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INTER-DEPARTMENTAL MEMORANDUM

TO: AFFORDABLE HOUSING LINKAGE FEE OVERSIGHT COMMITTEE

FROM: TIENA JOHNSON HALL, GENERAL MANAGER

DATE: JULY 14, 2026

REGARDING: **UPDATE AND RELEVANT RECOMMENDATIONS REGARDING THE AFFORDABLE HOUSING LINKAGE FEE GUIDELINES AND PROGRAM IMPLEMENTATION**

On December 13, 2017, the Los Angeles City Council adopted the Affordable Housing Linkage Fee (AHLF) Ordinance (C.F. No. 17-0274), which amended Chapter II of the Los Angeles Municipal Code. Effective April 22, 2026, updated AHLF market area maps were released and to implement the update, the Los Angeles City Planning Department revised and released the AHLF Implementation Memo and an updated fee schedule. The associated fee schedule did not adjust the fee amount; however, it clarified how the new maps apply to projects.

Effective July 1, 2026, an adjustment to the Ordinance placed a fee on residential development ranging from $1.33 to $24.06 per square foot, depending on the market area, and non-residential developments ranging from $4.00 to $6.68 per square foot, depending on market area, to mitigate housing market impacts of new projects and generate local funding for affordable housing production and preservation in the City. The Ordinance also stipulated various exemptions and deductions based on project characteristics.

On December 18, 2025, the AHLF Oversight Committee (OC) heard the Los Angeles Housing Department's (LAHD) Report requesting a recommendation to amend the AHLF tiered funding structure and funding transition to a single program expenditure account based on the changing affordable housing ecosystem and the highest and best use analysis. This recommendation, including technical instructions to update the current AHLF Program Guidelines; a waiver to the existing guidelines in order to allocate funds to Project Homekey Projects and other associated authorizations to draft, negotiate, and execute loan documents (or amendments to existing loan documents) as detailed in the previous report; adoption of the FY 2023-24 and FY 2024-25 Expenditure Plan; and authority for the Los Angeles City Planning Department to issue a Request for Proposals or a Task Order Solicitation to obtain a consultant for the completion of a new nexus study as well as funding were approved by Council and Mayor on May 4, 2026.

RECOMMENDATIONS

The General Manager of the Los Angeles Housing Department (LAHD) respectfully requests that the AHLF OC recommend that the Council, subject to approval by the Mayor, take the following actions:

I. ADOPT the AHLF Resolution, which includes adoption of the updated AHLF Program Guidelines and corresponding Term Sheets.

II. AUTHORIZE the LAHD General Manager to allow sole sourcing under Los Angeles Administrative Code Section 10.15(a) for specific categories of projects described in the attached AHLF term sheets and on the grounds justifying sole source of these contracts as further set forth in the attached AHLF guidelines.

III. AUTHORIZE the LAHD General Manager or designee, to revise the previously approved obligation of funding (CF 25-0690) for the following project:

	Project	Fund	Account	Account Name	Amount
From:	C4 Workman and C5 Ave 24	59T-Linkage	TBD	TBD	$2,272,107
	C4 Workman and C5 Ave 24	561-HOME	43A800	Affordable Housing Managed Pipeline	$532,048
	C4 Workman and C5 Ave 24	561-HOME	43C800	Affordable Housing Managed Pipeline	$24,015,183
				Total:	$26,819,338
To:	C4 Workman and C5 Ave 24	561-HOME	43C800	Affordable Housing Managed Pipeline	$24,015,183
	C4 Workman and C5 Ave 24	561-HOME	43V010	Affordable Housing Trust - PY49	$1,022,934
	C4 Workman and C5 Ave 24	561-HOME	43W800	Affordable Housing Managed Pipeline	$1,781,221
				Total:	$26,819,338

IV. AUTHORIZE the General Manager of LAHD, or designee, to draft, negotiate, and execute loan documents (or amendments to existing loan documents) with the parties, funding sources, and funding amounts as detailed in the Recommendation III chart immediately above, subject to City Attorney approval as to form.

V. AUTHORIZE the LAHD General Manager, or designee, to prepare Controller instructions and make any necessary technical adjustments consistent with the Mayor and City Council actions, subject to the approval of the City Administrative Officer (CAO), and authorize the Controller to implement these instructions.

BACKGROUND

The AHLF OC requested that LAHD report to Council with further information about program details, including timeline for commitments, and project commitment type for the new programs within Asset Management. Details for both programs are contained within the updated AHLF Program Guidelines and the term sheets within those guidelines attached.

AHLF Resolution and Amended AHLF Program Guidelines

The attached Resolution recommended to be adopted by the Council and approved by the Mayor approves amendments and updates to the current AHLF Program Guidelines. The updated AHLF Program Guidelines (Attachment 1) will expand housing production and preservation and the new AHLF funding structure reduces the number of program categories from six (6) to one (1). Given that the Department only proposes one (1) program category for expenditure, the tiered structure with varying percentage allocations per category becomes obsolete.

Replenishment Reserve Support and Deferred Maintenance Programs

As described in the attached Guidelines, the AHLF will also support two (2) new affordable housing preservation programs: the Replenishment Reserve Support Program and the Deferred Maintenance Program. The first program will support the operations budgets of qualifying projects to ensure stable operable reliability. The second program will enable larger capital investments to extend the useful life of the building. Both preservation strategies provide benefits that seek to maintain affordability and stabilize units within the LAHD portfolio of roughly 67,000 restricted units. The Department will report to the AHLF OC and the Council on the number of units preserved by each program. Continued investment of the AHLF in these programs will depend on the effectiveness of these programs compared to other preservation programs within the Department and demonstrated need expressed by the affordable housing development community and the needs to further the health of the LAHD portfolio.

C4 Workman and C5 Ave 24

The Round 1 LAHD Homes For LA Notice of Funding Availability (NOFA) Awardee under the Pooled Sources New Construction Program, C4 Workman and C5 Ave 24, received a total of $26,819,338. Initial instructions in the Council-approved council file (CF 25-0690) included an award of $2,272,107 in AHLF funds as part of the $26,819,338. However, HOME funds will replace the $2,272,107 of AHLF funds initially dedicated towards these projects as detailed in Recommendation III above.

ATTACHMENTS & APPENDICES:

Attachment A - Resolution - AHLF Program Guidelines and Term Sheets

Attachment 1 - Updated AHLF Program Guidelines and Term Sheets

Appendix A - AHLF Market Area Maps Effective April 22, 2026

Appendix B - AHLF Implementation Memo Effective April 22, 2026

Appendix C - AHLF Ordinance Adjustment Effective July 1, 2026