction proceedings.	<ul style="list-style-type: none"> <li>• Number of displacements and evictions as compared to previous years.</li> <li>• Outcomes of Unlawful Detainer and eviction cases.</li> <li>• Number of tenants provided case management services.</li> <li>• Number of clients assisted with Full Scope Legal Services.</li> <li>• Number of Unlawful Detainer cases, and outcomes, where LSPs were engaged and provided Full Scope Legal Services.</li> <li>• Amount of rental assistance paid and the number of instances in which rental assistance was paid to settle Unlawful Detainer and eviction cases.</li> <li>• Number of subsidized housing termination hearings.</li> </ul>
Provide Limited Scope Legal Services to low-income tenants not eligible to receive Full Scope Legal Services.	<ul style="list-style-type: none"> <li>• Number of clients assisted with Limited Scope Legal Services.</li> <li>• Specific types of Limited Scope Legal Services engaged in by LSPs.</li> </ul>
Increase tenant awareness of their rights and responsibilities.	<ul style="list-style-type: none"> <li>• Number of Tenant Education workshops, clinics, and other educational events held, as defined in the Tenant Outreach and Education Program Guidelines, participated in by LSPs.</li> </ul>

Consistent with *Section 5.2* of these Eviction Defense and Prevention Program Guidelines, LAHD shall analyze these metrics and participant data annually and provide a summary of its analysis to the COC to allow for an assessment of whether the Eviction Defense and Prevention Program is meeting its goals and priorities.

## **5. Branding**

LAHD, in collaboration with the ULA COC, shall develop and implement a plan to include ULA branding on all program materials. This shall include digital and paper materials, signage (e.g., at public workshops or construction sites), and permanent branding on/in housing funded by Measure ULA (e.g., a permanent sign or plaque).

## SECTION 1: PROGRAM ADMINISTRATION

### 1.1 Program Administrator

LAHD shall administer the Eviction Defense and Prevention Program, with the LAHD General Manager, or designee, designated as the Eviction Defense and Prevention Program Administrator. At their discretion, the LAHD General Manager shall be empowered to delegate and/or revoke administrative responsibilities over the Eviction Defense and Prevention Program to participating LSPs and/or appropriate LAHD staff.

### 1.2 Selection Process

The Eviction Defense and Prevention Program is to be administered by LAHD's General Manager, or designee, consistent with *Section 1.1* above, and implemented by LSPs as further discussed in *Section 2* of these Eviction Defense and Prevention Program Guidelines. Should LAHD delegate administrative responsibilities over the Eviction Defense and Prevention Program to any outside party, such a determination shall be made consistent with LAHD and City policy, and with *Sections 1.1* and *1.2* of these Eviction Defense and Prevention Program Guidelines amended as required and appropriate.

## SECTION 2: GENERAL PROVISIONS

### 2.1 Eligible Participants and Grantees

Eligible Participants: The Eviction Defense and Prevention Program shall serve tenants (inclusive of individual tenants and tenant households) in the City of Los Angeles. The Eviction Defense and Prevention Program does not apply to or extend to, landlords, homeowners, or building owners. All tenants in the City that are low-income households, at or below 80% of the Area Median Income (AMI), that do not reside in the same dwelling as their landlord are considered *Eligible Participants* for the Eviction Defense and Prevention Program and may receive legal services and/or assistance consistent with the Eviction Defense and Prevention Program. Tenants requesting legal services shall fill out an application to the program to assess eligibility (see *Section 6* of these Eviction Defense and Prevention Program Guidelines).

For the Eviction Defense and Prevention Program, *Eligible Participants* include both *Covered Tenants* (those who live in zip codes where Full Scope Legal Services are being provided), and *Non-Covered Tenants* (those who live outside of zip codes where Full Scope Legal Services are being provided but are still eligible to receive Limited Scope Legal Services). *Covered Tenants* who do not receive Full Scope Legal Services are also eligible to receive Limited Scope Legal Services. *Non-Covered Tenants* may, at the discretion of the LSP, receive Full Scope Legal Services depending on capacity.

As further described below, the provision of Full Scope Legal Services will be phased in by zip code over a five-year period, contingent on funding availability. Prioritization of zip codes for the purposes of phasing in Full Scope Legal Services shall be subject to the discretion of LAHD, or its designee, based on relevant factors including but not limited to:

- Prioritization of certain groups of vulnerable individuals in zip codes utilizing the City of Los Angeles' forthcoming anti-displacement mapping tool to identify and predict existing and future direct and indirect displacement risks as part of LAHD's efforts to implement goals, policies, and objectives of the Eviction Defense and Prevention Program Guidelines;
- Availability of funding from all eligible sources;
- Availability of trained and qualified attorneys to provide legal representation;
- Geographic considerations vis-a-vis shared zip codes with other jurisdictions;
- Scope of the need for legal representation; and
- Other appropriate logistical considerations.

LAHD or its designee may, at its discretion, further study the projected need for eviction defense services to inform geographic prioritization and availability of LSPs in those areas. Depending on the level of resources available relative to the projected level of need, LAHD or its designee may consider evaluating additional or alternative prioritization criteria to implement limited resources.

Eligible Grantees: Eviction Defense and Prevention Program funding may be disbursed to designated nonprofit LSPs, either directly or through umbrella entities sub-contracting with nonprofit LSPs. Participating LSPs are chosen subject to the terms of *Section 5* of these Eviction Defense and Prevention Program Guidelines.

To provide services under the Eviction Defense and Prevention Program, an LSP must be designated to do so by LAHD, or its designee. As a requirement for designation, an LSP shall demonstrate substantial experience and effectiveness in defending renters in Unlawful Detainer eviction actions, preventing evictions from being filed, and in administering rental assistance to resolve evictions. In addition, an LSP shall provide documentation demonstrating incorporation as a 501(c)(3) nonprofit organization in good standing.

Subject to the preceding requirements for designation, LSPs may be non-profit organizations that contract directly with LAHD, or contract with LAHD through an umbrella entity serving as its designee, to provide full or limited-scope legal services to Covered Tenants. Any designated LSP may provide limited scope legal services to Non-Covered Tenants as directed by LAHD or its designee, consistent with terms of their contracts executed with LAHD and/or the umbrella entity.

LAHD, or its designee, shall conduct an annual review of all LSPs and may decline to renew the designation of any such organization.

## **2.2 Eligible Forms of Funding**

The ULA measure and ordinance allocates ten percent (10%) of overall annual program revenue for a right-to-counsel Eviction Defense and Prevention Program. LAHD may seek and allocate additional funding for this Eviction Defense and Prevention Program, including but not limited to potential grants, consistent with LAHD's general restrictions and requirements but that additional funding shall not change or limit in any way how the ULA funding is allocated or administered.

Funding may be expended to facilitate eligible activities (further defined and discussed in *Section 2.3*) through contracts, purchase orders, and any other contracting mechanism consistent with City requirements.

## **2.3 Eligible Activities**

Eligible right-to-counsel program activities of the Eviction Defense and Prevention Program include the provision of Full Scope Legal Services, the provision of Limited Scope Legal Services, and the disbursement of rental assistance to resolve evictions. Eligible activities may also include participation in a pilot program implemented for the purposes of pre-litigation filing dispute resolution or mediation. Eligible activities include any Eviction Defense and Prevention Program activity administered in coordination with or supplementary to any Homelessness Prevention Program, including, but not limited to, participating in workshops, clinics, and/or events consistent with the Tenant Outreach and Education Program and any activities requiring the assistance of LSPs in furtherance of the goals and objectives of the Protections from Tenant Harassment Program. Activities not specifically identified within these Eviction Defense and Prevention Program Guidelines may still be determined to be eligible activities consistent with the Eviction Defense and Prevention Program, subject to the discretion of the COC, LAHD General Manager, or its designee. Additional detail regarding these activities is provided in *Section 3.1, Scope of Services*.

## **2.4 Ineligible Activities**

Any provision of services to landlords or property owners is expressly prohibited under this Program.

## **2.5 Timing / Frequency of Awards**

Notwithstanding the fact that Measure ULA funds are allocated annually, LAHD may execute multi-year contract(s) with designated LSPs, or an umbrella entity administering LSP service provision, for the implementation of eligible activities identified in *Sections 2.3* and *3.1*.



## **SECTION 3: PROGRAM REQUIREMENTS: SERVICES AND FUNDING PRIORITIES**

### **3.1 Scope of Services**

Designated LSPs shall provide services necessary for the execution and performance of the Eligible Activities identified in *Section 2.3* of these Eviction Defense and Prevention Program Guidelines.

#### **Full Scope Legal Services**

Full Scope Legal Services is ongoing legal representation, inclusive of all legal advice, advocacy, and assistance associated with that representation, provided by an LSP to a Covered Tenant in any (or, as determined by LAHD, the functional equivalent of an) Unlawful Detainer or judicial proceeding to terminate the tenancy of a Covered Tenant or any appeal of such a proceeding where an LSP determines that there are good grounds for an appeal. Full Scope Legal Services include, but are not limited to:

- Preparation and submission of a formal response to a notice of termination of tenancy on behalf of a tenant.
- Representation of a tenant in mediation, negotiation, or other dispute resolution between a tenant and a landlord.
- Legal research, investigation, and/or document review in preparation for trial or any other judicial proceeding.
- Representation of tenants at an Unlawful Detainer trial, settlement negotiations, or any administrative proceedings that may result in the termination of a tenancy or the loss of a federal, state, or local rent subsidy.
- Provision of 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.
- Out-of-court assistance with mediation, negotiation, and/or other dispute resolution between a tenant and a landlord, including negotiating rental assistance.
- Any other service ordinarily provided by an attorney or otherwise contracted legal service provider, reasonably related to preventing a tenant from eviction or disruptive displacement.

#### **Limited Scope Legal Services**

Limited Scope Legal Services is legal consultation/advice, assistance with filing or completing forms in pro per (self-representing proceedings), and/or referrals provided by a LSP to a Non-Covered Tenant. In addition to the direct services provided to Non-Covered Tenants specified below, Limited Scope Legal Services may also include the facilitation of in-person and virtual clinics that enable tenants to answer eviction complaints and prepare for eviction trials. Limited Scope Legal Services may include, but is not limited to:

- One-on-one consultations in-person, via phone, virtual meetings, or videoconference.
- Preparation of a formal response to a Notice to Terminate Tenancy on behalf of a tenant.
- Assistance with preparation of responsive eviction pleadings, such as answers and fee waiver forms on behalf of a pro per tenant.
- Other pro per trial preparation assistance.
- Enforcement of existing ordinances and local executive orders through such means as drafting demand letters to landlords.
- Counsel and advise on housing matters including but not limited to rent increases, tenant harassment, and landlord notices
- Requests for reasonable accommodations
- Determination that the three-day notice is in violation of any applicable laws and referring any potential violations to LAHD for investigation and any other appropriate action.
- Assisting tenants with LAHD complaints to ensure tenants receive responses to their issues and can file complaints with the appropriate City bureau, and for assistance with Tenant Navigation issues, as defined by the Tenant Outreach and Education Program Guidelines.
- Any other service ordinarily provided by an attorney or otherwise contracted legal service provider, reasonably related to preventing a tenant from eviction or displacement.

If it is determined a Non-Covered Tenant receiving Limited Scope Legal Services requires Full Scope Legal Services, the LSPs may at their discretion provide Full Scope Legal Services to a Non-Covered Tenant, pending availability of Full Scope Legal Services capacity.

### **Clinics and Workshops**

Consistent with other Homelessness Prevention Programs, including, but not limited to the Tenant Outreach and Education Program and the Protections from Tenant Harassment Program, the LSPs are responsible for educating tenants about their rights. LSPs shall work in conjunction with LAHD, entities LAHD deems appropriate, and other community-based organizations to provide legal expertise at workshops and clinics.

Where appropriate, providers will refer clients to services provided through other relevant ULA Programs, including the Tenant Outreach and Education Program.

### **Settlement Rental Assistance**

The Homelessness Prevention Program includes funding for LSPs to provide rental assistance in the form of financial settlement of eviction lawsuits. If, through the course of providing Full or Limited Scope Legal Services, an LSP determines that the case could be

favorably resolved for the tenant contingent upon a to-be-determined repayment of rental debt, the LSP will have the authority to offer up settlement terms, pending available funds. The amount available for settlements in any given year may vary depending on available ULA revenue and/or contractual terms between the LAHD and the LSPs. Accordingly, the facilitation and provision of Settlement Rental Assistance, in conjunction with an LSP's provision of Full Scope Legal Services or Limited Scope Legal Services shall be considered an *eligible activity* consistent with these Eviction Defense and Prevention Program Guidelines.

### **Pre-Litigation Filing Dispute Resolution or Mediation**

The COC, LAHD, or its designee may implement a Pre-Litigation Filing Mandatory Dispute Resolution/Mediation pilot program, allowing LSPs to represent tenants in dispute resolutions, mediations, or other structured negotiations with landlords. To be an eligible use of this funding, the pilot program's structured negotiations must occur prior to any commencement of eviction proceedings or the filing of an Unlawful Detainer action, and landlord participation is required before the landlord can commence eviction proceedings or file an Unlawful Detainer action. Should a Pre-Litigation Filing Dispute Resolution or Mediation pilot program as described above be implemented, during the pilot period, such services shall be within the ambit of Full Scope Legal Services available to Covered Tenants. At the conclusion of the pilot period, if the COC, LAHD, or its designee determines to include Pre-Litigation Filing Dispute Resolution/Mediation as eligible activities of the Eviction Defense and Prevention Program, it may, at its discretion, limit access to that activity to Covered Tenants or extend access to Non-Covered Tenants, based on resource availability.

## **3.2 Program Budget**

The ULA measure and ordinance allocates ten percent (10%) of overall annual program revenue for a "for a right-to-counsel program to provide housing-related legal services to Lower Income Household tenants threatened with eviction" that shall be the Eviction Defense and Prevention Program. Funding will be allocated for all services identified in *Sections 2.3* and *3.1*.

## **3.3 Funding Priorities**

Funding allocated to the Eviction Defense and Prevention Program shall be apportioned and prioritized for the eligible activities identified in Eviction Defense and Prevention Program Guidelines subject to the approval, discretion, and delegation of LAHD or its designee.

Consistent with *Sections 2.3* and *3.1* of these Eviction Defense and Prevention Program Guidelines, in addition to legal services, the Eviction Defense and Prevention Program authorizes LAHD, its designee, or LSPs to disburse one-time financial settlement assistance

to tenants or owners to facilitate agreements to prevent eviction, such as to pay back rent or deposits.

## **SECTION 4: IMPLEMENTATION PLAN**

The Eviction Defense Program was officially launched and began providing services on July 1, 2021. The City of Los Angeles partnered with Los Angeles County, as well as local community and legal service providers to keep City residents in their homes by providing information, services, and resources through the Stay Housed LA. The eligible activities identified in these Eviction Defense and Prevention Program Guidelines (*Sections 2.3 and 3.1*) are consistent with and intended to enhance the provision of services already being implemented by Stay Housed LA and its subcontractor LSPs and CBOs. The existing Stay Housed LA program is anticipated to continue to operate as implemented and as enhanced by these Eviction Defense and Prevention Program Guidelines. At the expiration of the existing contracts, a procurement process may be required, consistent with the City Administrative Code and any relevant City and LAHD policies.

## **SECTION 5: CONTRACTUAL SERVICES**

Implementation of the Eviction Defense and Prevention Program requires contracting with LSPs. All procurement activities must be conducted consistent with the City Administrative Code and any relevant City and LAHD policies. Upon the completion of any existing contract term for Stay Housed LA and/or any independently-contracted LSP, the COC and LAHD, pending approval of the City Council and Mayor, may 1) consider extending the term of that contract consistent with the terms of the existing agreement or 2) conducting a competitive bid for LSPs, consistent with the City's competitive bidding requirements.

### **5.1 Evaluation and Selection Process**

Award of a contract for services shall be based on a best value competitive bid. Prior to release of a Request for Proposals (RFP), LAHD shall establish a scoring system assigning values to the following criteria, and rating responses to proposals accordingly:

- 1) Experience with and approach to defending renters in Unlawful Detainer eviction actions, preventing evictions from being filed, and in administering rental assistance to resolve evictions.
- 2) Experience with and approach to providing related eviction defense and prevention services.
- 3) Experience with and approach to providing services to the communities anticipated to be targeted for Full Scope Legal Services.
- 4) Cost proposal for the solicited services.

The COC may consider recommending an integrated RFP process that allows service providers to bid for multiple Homelessness Prevention Programs under the same Measure ULA-funded contract.

## **5.2 City Living Wage Ordinance**

All contractors shall comply with the Living Wage Ordinance, Los Angeles Administrative Code Section 10.37 et seq., as amended from time to time. Contractors further shall agree to comply with federal law proscribing retaliation for union organizing. Any subcontract entered into by a contractor for work to be performed under these Program Guidelines must include an identical provision.

## **5.3 Data Collection and Reporting**

Consistent with *Section 4* (Program Metrics) of the Introduction to these Eviction Defense and Prevention Program Guidelines, information on the number of people served by this program, as well as outcomes where relevant, shall be collected and provided to the LAHD on a monthly basis. Wherever relevant, data shall be disaggregated by race, family composition, sexual orientation, age, ability, gender, and location (address, zip code, and Council District). This information includes, but is not limited to:

- Upon completion of representation, a summary of specific legal services provided to tenants, including: outcome (including sealed eviction record and administrative proceedings which may result in the termination or protection of a federal, state, or local rent subsidy), and benefits to the tenant (including extra time to move out and economic benefits such as fee waivers, relocation assistance, and waived back rent).
- Number of tenants Full Scope Legal Services provided to.
- Number of tenants Limited Scope Legal Services provided to.
- Number of households for whom extra time to move out, waived back rent, moving expenses, and/or other quantifiable outcomes are negotiated.
- Number of tenants who stay in place.
- Number of residents served by location, disaggregated and searchable by legal service provided, race, family composition, sexual orientation, age, ability, and gender.
- Number of Tenant Education workshops, clinics, and other educational events participated in by LSPs, by location.

Eviction Defense and Prevention Program metrics shall be analyzed annually to allow for an assessment of whether Measure ULA Programs are meeting their stated goals and accomplishing the priorities of the COC.

## **SECTION 6: APPLICATION PROCESS AND REQUIREMENTS**

Consistent with *Section 2.1* of these Eviction Defense and Prevention Program Guidelines, tenants requesting legal services shall fill out an application to assess eligibility. Eligibility determinations shall be made by Designated LSPs procured to provide Program services.

### **6.1 Eligible Applicants**

Eligible Applicants include Eligible Participants identified in *Section 2.1* of these Eviction Defense and Prevention Program Guidelines. All tenants in the City that are low-income households, at or below 80% AMI, are eligible to apply for and receive legal services and/or assistance from the Eviction Defense and Prevention Program. Consistent with *Section 2.1* of these Eviction Defense and Prevention Program Guidelines, the geographic consideration of the applicant's zip code will not affect their eligibility to receive Eviction Defense and Prevention Program services, but may be a distinguishing factor in whether the applicant, if otherwise eligible, will receive Full Scope Legal Services.

# **ULA TENANT OUTREACH AND EDUCATION PROGRAM GUIDELINES**

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A. United to House LA Measure

## **INTRODUCTION**

### **1. Program Summary**

#### **a. Goals and Requirements**

The Tenant Outreach and Education Program seeks to prevent homelessness by ensuring that tenants are educated about their rights, understand how to exercise their rights, and avail themselves of available resources. The Tenant Outreach and Education Program is designed to be synergistic with other United to House LA (ULA) programs and services that focus on eviction prevention, promote collaboration with Legal Service Providers, and draw upon and incorporate local expertise on eviction prevention and homeless prevention. The Tenant Outreach and Education Program is intended to be implemented consistent with and in coordination with other ULA Homelessness Prevention Programs.

These Guidelines describe how to implement the section of the ULA measure and ordinance which supports eviction and homelessness prevention via tenant outreach and education. These Tenant Outreach and Education Program Guidelines are applicable not only to Los Angeles Housing Department (LAHD)-administered, ULA-funded tenant outreach and education programs, but also to community-based organizations and any umbrella entity overseeing or directing the activities of community-based organizations described below. For the purposes of these guidelines, these community-based organizations individually, collectively, and the umbrella entity, shall be referred to as the “Contracting Partners.” These Tenant Outreach and Education Program Guidelines shall also apply to future outreach and education programs established at the direction of the ULA Citizen Oversight Commission (COC).

The Tenant Outreach and Education Program seeks to ensure housing stability for lower-income households at risk of displacement from their homes and communities through proactive homelessness prevention and eviction prevention efforts. It is anticipated that the Tenant Outreach and Education Program will be administered in coordination with LAHD services, provide connection and referrals to local resources and community groups, and align with other programmatic aspects of ULA.

The goals of the Tenant Outreach and Education Program are to:

- Increase public awareness of tenants’ rights, obligations, and protections by making contact with at least 250,000 residents within the City annually.
- Educate tenants about their rights in order to reduce displacement and eviction.
- Empower tenants to assert their rights through providing Tenant Navigation, in which a tenant receives support to address housing and housing-related issues.



- Prevent and reduce homelessness by connecting tenants at risk of homelessness to resources such as rental assistance, wrap-around services, and supportive services.
- Maintain and preserve the current affordable housing stock by informing tenants of their rights, how to seek unit repairs, file complaints with the City, and address code violations, and more.

**b. List of subprograms or activities**

The Tenant Outreach and Education Program is a ULA Homelessness Prevention Program, designed to complement ULA's direct service and/or financial assistance programs by ensuring that tenants are informed about and able to assert their rights, and informed about and able to access resources. In addition, the Program will provide Tenant Navigation services to connect tenants with appropriate programs and services. The program will be implemented in a way that supports and expands existing City-funded outreach efforts.<sup>1</sup>

**2. Context**

The ULA measure and ordinance requires two percent (2%) of the annual ULA Program revenue to be dedicated to the Tenant Outreach and Education Program, as a core and proactive strategy to prevent homelessness.<sup>2</sup>

According to the 2022 American Community Survey (ACS) 5-year estimate, there are approximately 886,998 renter households in the City, and approximately 2,245,299 people are renters. Of those renters, approximately 54% of tenants are rent-burdened, and 29% are severely rent-burdened.<sup>3</sup> As of March 31, 2024, approximately 24,000 eviction cases are filed each year in the City. Black and Latinx tenants, especially female head of households, are disproportionately impacted by evictions in the City. Evictions that ultimately lead to homelessness create significant costs for local and state governments, including but not limited to the costs associated with providing emergency shelter, interim and long-term housing, hospital-based health care and transportation costs, and can also result in increased costs associated with child dependency and incarceration of unhoused family members.

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<sup>1</sup> At the time of the drafting of these Tenant Outreach and Education Program Guidelines, Stay Housed LA (SHLA) was under contract with LAHD to operate as the outreach contractor, or the Contracting Partner as defined above. These Tenant Outreach and Education Program Guidelines are intended to be read as consistent with SHLA's existing contractual obligations. If these Tenant Outreach and Education Program Guidelines conflict with an existing contractual obligation, that conflict shall not be deemed a material breach of any obligation. Notwithstanding the forgoing, these Tenant Outreach and Education Program Guidelines are applicable to any subsequent contract with any party for operation of Tenant Outreach and Education activities.

<sup>2</sup> Los Angeles Administrative Code, Section 22.618.3(d)(2)(ii)b.

<sup>3</sup> Rent burden data from 2023 Comprehensive Housing Affordability Strategy (CHAS) estimates.

Another ULA program, the Eviction Defense and Prevention Program, is a right-to-counsel program which provides legal services to eligible tenants facing eviction. Providing counsel to tenants in eviction cases has proven to prevent the disruptive displacement of families and the resulting social, economic, and public health costs of such displacement. Inherent to providing counsel to tenants in eviction cases is ensuring that those tenants are aware of the opportunity to seek counsel through LAHD. Making tenants' rights education accessible to tenants helps mitigate and reduce the serious threats to the public health, safety, and general welfare of residents in Los Angeles caused by displacement and illegal eviction. Accordingly, the Tenant Outreach and Education Program is a necessary, complementary component of the City's right-to-counsel program for tenants to prevent illegal evictions.

ULA also mandates that the City establish a program to provide protections and enforcement against illegal tenant harassment. The Los Angeles Municipal Code prohibits tenant harassment and authorizes the City Attorney to pursue criminal penalties, individual tenants a right to pursue a private cause of action in civil proceedings, and through the Administrative Citation Enforcement ordinance, LAHD to issue citations. Vital to the effective implementation and enforcement of those protections is providing tenants and landlords with an understanding of their rights and responsibilities. Toward those ends, the ULA measure and ordinance requires that a minimum of 30% of the Protections from Tenant Harassment program funding be allocated to non-profit organizations such as those currently included under Stay Housed LA (SHLA). These organizations will play a critical role in providing direct outreach in areas identified as particularly vulnerable to displacement and/or harassment.

Finally, tenants must be made aware of long-standing state statute and Los Angeles Municipal Code tenant protections, as well as the recent additional protections provided by City Council through the adoption of TAHO. General public awareness campaigns intended to ensure Angeleno tenants are aware of the laws that affect them will provide critical context to the more targeted ULA-funded homelessness prevention efforts.

### **3. Commitment to Racial Equity**

Existing data and scholarship confirms that Black, Latinx, and other communities of color are disproportionately affected by homelessness. These Tenant Outreach and Education Program Guidelines acknowledge that this disproportionality is the result of generations of structural racism. Decades of land use policies and zoning practices have reinforced racial segregation, poverty, environmental injustice, and disinvestment that is manifested in the demographics of our contemporary homeless population.

As ULA seeks to combat homelessness through a variety of interventions, the implementation of the Tenant Outreach and Education Program is specifically designed to promote racial equity, with a focus on preventing homelessness by preventing eviction in the City's most vulnerable communities, both because of their historic mistreatment and

because the modern currents of gentrification, which manifests in a disproportionate number of tenants of color being evicted.

Consistent with this commitment to promote racial equity, the Tenant Outreach and Education Program is intended to be attuned to the needs and realities of historically marginalized communities, and how racism, as well as disability, transphobia, sexism, and other tenant experiences affect the vulnerability of a tenant and their experiences.. Tenant harassment is strongly correlated to historically marginalized communities. To this end, the Tenant Outreach and Education Program is committed to delivering culturally relevant outreach, grounded in activities, communication, and interventions that consider the community context and audience being served. Consequently, the Tenant Outreach and Education Program will emphasize the importance of interpretation, translation, and other agreed upon language justice accommodations to those whose primary language is not English.

Further, the program should strive to hire staff and partner with organizations that are reflective of the target populations to be served, to best ensure that the Tenant Outreach and Education Program is responsive to the community context.

#### **4. Program Metrics**

The Los Angeles Housing Department (LAHD) and Contracting Partners shall collect program metrics and participant data in alignment with the ULA measure and ordinance reporting requirements and in a manner that supports the evaluation of long-term impacts and outcomes for the Tenant Outreach and Education Program, and shall on an ongoing basis track and report data and metrics identified on the chart below. LAHD and Contracting Partners shall also regularly collect and report on pertinent qualitative data, including oral histories, to highlight program participant and service provider success stories.

Goal	Metrics
Increase public awareness of tenants' rights, obligations, and protections by making contact with at least 250,000 residents within the City annually.	<ul style="list-style-type: none"> <li>Number of reaches and contacts made providing exposure to and awareness of services (e.g., number of workshop participants, number of doors knocked, phone calls made, text messages sent, emails sent, fliers distributed, digital ads placed, and digital ads clicked.).</li> </ul>
Educate tenants about their rights to prevent displacement and eviction.	<ul style="list-style-type: none"> <li>Number of Tenant Education workshops, clinics, and other educational events held, as defined by <i>Section 3.1</i>.</li> <li>Number of participants at events.</li> </ul>
Empower tenants to assert their rights through providing Tenant Navigation, in which a tenant receives support to address housing and housing-related issues.	<ul style="list-style-type: none"> <li>Number of households assisted with Tenant Navigation.</li> <li>Number of instances of assistance provided to each household.</li> </ul>
Prevent and reduce homelessness by connecting tenants at risk of homelessness to resources such as rental assistance, wrap-around services, supportive services.	<ul style="list-style-type: none"> <li>Number of displacements and evictions as compared to previous years.</li> <li>Number of households assisted with Tenant Navigation.</li> <li>Number of instances of assistance provided to each household.</li> </ul>
Maintain and preserve the current affordable housing stock by informing tenants of their rights, how to seek unit repairs, file complaints with the City, and address code violations.	<ul style="list-style-type: none"> <li>Number of reports made to LAHD and cases filed with the Los Angeles Department of Building and Safety regarding Building Code violations.</li> </ul>

Consistent with *Section 5.2* of these Tenant Outreach and Education Program Guidelines, LAHD shall analyze these metrics and participant data annually and provide a summary of its analysis to the COC to allow for an assessment of whether the Tenant Outreach and Education Program is meeting the goals and the priorities of the COC.

## 5. Branding

LAHD, in collaboration with the ULA COC, shall develop and implement a plan to include ULA branding on all program materials. This shall include digital and paper materials, signage (e.g., at public workshops or construction sites), and permanent branding on/in housing funded by Measure ULA (e.g., a permanent sign or plaque).

## **SECTION 1: PROGRAM ADMINISTRATION**

### **1.1 Program Administrator**

LAHD shall administer the Tenant Outreach and Education Program, procure contracts with service providers, and administer the Program in partnership with the awardees. The LAHD General Manager, or designee, shall be empowered to delegate and/or revoke administrative responsibilities to Contracting Partners and/or appropriate LAHD staff at their discretion.

### **1.2 Selection Process**

The Tenant Outreach and Education Program, is to be administered by LAHD's General Manager, or designee, consistent with *Section 1.1* above, and implemented by Contracting Partners procured as described in *Section 5*.

## **SECTION 2: GENERAL PROVISIONS**

### **2.1 Eligible Participants**

Eligible Participants: The Tenant Outreach and Education Program shall serve tenants (inclusive of individual tenants and tenant households) in the City. The Tenant Outreach and Education Program does not focus on landlords or master tenants. Tenant rights information and education will be communicated citywide, with an emphasis on targeted outreach to areas of the City where tenants are at highest risk of eviction and displacement. Provision of Tenant Navigation services is limited to low-income households at or below 80% of the Area Median Income.

### **2.2 Eligible Forms of Funding**

The ULA measure and ordinance allocates two percent (2%) of overall annual program revenue for the Tenant Outreach and Education Program. LAHD may seek and spend additional funding for the Tenant Outreach and Education Program, including but not limited to potential grants, consistent with LAHD's general procedures and requirements.

Funding may be expended to facilitate eligible activities (further defined and discussed in *Section 2.3*) through contracts, purchase orders, and any other contracting mechanism consistent with City requirements.

### **2.3 Eligible Activities**

Eligible activities of the Tenant Outreach and Education Program fall broadly within four categories: Public Awareness, Outreach, Education, and Tenant Navigation. In addition to

these four categories, data collection and reporting activities will be included to monitor the efficacy of the Tenant Outreach and Education Program. Additional detail regarding these activities is provided in *Section 3.1, Scope of Services*. Eligible activities include any Tenant Outreach and Education Program activity engaged in in coordination with or supplementary to outreach and education activities under the Homelessness Prevention Programs. Activities not determined to be within these identified categories may still be determined to be eligible activities consistent with the Tenant Outreach and Education Program, subject to the discretion of LAHD.

## **2.4 Program Funding - Caps and Limits**

The ULA measure and ordinance allocates 2% of overall annual program revenue for the Tenant Outreach and Education Program. Funding allocated to the Tenant Outreach and Education Program shall be apportioned and prioritized for the eligible activities identified in these guidelines subject to the approval, discretion, and delegation of LAHD.

## **2.5 Timing / Frequency of Awards**

Notwithstanding the fact that ULA funds are allocated annually, LAHD may execute multi-year contract(s) with Contracting Partners, currently SHLA, for the implementation of eligible activities identified in *Section 2.3*.

# **SECTION 3: PROGRAM REQUIREMENTS: SERVICES AND FUNDING PRIORITIES**

## **3.1 Scope of Services**

LAHD, Contracting Partners, or any designee, shall effectuate these guidelines and provide services necessary for the execution and performance of the Eligible Activities identified in *Section 2.3* of these Tenant Outreach and Education Program Guidelines.

### **Public Awareness**

Citywide multilingual public awareness campaigns shall educate tenants regarding their rights and responsibilities under the Rent Stabilization Ordinance (RSO), Just Cause for Eviction, and Tenant Anti-Harassment ordinances, as well as other laws of the City, the County of Los Angeles, the State of California, and the federal government. Public awareness campaigns shall highlight the resources and services available to tenants and other relevant tenant rights information applicable in the City, and be broadly accessible to all tenants and communities in the City, regardless of immigration status, technical literacy, language skills, and/or access to online information. The public awareness campaign shall be consistent with the ongoing *Know Your Rights* educational campaign, the tenant outreach and education activities of the Tenant Outreach and Education Program, and other applicable programs.

This Public Awareness element of the Tenant Outreach and Education Program shall be managed and implemented directly by LAHD, which may, at its discretion, assign these responsibilities to the Contracting Partners, or any other independent entity. LAHD may subcontract with qualified strategic communications experts to execute all aspects of a public awareness campaign, including but not limited to:

#### Advertising

- Digital advertisements on major social media platforms to educate tenants regarding their rights and the services available to them through the Tenant Outreach and Education Program. Digital advertising activities include development, assessment of placement, placement, facilitating of advertising purchasing, and digital marketing implementation. Designated partners such as community-based organizations may be consulted, as appropriate, to develop a coordinated strategy for targeting digital advertisements.
- Print advertisements, including but not limited to fliers, postcards, mailers, banners, and other appropriate assets, which shall be produced and distributed in collaboration with designated partners.
- An Earned Media engagement plan, including a strategy for media outreach including pitching media placements about tenant protections and services provided by the Tenant Outreach and Education Program. Target media outlets may include major print, television, and radio outlets, housing specific publications, hyperlocal media, and non-English outlets.

#### Web page and Graphic Design

A multilingual, ADA accessible web page shall be established, maintained, and updated as a centralized location for information on tenant rights and resources pertinent to tenants across the City. The webpage shall include, but not be limited to the following information:

- Executive orders and emergency protections enacted by the City
- Information on the RSO, resources offered by LAHD, and other relevant tenant rights information for City tenants. Information regarding relevant County, State, and Federal tenant protections shall also be made available.
- Archive of digital materials and resources, such as fact-sheets, letter/notice templates, FAQs, and other materials as necessary.
- Contact information and links for the relevant programs, including programs related to the RSO, and Family Source Centers (FSCs).
- Links to key City and County departments that offer wrap-around and supportive services.

All digital and non-digital resources shall be regularly updated to maintain their functionality and provide timely, current, and relevant information. In addition, continuous efforts should

be made to improve accessibility and the user experience. Updates should also be made regularly to LAHD's related web-based resources including the LAHD Property Look Up system, which provides access and transparency to critical tenants' rights information, including the history of complaints, filings, and management of their rental property.

### **Outreach**

Outreach shall be conducted in a manner that is professional, culturally competent, multilingual, and ADA accessible. Tenant outreach activities shall be both citywide as well as focused in high-need areas in the City to inform tenants of their rights and the resources that are available, with the objective of linking tenants to the education activities and tenant navigation described below. Outreach activities include, but are not limited to:

- Phone and text banking
- Canvassing
- Flier distribution to and at locations such as grocery stores, hardware stores, pharmacies, medical facilities, foodbanks, and locations where homeless services are provided.
- Mailing 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 at high risk of displacement

Outreach staff shall be trained, equipped, and prepared to:

- Refer tenants to legal service providers to receive emergency rental assistance (as available), pre-eviction services, legal representation/ consultation, or any other legally related issue.
- Refer tenants to wrap around services if the tenant is interested in or needs additional services to facilitate housing stability.
- Refer tenants to other resources applicable to the tenant's needs, drawing upon the local expertise of community-based organizations.
- Facilitate the submission of any applicable complaints related to RSO housing, Code Enforcement, harassment, and/or fair housing issues or referrals to the applicable agency.
- Follow complaint resolution procedures.
- Provide referrals to tenant navigation and education services as described below.
- Address any issues raised regarding other ULA Homelessness Prevention Programs and/or provide direct referrals to LAHD Staff that can assist with such issues.

### **Education**

Culturally competent, multilingual, ADA accessible, tenant education activities shall be delivered citywide as well as focused in high-need areas in the City to accomplish the goals



of the Tenant Outreach and Education Program, namely to educate tenants on their rights and available services in the City. Tenant education activities include but are not limited to:

- **Workshops:** Events that feature a presentation to a group of tenants, focused on *Know Your Rights* topics. Workshops may be held at LAHD facilities, or other public or private facilities, including within a building or residential property where tenants reside (“Building Workshops”). Workshops may be conducted virtually or in-person, and shall be conducted in multiple languages and be ADA accessible, as necessary.
- **Clinics:** Events hosted by a community-based organization facilitating individualized tenant engagement with a qualifying legal service provider for the purpose of obtaining legal advice.
- **Other Education Events:** Alternative formats or structures may be utilized as deemed appropriate and effective in homelessness and eviction prevention. These events may be held virtually, in-person, or hybrid as is deemed most effective for the target audience. Virtual educational events may be delivered on social media.

Tenant education staff shall be trained, equipped, and prepared to:

- Refer tenants to legal service providers to receive emergency rental assistance (as available), pre-eviction services, legal representation/ consultation, or any other legally related issue.
- Refer tenants to wrap around services if the tenant is interested in or needs additional services to facilitate housing stability.
- Refer tenants to other resources applicable to the tenant’s needs, drawing upon the local expertise of community-based organizations.
- Facilitate the submission of any applicable complaints related to rental housing, Code Enforcement, harassment, and/or fair housing issues or referrals to the appropriate agency.
- Follow complaint resolution procedures.
- Provide referrals to tenant navigation and education services as described below.
- Address any issues raised regarding other ULA Homelessness Prevention Programs and/or provide direct referrals to LAHD Staff that can assist with such issues.

### **Tenant Navigation**

Tenants shall be assisted in navigating the complex and often confusing housing rights and legal system. Tenant navigation generally includes, but is not limited to:

- 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 enrolling in workshops.
- Monitoring conditions and circumstances at buildings, including where an owner has filed an Ellis Act withdrawal application or has requested a Replacement Unit

- Determination, to assess compliance with notice and other requirements, and explain the process to tenants.
- 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, to help them resolve their housing crisis, including seeking rental assistance and other housing-related resources.

### **Data Collection and Documentation**

These guidelines recognize that in addition to the public awareness, outreach, education, and tenant navigation activities identified and described above, the collection and analysis of key metrics related to the effectiveness of the Tenant Outreach and Education Program are essential activities in order to monitor the efficacy of the Programs and to ensure compliance with the reporting requirements in the ULA measure and ordinance. The following program metrics and participant data shall be collected on a monthly basis:

- Number, type, and location (when applicable) of activity (including virtual workshops, webinars, clinics, or other engagement events)
- Number of tenants reached (through all platforms, including but not limited to online public awareness, outreach, digital ads, and educational platforms) with socio and demographic data as deemed available.
- Narrative reports with overviews of communications, outreach, and education activities
- As available, oral narratives to highlight program participant and service provider success stories

Tenant Outreach and Education Program metrics and participant data shall be analyzed annually to allow for an assessment of whether ULA Programs are meeting their stated goals and accomplishing the priorities of the COC.

### **3.2 Program Budget**

The ULA measure and ordinance allocates two percent (2%) of overall program revenue for the Tenant Outreach and Education Program. Funding will be allocated for all services identified in *Sections 2.3 and 3.1*. Funding allocated to the Tenant Outreach and Education Program shall be apportioned and prioritized subject to the approval, discretion, and delegation of LAHD.

## **SECTION 4: IMPLEMENTATION PLAN**

Stay Housed LA was secured as a Contracting Partner in 2020 to provide services which LAHD has deemed to be consistent with the purpose and intent of the ULA measure and ordinance. The eligible activities identified in these Tenant Outreach and Education Program Guidelines (Sections 2.3 and 3.1) are consistent with and intended to enhance the provision of services already being implemented by SHLA. The existing Contracting Partners will continue to operate as it is currently tasked and as enhanced by these Tenant Outreach and Education Program Guidelines. At the expiration of the Contracting Partners' existing contracts, the Contracting Partners will be required to re-establish their membership through a procurement process, consistent with the City Administrative Code and any relevant City and LAHD policies.

## **SECTION 5: CONTRACTUAL SERVICES**

Implementation of the Tenant Outreach and Education Program requires contracting with the Contracting Partners, and most likely other contractors, for a portion of Program activities. All procurement activities must be conducted consistent with the City Administrative Code and any relevant City and LAHD policies. Upon the completion of any existing contract term for the Contracting Partners, LAHD may consider extending the term of that contract consistent with the terms of the existing agreement, or conducting a competitive bid for outreach and education services, consistent with the City's competitive bidding requirements.

### **5.1 Evaluation and Selection Process**

Award of a contract for Tenant Outreach and Education services shall be based on a best value competitive bid. Prior to release of a Request for Proposals (RFP), LAHD shall establish a scoring system assigning values to the following criteria, and rating responses to proposals accordingly:

- 1) Experience and approach to providing tenant-based outreach and education services of a similar nature
- 2) Experience and approach to providing tangentially related services
- 3) Experience with and approach to providing services to the communities anticipated to be targeted for direct outreach and education
- 4) Experience with and approach to providing homelessness and eviction prevention services
- 5) A cost proposal for the solicited services

At the discretion of LAHD, the Department may allocate a portion of Program funds into contracts that may be procured for services to be provided under any other Homeless Prevention Program, to conduct outreach and education activities related to those programs.

## **5.2 Contract Administration**

At least once per year, LAHD will provide a report to the COC and City Council summarizing the work accomplished, and recommending programmatic improvements and contract amendments. Changes to the service contract(s) may shift elements of the Program Scope of Services between LAHD and the Contracting Partners, to best reflect organizational capacity, changes in service priority, and learning during the course of program administration.

### Payment and Invoicing Policies

The contractor shall submit invoices to LAHD with an accounting of costs incurred. The contract will stipulate the frequency that costs will be invoiced to LAHD.

The contract may provide that LAHD may approve payment to be advanced to the contractor on an as-needed basis, especially if there are major startup costs and challenges.

## **5.3 City Living Wage Ordinance**

All contractors shall comply with the Living Wage Ordinance, Los Angeles Administrative Code Section 10.37 et seq., as amended from time to time. Contractors further shall agree to comply with federal law proscribing retaliation for union organizing. Any subcontract entered into by a contractor for work to be performed under these Program Guidelines must include an identical provision.

## **5.4 Data Collection and Reporting**

Consistent with *Section 3.1* of these Tenant Outreach and Education Program Guidelines, program metrics and participant data shall be collected by the Contracting Partners and provided to LAHD on a monthly basis. Wherever relevant, data shall be disaggregated by race, family composition, sexual orientation, age, ability, gender, and location (address, zip code, and Council District). This information includes, but is not limited to:

- Number and type of activity (including virtual workshops, webinars, clinics, or other engagement events).
- Number of tenants reached (through all platforms including online public awareness, outreach, digital ads, and educational platforms) with socio and demographic data as deemed available.
- Narrative reports with overviews of communications, outreach, and education activities.
- As available, oral histories to highlight program participant and service provider success stories.

LAHD shall analyze Tenant Outreach and Education Program metrics and participant data annually and provide a summary of its analysis to COC to allow for an assessment of whether the Programs are meeting their goals and the priorities of the COC.

# ULA PROTECTIONS FROM TENANT HARASSMENT PROGRAM GUIDELINES

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A. United to House LA Measure

## **INTRODUCTION**

### **1. Program Summary**

#### **a. Goals and Requirements**

The Protections from Tenant Harassment Program seeks to prevent homelessness by ensuring that both landlords and tenants are educated about their rights and what constitutes tenant harassment, and that tenants understand how to exercise their rights and avail themselves of City of Los Angeles (City) resources to address harassment.

The Protections from Tenant Harassment Program is designed to be synergistic with other United to House LA (ULA) programs and services focused on eviction prevention, promoting housing stability, and collaboration with community-based organizations to inform tenants about protections against harassment and other rights. The Protections from Tenant Harassment Program is intended to be implemented consistent with and in coordination with other ULA Homelessness Prevention Programs.

The City adopted the Tenant Anti-Harassment Ordinance (TAHO), effective August 6, 2021, to protect tenants residing in the City from harassment by landlords. The Protections from Tenant Harassment Program establishes protocols, guidelines, resources, and expectations for harassment investigations, outreach and education to both tenants and landlords, and mechanisms for enforcing the TAHO.

The Protections from Tenant Harassment Program Guidelines shall apply to ULA-funded activities related to the implementation and enforcement of TAHO or other anti-harassment laws. LAHD may, at its discretion, subcontract with and/or delegate responsibilities for the purposes of pursuing civil remedies on behalf of eligible program participants.<sup>1</sup> These Protections from Tenant Harassment Program Guidelines also apply to education and outreach activities funded by ULA, to be implemented by community-based organizations and any umbrella entity overseeing or directing the activities of community-based organizations and non-profit organizations, collectively referred to as “Contracting Partners.”<sup>2</sup>

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<sup>1</sup> Guidelines established for other ULA Homelessness Prevention Programs (including, but not limited to, the Eviction Prevention and Defense Program) empower LAHD to partner with and subcontract to Legal Service Providers for identified activities. While Legal Service Providers, or LSPs, include the same name in these Protections from Tenant Harassment Program Guidelines as in other guidelines, and may consist of the same entities, the guidelines, standards, and requirements included in these Protections from Tenant Harassment Program Guidelines are specific to LSPs contracted with for the purposes of executing the eligible activities and the scope of services identified in *Sections 2.3 and 3.1*, respectively, of this document. The guidelines, standards, and requirements included in these Protections from Tenant Harassment Program Guidelines shall not apply to LSPs in their execution of any other Homelessness Prevention Program, and no other guidelines, standards, or requirements shall apply to LSPs in the execution of responsibilities consistent with the Protections from Tenant Harassment Program.

<sup>2</sup> At the time of the drafting of these Protections from Tenant Harassment Program Guidelines, Stay Housed LA (SHLA) was under contract with LAHD to operate as the outreach contractor, or the

The goals of the Protections from Tenant Harassment Program are to:

- Prevent displacement and constructive eviction through the use of harassing tactics.
- Curb patterns and practices of habitability non-compliance as a harassment tactic.
- Increase public awareness and enforcement of tenant protections.
- Expand city-wide TAHO awareness and compliance.

**b. List of subprograms or activities**

The Protections from Tenant Harassment Program is a ULA Homelessness Prevention Program, designed to complement ULA's direct service and/or financial assistance programs by ensuring that tenants are well-informed about tenant protections and resources, that landlords understand what constitutes tenant harassment and are aware of their obligations under TAHO, and that anti-harassment protections are enforced. The program shall include City enforcement of anti-harassment laws via the Administrative Citation Enforcement (ACE) ordinance, City Attorney civil or criminal prosecutions, and pursuit of private rights-of-action by Legal Service Providers (LSPs) on behalf of tenants, as well as education and outreach to the general public about protections against tenant harassment and the ULA programs designed to combat tenant harassment.

LAHD enforces anti-harassment laws, including TAHO, by investigating tenant allegations of harassment, and where warranted, issuing compliance letters and/or ACE citations, and referring complaints to the Office of the City Attorney. The Office of the City Attorney evaluates LAHD referrals for possible criminal or civil prosecution. Under this program, where appropriate, LAHD would also refer harassment complaints to contracted LSPs for potential private right-of-action filings under the TAHO or other anti-harassment laws.

**2. Context**

The ULA measure and ordinance requires three percent (3%) of the annual ULA Program revenue to be dedicated to the Protections from Tenant Harassment Program, as a core and proactive strategy to prevent homelessness.<sup>3</sup> The ULA measure and ordinance further

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Contracting Partner as defined above. These Protections from Tenant Harassment Program Guidelines are intended to be read as consistent with SHLA's existing contractual obligations. If these Protections from Tenant Harassment Program Guidelines conflict with an existing contractual obligation, that conflict shall not be deemed a material breach of any obligation. Notwithstanding the foregoing, these Protections from Tenant Harassment Program Guidelines are applicable to any subsequent contract with any party for operation of Protections from Tenant Harassment Program activities.

<sup>3</sup> Los Angeles Administrative Code, Section 22.618.3(d)(2)(ii)c.



specifies that this program should fund nonprofit organizations and City services to monitor and enforce tenants' rights including protections against tenant harassment, and to inform tenants of such protections and support them in exercising their rights. It further specifies that at least thirty percent (30%) of the program expenditure shall fund programs led by non-profit organizations.

According to the 2022 American Community Survey (ACS) 5-year estimate, there are approximately 886,998 renter households in the City, and approximately 2,245,299 people are renters. Of those renters, approximately 54% of tenants are rent-burdened, and 29% are severely rent-burdened.<sup>4</sup> As of March 31, 2024, approximately 24,000 eviction cases are filed each year in the City. Black and Latinx tenants, especially female heads of households, are disproportionately impacted by evictions each year in the City. Evictions that ultimately lead to homelessness create significant costs for local and state governments, including but not limited to the costs associated with providing emergency shelter, interim and long-term housing, hospital-backed health care, and transportation costs, which can also result in increased costs associated with child dependency and incarceration or unhoused family members.

At times, landlords may engage in harassment to circumvent tenant protections that would otherwise keep people housed, causing tenant displacement. Even if a formal eviction is never filed, many tenants choose to self-evict rather than endure harassment that can be emotionally draining and even physically dangerous. In 2023, LAHD received approximately 6,000 complaints alleging violations of TAHO. The Protection from Tenant Harassment Guidelines are intended to prevent the disruptive consequences of tenant harassment by 1) educating tenants and landlords regarding what type of activities constitute harassment, 2) tracking patterns and practices associated with harassment through technology and the deployment of LAHD investigators and inspectors, 3) enforcing the City's Tenant Anti-Harassment Ordinance, and 4) providing additional resources, including legal representation contingent on available funding, to tenants to address unlawful harassment.

### **3. Commitment to Racial Equity**

Existing data and scholarship confirms that Black, Latinx, and other communities of color are disproportionately affected by homelessness. These Protections from Tenant Harassment Program Guidelines acknowledge that this disproportionality is the result of generations of structural racism. Decades of land use policies, zoning practices, and laws promoting an imbalanced landlord-tenant relationship have reinforced racial segregation, poverty, environmental injustice, and disinvestment that is manifested in the demographics of our contemporary homeless population.

As ULA seeks to prevent homelessness through a variety of interventions, the implementation of the Protections from Tenant Harassment Program is specifically designed

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<sup>4</sup> Rent burden data from 2023 Comprehensive Housing Affordability Strategy (CHAS) estimates.

to promote racial equity, with a focus on preventing homelessness by preventing tenant harassment in the City's most vulnerable communities.

Consistent with this commitment to promote racial equity, the Protections from Tenant Harassment Program is designed to be attuned to the needs and realities of historically marginalized communities, and how racism, as well as disability, transphobia, sexism, and other tenant experiences, affect the vulnerability of a tenant and their experiences. Tenant harassment is strongly correlated to historically marginalized communities. To this end, the Protections from Tenant Harassment Program provides resources to support monitoring of tenant harassment and enforcement of TAHO to combat tenant harassment.

#### **4. Program Metrics**

The Los Angeles Housing Department (LAHD) and Contracting Partners will, on an ongoing basis, collect information and metrics in alignment with the ULA measure and ordinance reporting requirements and in a manner that supports the evaluation of long-term impacts and outcomes for the Protections from Tenant Harassment Program. To the extent feasible, this information includes but is not limited to, enforcement activities and the number of tenants and landlords receiving education about their rights and obligations. Enforcement activities will be measured by the count, volume, and complexity of cases, fines, and penalties issued, hearing outcomes, habitability improvements undertaken, or damages awarded to aggrieved tenants.

<b>Goal</b>	<b>Metrics</b>
Anti-displacement and prevention of constructive eviction of lower-income households.	<ul style="list-style-type: none"><li>• Number of evictions as compared to previous years.</li><li>• Tenancy turnover rate in units subject to the Rent Stabilization Ordinance (RSO) as compared to previous years.</li><li>• Number of TAHO Complaints Reviewed and Resolved.</li><li>• Outcomes of all TAHO Complaints.</li><li>• Number of households assisted with TAHO Complaints.</li><li>• Number of TAHO Complaints, and outcomes, subject to enforcement by the City Attorney's Office.</li><li>• Number of TAHO Complaints, and outcomes, subject to enforcement by LSPs.</li></ul>
Collaboration to identify patterns and practices of non-compliant habitability violations as harassment tactics.	<ul style="list-style-type: none"><li>• Number of evictions as compared to previous years.</li></ul>

	<ul style="list-style-type: none"><li>• Number of referrals from LAHD Monitoring to City Attorney for Enforcement.</li><li>• Number of referrals from LAHD Monitoring to LSPs for Enforcement.</li></ul>
Public awareness and enforcement of tenant protections.	<ul style="list-style-type: none"><li>• Number of Tenant Education workshops, clinics, and other educational events held.</li><li>• Number of tenant harassment complaints filed with LAHD.</li></ul>
Landlord awareness of their obligations under TAHO.	<ul style="list-style-type: none"><li>• Number of Landlord focused Education workshops, clinics, and other educational events held.</li><li>• Number of inquiries made by Landlords regarding TAHO obligations and tenant harassment.</li></ul>

Consistent with *Section 5.2* of these Protections from Tenant Harassment Program Guidelines, LAHD shall analyze these metrics and participant data annually and provide a summary of its analysis to the COC to allow for an assessment of whether the Protections from Tenant Harassment Program is meeting its goals and priorities.

## **5. Branding**

LAHD, in collaboration with the ULA COC, shall develop and implement a plan to include ULA branding on all program materials. This shall include digital and paper materials, signage (e.g., at public workshops or construction sites), and permanent branding on/in housing funded by Measure ULA (e.g., a permanent sign or plaque).

## **SECTION 1: PROGRAM ADMINISTRATION**

### **1.1 Program Administrator**

LAHD shall administer the Protections from Tenant Harassment Program, with the LAHD General Manager, or designee, designated as the Protections from Tenant Harassment Program Administrator (Program Administrator). At their discretion, the LAHD General Manager shall be empowered to delegate and/or revoke administrative responsibilities to participating LSPs, Contracting Partners, and/or appropriate LAHD staff.

### **1.2 Selection Process**

The Protections from Tenant Harassment Program is to be administered by the LAHD General Manager, or designee, consistent with *Section 1.1* above. Any program partners or outside entity charged with implementing any portions of the Program, including the Contracting Partners or LSPs, shall be procured as described in *Section 5*.

## **SECTION 2: GENERAL PROVISIONS**

### **2.1 Eligible Participants**

Eligible Participants: The Protections from Tenant Harassment Program shall serve tenants (inclusive of individual tenants and tenant households) in the City seeking education and TAHO enforcement. Eligible tenants must: 1) reside in a residential unit in the City, 2) meet the definition of a tenant under the Los Angeles Municipal Code, and 3) make an allegation that can be supported by documentation or proof sufficient to establish evidence of harassing conduct by a landlord.

Landlords of residential structures in the City and landlord groups primarily composed of landlords of residential structures in the City may request and receive education about their rights and responsibilities and may request technical support to better ensure TAHO compliance.

### **2.2 Eligible Forms of Funding**

The ULA measure and ordinance allocates three percent (3%) of overall annual program revenue for the Protections from Tenant Harassment Program. The ULA measure and ordinance mandates that at least 30% of the Protections from Tenant Harassment Program fund outreach and tenant navigation programs implemented by non-profit organizations. Non-profit organizations shall be contracted with by LAHD, or its designees, through a competitive procurement process, as further described in *Section 5*.

Up to seventy percent (70%) of the Protections from Tenant Harassment funds shall be spent directly by LAHD and the City Attorney's office in their execution of Eligible Activities and Services, as identified in *Sections 2.3 and 3.1*, respectively, of these Protections from Tenant Harassment Guidelines.

LAHD may seek and spend additional funding to expand the Protections from Tenant Harassment Program, including but not limited to potential grants, consistent with LAHD's general restrictions and requirements.

Funding may be expended to facilitate eligible activities, as further defined and discussed in *Section 2.3*, through contracts, purchase orders, and other contracting mechanisms that are consistent with City requirements and approved by the Program Administrator.

## **2.3 Eligible Activities**

Eligible activities of the Protections from Tenant Harassment Program fall broadly within three categories: Monitoring and Enforcement, Education, and Support. LAHD and the City Attorney's Office, on behalf of the City, are responsible for implementing Monitoring and Enforcement activities. Consistent with these Protections from Tenant Harassment Program Guidelines, LAHD may delegate some of these responsibilities to the participating non-profit organizations. Educational activities shall be executed by non-profit organizations, overseen by LAHD or its designee. Support activities may also be implemented by LAHD, the City Attorney's Office, LSPs, and the Contracting Partners as practically and tangentially required. Additional detail regarding these activities is provided in *Section 3.1, Scope of Services*.

Activities not determined to be within these identified categories may still be determined to be eligible activities consistent with the Protections from Tenant Harassment Program, subject to the discretion of the Program Administrator.

## **2.4 Ineligible Activities**

Any provision of services to landlords or property owners, other than technical assistance or guidance in adherence to the TAHO or the spirit and intention of these Protections from Tenant Harassment Program Guidelines, is expressly prohibited under this Program.

## **2.5 Program Funding – Caps and Limits**

ULA allocates three percent (3%) of annual ULA Program revenue for the Protections from Tenant Harassment Program. A minimum of thirty percent (30%) of these program expenditures are required to fund programs implemented by non-profit organizations.

## **2.6 Contractual Services**

Contracts shall be executed with LSPs and non-profit organizations, consistent with the procedures described in *Section 5*, and may be renewed at LAHD's discretion, consistent with any contractual terms associated with that grant and the City's procurement requirements. If a contract is not renewed or extended, either because the LAHD declines to award an additional contract or because the contractee(s) choose not to apply or continue their services, wind-down funds shall be provided to assist with transferring obligations and operations to another contractee.

## **SECTION 3: PROGRAM REQUIREMENTS: SERVICES AND FUNDING PRIORITIES**

### **3.1 Scope of Services**

LAHD, the City Attorney's Office, LSPs, non-profit organizations, and any other contracted entity, shall effectuate these guidelines and provide services necessary for the execution and performance of the Eligible Activities identified in *Section 2.3* of these Protections from Tenant Harassment Program Guidelines.

#### **Monitoring and Enforcement**

The Protections from Tenant Harassment Program includes Monitoring of tenant harassment and Enforcement of the TAHO or other anti-harassment protections in circumstances where landlords have violated the ordinance and/or any other federal, State, or local regulation intended to prevent tenant harassment. Consistent with these Protections from Tenant Harassment Program Guidelines, LAHD may delegate some of these responsibilities to qualified LSPs at its discretion. Monitoring and Enforcement Activities include, but are not limited to:

- Investigation of harassment allegations filed by tenants, review of landlords that have a history of non-compliance with LAHD Code or Rent Divisions, or other regulatory enforcement for which non-compliance is associated with tenant displacement, harassment, or retaliation against tenants.
- After investigation, referrals of appropriate cases to the appropriate entity for potential criminal prosecution or civil litigation, and/or to non-profit organizations for tenant support and education. All referrals should include the full LAHD case file, supporting documentation, and other records to expedite fact investigation and litigation. All referrals should be in writing.
- Enforcement in the form of remedies, which may include fines under the Administrative Citation Enforcement (ACE) Program or referrals to the City Attorney's Office for potential criminal prosecution.
- Development of an accessible complaint intake system that is accessible to tenants in multiple languages.

- Ongoing LAHD use of the case management information technology platform to streamline case creation and file keeping, centralize communications, track complaints and compliance, and help establish the patterns and practices of potential TAHO violators.

### **Education**

An Education component of the Protections from Tenant Harassment Program shall be implemented by LAHD and non-profit organizations that may be part of the Contracting Partner(s), or other umbrella entity, to ensure that tenants are well-informed about tenant protections and resources and that landlords understand what constitutes tenant harassment and are aware of their obligations under the TAHO. Eligible activities include any Protections from Tenant Harassment activities engaged in coordination with or supplementary to outreach and education activities under the Homelessness Prevention Programs. Educational activities include, but are not limited to:

- Workshops, clinics, events, and other materials directed to tenants and landlord groups describing what constitutes a violation, what evidence is relevant, and how to make a complaint.
- Targeted outreach to tenants, including but not limited to units and buildings where potential harassment is suspected based on complaints and on landlord histories of non-compliance with LAHD enforcement that correlates with tenant displacement or retaliation against tenants.
- Workshops, clinics, events, and other materials directed to landlord groups, such as the Coalition of Small Rental Property Owners, Apartment Association of Greater Los Angeles (AAGLA), or the California Apartment Association (CAA), to train small landlords on the TAHO, including understanding their responsibilities, and where appropriate, providing technical assistance to support them in compliance.

### **Support**

In addition to the Monitoring and Enforcement and Education services identified in *Section 3.1*, support will be required by LAHD, the City Attorney's Office, LSPs, and non-profit organizations consistent with their identified roles. Support may include, but is not limited to:

- Establishment of a Task Force with the City Attorney, LAHD, LSPs, and non-profit tenant advocacy organizations to ensure coordination and to avoid duplication of effort. The Task Force should meet every quarter to discuss coordination and implementation.
- Training conducted by the City Attorney for LAHD and LSPs on the types of civil and criminal cases they may be litigating.
- Monitoring and reporting of Program activities, including, but not limited to, preparation of reports for LAHD, the COC, and City Council, showing how many

cases are in each phase of the system, including complaints, pending investigations, and resolved cases, as well as program evaluation.

- Reporting of outreach and education activities specific to the Protections from Tenant Harassment Program.

### **3.2 Program Budget**

ULA allocates three percent (3%) of overall annual program revenue for the Protections from Tenant Harassment Program. A minimum of thirty percent (30%) of Protections from Tenant Harassment Program expenditures are required to fund programs implemented by non-profit organizations consistent with these Protections from Tenant Harassment Program Guidelines.

### **3.3 Funding Priorities**

Funding allocated to the Protections from Tenant Harassment Program shall be apportioned and prioritized for the eligible activities identified in the Protections from Tenant Harassment Program Guidelines subject to the approval, discretion, and/or delegation from the Program Administrator.

Contingent on available resources, the Program Administrator may prioritize the deployment of resources to the following:

- Households that are at high risk of becoming homeless.
- Tenants in communities experiencing heightened displacement, as flagged by the City's new anti-displacement tool to identify communities, streets, and parcels most at risk for displacement by harassment.
- Buildings where low-income tenants may be targeted for displacement based on being long-term, low-income RSO tenants for whom rents are substantially below market.
- Owners with track records of harassment, illegal displacement, and non-compliance.

## **SECTION 4: IMPLEMENTATION PLAN**

The City of Los Angeles Tenant Anti-Harassment Ordinance (TAHO) was approved by the City Council and Mayor in September 2021. The City Council approved a preliminary staffing plan for the enforcement of the TAHO in the FY22/23 budget, and approved a full staffing and implementation plan for the ULA Protections from Tenant Harassment program in October 2023. The eligible activities identified in these Protections from Tenant Harassment Program Guidelines (*Section 2.3*) are consistent with and intended to enhance and expand the provision of services already being implemented by LAHD.



## **SECTION 5: CONTRACTUAL SERVICES**

Implementation of the Protections from Tenant Harassment Program requires contracting with LSPs and non-profit organizations. All procurement activities must be conducted consistent with the City Administrative Code and relevant City and LAHD policies. Upon completion of any existing contract term, the Program Administrator may consider extending the term of that contract consistent with the terms of the existing agreement or conducting a competitive bid for Protections from Tenant Harassment Program services, consistent with the City's competitive bidding requirements.

### **5.1 Evaluation and Selection Process**

Award of a contract for Program services shall be based on a best value competitive bid. Prior to release of a Request for Proposals (RFP), LAHD shall establish a scoring system assigning values to the following criteria, and rating responses to proposals accordingly:

- 1) Experience and approach to providing services set forth in *Sections 2.3 and 3.1* of these Protections from Tenant Harassment Program Guidelines.
- 2) Experience with and approach to providing services to the communities anticipated to be most at risk of displacement due to tenant harassment.
- 3) A cost proposal for solicited services.

The COC may consider recommending an integrated RFP process that allows service providers to bid for multiple Homelessness Prevention Programs under the same ULA-funded contract.

### **5.2 City Living Wage Ordinance**

All contractors shall comply with the Living Wage Ordinance, Los Angeles Administrative Code Section 10.37 et seq., as amended from time to time. Contractors further shall agree to comply with federal law proscribing retaliation for union organizing. Any subcontract entered into by a contractor for work to be performed under these Program Guidelines must include an identical provision.

### **5.3 Data Collection and Reporting**

Consistent with *Section 4 (Program Metrics)* of the Introduction to these Protections from Tenant Harassment Program Guidelines, information on the number of tenants receiving education, the number of landlords receiving education, and enforcement activities shall be collected and provided to the LAHD on a monthly basis. Wherever relevant, data shall be disaggregated by race, family composition, sexual orientation, age, ability, gender, and location (address, zip code, and Council District). This information includes, but is not limited to:

- Number of tenants receiving educational services, with sociodemographic data as deemed available.
- Number of residents served by Council District, disaggregated and searchable by race, family composition, sexual orientation, age, ability, and gender.
- Number of landlords receiving educational services.
- Number of events hosted and number and type of attendees.
- For enforcement activities, LSPs shall provide information on the number of cases, number of tenants, procedural status of cases, hearing outcomes, habitability improvements undertaken, or damages awarded to tenants.
- Fines and penalties issued by LAHD.
- For enforcement activities, LAHD shall request information from the City Attorney on the number of civil and criminal cases, number of tenants, status of case, complexity of cases, fines and penalties issued, hearing outcomes, habitability improvements undertaken.
- Quarterly reporting and updates from the Task Force described in *Section 3.1*.
- Number of Tenant Harassment cases subject to LAHD Monitoring.
- Number of referrals from LAHD Monitoring to City Attorney for Enforcement.
- Number of ACE Citations issued.
- Number of referrals from LAHD Monitoring to LSPs for Enforcement.
- Outcomes of all referrals from LAHD Monitoring to City Attorney and LSPs.