September 18, 2012

Council File: 12-0600
Council District: Citywide
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Honorable Ed P. Reyes, Chair
Planning and Land Use Management Committee (PLUM)
Los Angeles City Council
200 North Spring Street, Room 410
Los Angeles, CA 90012

Attention: Sharon Gin, Legislative Assistant

COMMITTEE REPORT BACK: AFFORDABLE HOUSING REPORT BACK RELATIVE TO THE UNIVERSITY OF SOUTHERN CALIFORNIA (USC) SPECIFIC PLAN DEVELOPMENT AGREEMENT

SUMMARY

The Los Angeles Housing Department report, in coordination with the Department of City Planning, informs and provides analyses of multifamily housing needs and impacts in the USC Nexus Study Area to address concerns raised at the August 21, 2012 Planning and Land Use Management (PLUM) Committee meeting. Through this report back, the LAHD responds to a number of requests for data, including the use of a $20 million to $40 million dollar fund to address affordable housing issues in the USC Nexus Study Area. In an effort to contextualize the discussion related to the USC Specific Plan impacts on housing in the Nexus Study Area, the following is discussed:

1) An expanded description of the demographic and socio-economic characteristics initially raised in the Nexus Study Addendum.
2) A financial evaluation of the USC Nexus Study Area LAHD Affordable Housing Trust Fund investments in light of the expiring covenants in the Community Redevelopment Agency (CRA/LA) portfolio.

3) A financial evaluation of gap financing for affordable housing units.

4) A description of the unmet need for student housing in the USC Nexus Study Area.

5) An estimate of the LAHD administration costs to implement housing related mitigation efforts outlined in the Development Agreement.

6) A description of the City’s efforts to encourage the development and preservation of affordable housing in Transit Oriented Districts.

7) A feasibility analysis to fund a housing legal clinic to prevent housing discrimination and illegal evictions.

8) A review of the establishment of a revolving loan fund.

9) A review of the establishment and administration of a special fund to preserve affordable housing covenants, develop new affordable housing units, and leverage existing programs to develop a variety of housing types within the USC Nexus Study Area, including a focus on transit oriented districts.

RECOMMENDATIONS

The General Manager, LAHD, respectfully recommends:

That the City Council designate the LAHD’s Affordable Housing Trust Fund (AHTF) as the administrative and financial conduit for the USC Specific Plan Development Agreement’s affordable housing fund to be used within the USC Specific Plan Nexus Study Area.

BACKGROUND

This report addresses housing-related concerns raised at the August 21, 2012 PLUM Committee meeting regarding the USC Development Agreement. These housing-related concerns are part of an ongoing conversation that began with the completion of the original Nexus Study commissioned by USC, and submitted to PLUM on July 14, 2011. The Nexus Study was completed with the goal of identifying potential impacts that were beyond the scope of the Draft EIR such as affordable housing, open space, and jobs. This study was designed to inform a development agreement between the City of Los Angeles and USC to address identified impacts. Due to community and the City Council’s concerns that the Nexus Study did not adequately address housing impacts, the Planning and Land Use Management Committee instructed the Department of City Planning (DCP) and the Los Angeles Housing Department (LAHD) to draft a report as an addendum to the Nexus Study. The focus of the DCP report was to analyze market-rate housing and socioeconomic demographics, while the LAHD report focused on an analysis of at-risk housing, housing development, and foreclosures in the area. Both the DCP and the LAHD reports were heard in the City Council on February 28, 2012 and adopted by the City Council on March 20, 2012.

The Los Angeles Housing Department was asked to verbally clarify the conclusions of the LAHD Nexus Study Addendum when the development agreement was heard before the City Planning Commission meeting on May 10, 2012. However, there was no further analysis requested from the LAHD at that time.
In this report, all sections and discussion points directly reference the PLUM City Council Committee instruction enumeration to ensure the LAHD has addressed all outstanding questions and requests for follow-up. The following map illustrates the USC Specific Plan area centered within the Nexus Study Area as originally created using year 2000 Census Tracts, overlaid with the 2012 City Council District boundaries.

THE STATUS OF HOUSING IN THE USC NEXUS STUDY AREA

Needs/Demographic Data (Section 1B.a)
The LAHD was asked to provide a demographic profile of the Nexus Study Area that expanded on the Nexus Study Addendum survey on general socioeconomic and demographic characteristics of the study area as they relate to housing. The following statistics were gathered from U.S. Census Data and American Community Survey 2005-2009 estimates as derived from both ESRI Community Analyst and the PolicyMap data analysis tool. Maps that illustrate area symbology in purple hues were created using the PolicyMap mapping tool.
Income
In terms of the Nexus Study Area population, both the population and recorded median income have increased over the last ten years as illustrated in the table below.

<table>
<thead>
<tr>
<th>Median Income for the Nexus Study Area Population: 2000 and 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000 Population Total: 81,014</td>
</tr>
</tbody>
</table>

According to the pie graph below, in 2011, approximately 52 percent of households in the Nexus Study Area earn up to $24,000 annually.

Age
As it relates to the age of the population in the Nexus Study Area, over 30 percent of the population in this area is between the ages of twenty and thirty-four years of age according to the 2010 US Census. This college age demographic makes up the highest proportion of people, by age, in the USC Nexus Study Area.

Rent Burden
A severely cost-burdened household spends over half of its take-home pay on housing costs. An analysis of severely cost-burdened households in the USC Nexus Study Area indicates a high proportion of the block groups have more than 30 percent of the renters in this area paying more than half of their income on rent. Areas where over 30 percent of the block group house severely rent burdened tenants is indicated in dark purple in the map below.
Length of Residence

The year that a household first occupied their housing unit is an important contextual factor in measuring the extent of demographic change and stability in a neighborhood. In the USC Nexus Study Area, the highest concentration of households that are considered recent arrivals to the neighborhood (moved into their units since the year 2000) has occurred north of the USC campus and southwest of Exposition Park. These areas, shaded in dark purple (in the map below), indicate that over 67 percent of households moved into their housing units since the year 2000.

Conversely, areas shaded in light pink indicate that 37 percent or less of households moved into their unit prior to the year 2000. One of the highest concentrations of households that have lived in their housing units since prior to the year 2000 is found northwest of the USC campus, specifically north of Jefferson Boulevard and west of Vermont Avenue.
General Background on At-Risk Units in the Area (Section 1B.b)
The LAHD monitors the expiration of affordable housing covenants/restrictions Citywide. Currently there is an inventory of more than 70,000 assisted/restricted affordable units, housed in more than 1,900 developments across the City. This inventory is comprised of affordable housing units that are financed and/or assisted with federal, state and local sources, as well as units that received non-monetary assistance, such as City land use concessions.1

A high number of rental subsidies, restrictions and covenants on income-restricted units are considered “at-risk”. At-risk units are income-restricted today, however, their most restrictive and lengthier income restrictions are set to expire and/or terminate in the next five years.

The figure below shows that there are 1,299 at-risk affordable housing units in the USC Specific Plan Nexus Study Area. Of the small inventory of affordable housing that currently exists in the USC Study Area, nearly three-quarters have the potential of being lost in the next 5 years. These units house families and individuals with household incomes earning as little as 30 percent of the Area Median Income (AMI) to up to 80 percent. Of the total at-risk universe, approximately 679 units (52%) are properties that are HUD-financed and/or assisted including rental assistance contracts on annual renewals (Federal source). Approximately 615 units (47%) of these units are a mixture of City financed; regulated and/or covenanted housing (See Table Below).

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1 Source: LAHD Affordable Housing Database (AHD) May 2012. The AHD is used as a tool to track and analyze the expiration of affordable housing for preservation purposes. The AHD is not an affordable housing production database. The data is a snapshot in time of the inventory. There are several properties that have not been included due to LAHD’s inability to confirm placed in service dates, covenant terms and incomplete data from the primary financing or sponsoring public agency.
The majority of the federally-assisted units were financed and assisted by the U.S. Department of Housing and Urban Development (HUD) through below-market interest rate loans and rental housing subsidies in return for participating in low-interest subsidy loan programs, HUD required investors to make the units available to very low- and low-income households at approved rents throughout the term of the mortgage (originally 40 years).

**USC Specific Plan Nexus Study Area: At-Risk Unit Breakdown**

<table>
<thead>
<tr>
<th></th>
<th>2010-11</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>State</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Local</td>
<td>0</td>
<td>4</td>
<td>0</td>
<td>109</td>
<td>108</td>
<td>394</td>
<td>615</td>
</tr>
<tr>
<td>Federal</td>
<td>21</td>
<td>174</td>
<td>198</td>
<td>157</td>
<td>129</td>
<td>0</td>
<td>679</td>
</tr>
<tr>
<td>Totals</td>
<td>21</td>
<td>178</td>
<td>198</td>
<td>271</td>
<td>237</td>
<td>394</td>
<td>1,299</td>
</tr>
</tbody>
</table>

In addition, project-based rental subsidies (“contracts”) were layered on top of privately-owned apartment complexes. These subsidy contracts are critical community assets because HUD is no longer funding entire new subsidy contracts, which provide deeper rental affordability choices to extremely low-income households in the community.

**Status of AHTF and CRA/LA Investments Since 2000 (Section 1B.b)**

While the LAHD was asked to provide data regarding AHTF investment from 2000 to the present, the LAHD can speak authoritatively only to investment activity with verifiable data from 2003 to the present.
As reported before, the City has assisted in the financing of 442 units since 2003 in the zip codes of the study area. The AHTF represents approximately $22 million, CRA 5 percent and 20 percent contributions represent roughly $531,000 and nearly $6 million, respectively. The total City investment in the surrounding Nexus Study Area is approximately $28 million.

**Illegal Unit Conversions (Section 5B.1.)**
The LAHD was asked to report back on the number of illegal single family conversions in the Nexus Study Area. However, the LAHD’s jurisdiction is strictly assigned to properties with two (2) or more units on a parcel; single-family homes and vacant multi-family units are not within the LAHD’s regulatory purview with respect to systematic code enforcement. As a result, this section responds strictly to the multi-family housing stock in the area. The LAHD’s Systematic Code Enforcement Program (SCEP) Ordinance inspects all multi-family rental units in the City on a systematic basis.

The LAHD examined the prevalence of illegal units in multi-family properties within the USC Nexus Study Area and found that a minimal number were identified relative to the overall size of the multi-family housing stock in the area. In the current SCEP cycle - Cycle III - with inspections completed in 89 percent of the multi-family stock surrounding the USC Nexus Study Area, SCEP cited a total of 61 properties for having illegal units on the parcel; this represents less than six (6) percent of the 1,100 multi-family properties in the study area. The majority, (73 percent), of these citations were issued during a routine property inspection; the remaining 27 percent were cited when inspectors responded to complaints filed with the LAHD.

Once a citation is issued, SCEP requires owners to correct the violation by engaging the City’s permitting process to bring the unit(s) into compliance with building codes. If the owner is unable to correct the violation, the unit(s) must be demolished and tenant(s) evicted. In the City of Los Angeles, owners must pay relocation assistance to tenants evicted from illegal units; this includes paying a fee to the City’s relocation assistance contractor to help tenants find replacement housing. The current relocation payment to tenants ranges from $7,050 to $18,650 depending on the circumstances of both owners and tenants.

<table>
<thead>
<tr>
<th>DEVELOPMENT NAME</th>
<th>UNITS</th>
<th>AHTF INVESTMENT</th>
<th>CRA 20%</th>
<th>CRA 5%</th>
<th>TOTAL DEVELOPMENT COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alegria Apt.</td>
<td>15</td>
<td>$602,062</td>
<td>$232,000</td>
<td></td>
<td>$3,745,586</td>
</tr>
<tr>
<td>Broadway Village II</td>
<td>50</td>
<td>$1,987,378</td>
<td>$232,000</td>
<td></td>
<td>$12,004,689</td>
</tr>
<tr>
<td>Vermont Sr. I &amp; II</td>
<td>140</td>
<td>$3,600,000</td>
<td>$4,840,872</td>
<td></td>
<td>$25,100,872</td>
</tr>
<tr>
<td>Mansi Town Homes</td>
<td>21</td>
<td>$892,500</td>
<td></td>
<td></td>
<td>$5,547,252</td>
</tr>
<tr>
<td>Casa De Angeles</td>
<td>49</td>
<td>$3,473,280</td>
<td></td>
<td></td>
<td>$16,357,853</td>
</tr>
<tr>
<td>Mimmim Town Homes</td>
<td>21</td>
<td>$945,683</td>
<td></td>
<td></td>
<td>$6,214,330</td>
</tr>
<tr>
<td>Stovall Villas</td>
<td>32</td>
<td>$4,230,942</td>
<td>$663,500</td>
<td></td>
<td>$9,099,042</td>
</tr>
<tr>
<td>Sunrise Apartments</td>
<td>46</td>
<td>$2,202,568</td>
<td></td>
<td>$265,000</td>
<td>$12,829,357</td>
</tr>
<tr>
<td>Vermont Avenue Apartments</td>
<td>49</td>
<td>$3,017,456</td>
<td>$265,000</td>
<td></td>
<td>$18,190,353</td>
</tr>
<tr>
<td>Figueroa Apartments</td>
<td>19</td>
<td>$787,637</td>
<td></td>
<td></td>
<td>$4,192,015</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>442</strong></td>
<td><strong>$21,739,506</strong></td>
<td><strong>$5,968,372</strong></td>
<td><strong>$531,000</strong></td>
<td><strong>$113,281,349</strong></td>
</tr>
</tbody>
</table>
As of September 2012, nearly 80 percent of the properties with illegal unit citations in the USC Nexus Study Area were corrected. The remaining 20 percent of citations are going through the administrative process to resolve the violations.

**Housing Demand by USC Students (Section 1B.d)**

Council asked the LAHD to review the extent of student housing demand in the Nexus Study Area. As stated in the City Planning Commission (CPC) staff report from May 10, 2012, “The University currently hosts approximately 16,023 undergraduate students, 14,805 graduate students, 1,732 faculty, 5,716 staff employees and roughly 1,400 daily visitors,” (pp. A-2).

Additionally, the USC Nexus Study Addendum, as drafted in the Department of City Planning Status Report on Housing Affordability, further states, “USC-owned and affiliated housing on- and off-campus currently accommodates about 27.5 percent of the total student population but not faculty or staff.” The report goes on to state that, “USC students, faculty and staff residing in rental units accounted for 23.1 percent of the local area’s private market rental housing supply (i.e. not including USC –owned and affiliated units) in 2009, according to the Nexus Study.” The University does not require that students live in university owned or affiliated housing.

Given these facts, approximately 51 percent of a total 38,276 USC students faculty and staff live in the local area; 19,367 individuals demand housing options in the immediate vicinity of USC.

Additionally, the map below shows that, as it relates to the USC student population, only the darkest-colored concentration of block groups in the study area house at least 30 percent of students that reside in university/student housing. As indicated below, the block groups north of the campus have a higher proportion of University student housing.
STRATEGIES AND RESOURCES TO ADDRESS HOUSING IMPACTS IN THE USC NEXUS STUDY AREA

Preservation (Section 2D.1)
The Council instructed the LAHD to report back on how it can preserve existing at-risk affordable housing units in the study area. The following cost analysis discusses the cost of preserving an affordable housing unit versus new affordable housing unit construction. The table below shows that preserving an existing restricted unit is significantly less expensive than constructing new affordable housing. According to LAHD data, the cost of constructing a new unit is approximately $300,000. By contrast, the cost of rehabilitating and preserving an existing (affordable) rental unit is approximately $169,000\(^2\). This cost figure will vary depending on several characteristics, including but not limited to, property condition(s) and location. It is important to emphasize that the probability of replacing every at-risk affordable unit in the study area may be difficult due to the inability to predict a property owner’s willingness to preserve their units; opting to preserve, and therefore extend affordability is elective. Based on LAHD estimates, preserving all 1,299 restricted/assisted, at-risk housing units in the study area will cost approximately $219,000,000.

<table>
<thead>
<tr>
<th>Method</th>
<th>Cost Estimate Per Unit TDC</th>
<th>1,299 At-Risk Units TDC</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Construction</td>
<td>$300,000</td>
<td>$389,700,00</td>
</tr>
<tr>
<td>Preservation</td>
<td>$169,000</td>
<td>$219,000,000</td>
</tr>
</tbody>
</table>

Most of the CRA/LA units were constructed and/or funded in the 1980s, primarily through Bunker Hill Funds and the Resolution Housing Trust Fund. The units remain affordable through low- and moderate-income covenants running for 25 to 30 years as a result of loans and disposition and development agreements. There are 615 units that are financed by a combination of CRA/LA and other local sources of funding. Of the above amount, 502 units have CRA/LA income restrictions that are set to expire within the next five years. Given this, and the per-unit cost estimate above, it would cost roughly $85 million dollars to preserve these at-risk units.

The preservation options, tools and strategies for these housing assets differ from the federally-assisted housing portfolio and present additional challenges. As described above, most federally-assisted properties have rental subsidies that can be renewed as well as notification requirements to inform all stakeholders of the owner’s plans. These notifications provide stakeholders with a critical, minimum one-year notification to develop a preservation strategy. Similarly, these properties are more likely to have up to 100 percent of the units restricted through a loan or use restrictions and or a rental subsidy contract.

Specifically and importantly, two of the biggest challenges to extending affordability covenants are a dedicated funding source to assist in the preservation of these units (the CRA/LA was dissolved early this year) and an owner’s willingness to extend the affordability. Depending on the type of loan and outstanding balance, owners can be outreached to, to explore the extension of affordability by having the loan extended or forgiven as well as having interest forgiven.

\(^2\) This number may reflect the cost for recapitalization and rehabilitation.
Moreover, depending on the unit type, location and local rental market, owners may be inclined to take advantage of the high rental market and opt not to extend covenants. Because extending affordability will likely impose affordability requirements (55 years as required by State legislation), some owners, especially those not mission-driven, will consider taking units to market when these expire.

**Proposed Housing Programs to Address the Housing Impacts in the USC Nexus Study Area (Section 1B.c and 1B.e)**

The LAHD was asked to conduct an analysis, in general, of the costs and potential for affordable unit creation and preservation with various-sized funds. There are a number of potential units that could be funded, provided that the AHTF, and its core funding model (i.e., the leveraging of other funding sources) is followed.

<table>
<thead>
<tr>
<th>USC Commitment of Funds and Potential Unit Creation/Loss</th>
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</thead>
<tbody>
<tr>
<td>$98,000 Gap Assistance Per Unit</td>
</tr>
<tr>
<td>---------------------------------</td>
</tr>
<tr>
<td>$20,000,000</td>
</tr>
<tr>
<td>$30,000,000</td>
</tr>
<tr>
<td>$40,000,000</td>
</tr>
</tbody>
</table>

The table above shows the potential unit-creation with varying amounts of funding ranging from $20-$40 million dollars under different scenarios. A number of assumptions were held in calculating the potential unit-creation. First, an historical average of approximately $56,000 was used to determine how many units could be financed if the City did not backfill the loss of a CRA/LA funding contribution. The LAHD conducted a parallel analysis that identified those projects that included both the AHTF and CRA/LA-20 percent (Low and Moderate Income Funds) financial assistance. This analysis showed there is a total combined, per-unit subsidy of $98,000. On average, the CRA/LA per unit subsidy represents approximately 36 percent of City’s total contribution to build a new affordable housing unit. As a result, the city has one less leveraging source; it takes more city dollars today to create an affordable housing unit.

In terms of estimating the cost of administering a USC affordable housing fund, the LAHD will treat this fund similarly to the City of Industry Funds, where funding is targeted to a geographic area and the administration is absorbed as part of the natural course of the LAHD business.

**Mom and Pop Rehabilitation Program (Section 1E and 2D)**

In response to Council instructions to assess the applicability and feasibility of creating a rehabilitation program for smaller, 2-4 unit properties, the LAHD gathered the following information. In order to,
“right-size” a “Mom and Pop” rehabilitation program to address code and habitability violations in older multi-unit properties extensive study is required. In general, it is difficult to provide an average figure for rehabilitation costs since the specific property details, such as unit size, square footage, the number and extent of existing code violations, among other factors, can vary and significantly affect the estimated costs.

Preliminarily, however, the LAHD estimated the cost of a comprehensive rehabilitation for a small property in the South Los Angeles area. Said rehabilitation work includes the general rehabilitation, electrical rewiring, plumbing replacement, roofing replacement, window replacement, seismic retrofitting and termite damage framing. The results show that a small, two (2) unit property with 1,791 total square feet, costs $220,128 to rehabilitate, with an estimated cost of $110,064 per unit. In order to have a significant impact in implementing this type of program, it needs to be taken up to scale. For example, there are approximately 7,332 units contained in 2-4 unit properties that are subject to the RSO. If we were to conservatively estimate that we rehabilitate 10 percent of this housing stock, this would amount to approximately $80 million dollars. Based on past LAHD experience with administering similar programs, the department encountered instances of fraud by some recipients. In addition, these types of programs are costly and require heavy oversight by the administrative agency. The LAHD currently does not have the capacity to administer this type of program and therefore does not recommend the creation of such a program.

**Revolving Loan Fund – Pre-approved Affordable Housing Developers or Pre-acquisition (Section 1e)**

While the LAHD recognizes the continual need for affordable housing in the study area, and beyond, the LAHD does not believe that neither the pursuit of a revolving loan fund, nor the creation of a pre-approved list of developers is the most cost-effective means to address the housing need in the study area. Presently, the LAHD administers a highly-subscribed, competitive funding process that invites all qualified affordable housing developers to submit their proposals for gap financing. In many cases, the conditional award enables developers to compete successfully at the state level for 9% tax credits. The affordable housing developer community, as well as the LAHD, is conditioned to responding to the City’s competitive NOFA process; the access to and need for affordable housing developers to meet the need for creating affordable rental housing, citywide, is met by the AHTF competitive process.

**Legal Clinic to Assist Tenants (Section 1B.g)**

Council instructed the LAHD to explore the feasibility of establishing a legal clinic to prevent housing discrimination and illegal evictions. The LAHD does not have the ability to focus its resources on a particular neighborhood to address these types of needs.

The LAHD supports the concept for an independent Tenant Protection Legal Clinic to address the volume and specific housing concerns in the neighborhoods surrounding the USC campus. The university’s law school already dedicates law students to help vulnerable populations obtain legal relief; this proposal is a natural extension of their work. The proposed legal clinic would function similarly to the housing legal assistance provided to residents living in the communities that surround Columbia University and Stanford University where the services provided are an integral component of the student’s education.

The City of Los Angeles, primarily through the LAHD, funds a number of programs and resources to prevent mistreatment of tenants and help those that are discriminated against or threatened with false or bad faith evictions. Generally, a tenant’s rights are dictated by the type of unit that is rented. For instance, the rights of tenants living in private market apartments are governed by the California State
Law while those renting units subject to the City’s Rent Stabilization Ordinance (RSO) have additional protections afforded to them through this local ordinance.

By way of illustration, of all residential units in the USC Nexus Study Area, 79 percent of all units are subject to the City’s RSO, this represents 45 percent of properties. Tenants living in these units are entitled to protection against arbitrary, discriminatory or retaliatory evictions, unreasonable rent increases and they are also entitled to receive relocation assistance if they are evicted through no fault of their own.

Housing discrimination, alternatively, is prevented and remedied through a citywide fair housing program administered through a contractor that is tasked with investigating housing discrimination complaints related to rental and sale properties. The contractor is also required to remedy valid complaints, including legal action if necessary, provide multilingual counseling on fair housing issues and training to property owners and managers. Additionally, proactive testing is conducted to determine patterns and practices of discrimination throughout the City.

In RSO units, illegal evictions are grounds for filing a tenant unlawful eviction complaint with the LAHD’s Rent Investigations and Enforcement unit. The LAHD maintains an extensive database that tracks - on a monthly basis - the type of violation(s) that RSO tenants file in each region of the City. Complaints for evictions based on deceptive grounds may be filed online, by telephone and at an LAHD public counter. Through the creation of a legal clinic, tenants filing illegal eviction complaints, of their own accord or through an advocacy organization or non-profit legal counsel, can be provided with further assistance.

**Transit-Oriented Development (Sections 1B.f, 1D and 2D.1)**

Transit-oriented development has been a priority within the LAHD, with increasing prominence since the local passage of Measure R in 2008, and the recent passage of the Federal Transportation Act of 2012. The LAHD sees both the potential benefits on the creation of affordable housing around transit, but also recognizes the imminent pressures on vulnerable affordable and regulated housing that already exists in newly-created or revitalized transit stations and corridors. The AHTF has built into its NOFA, a point-reward system that awards more points for applicants that will site their developments in close proximity to transit stations (e.g., light rail and BRT stations). This point boost has been in place since the first funding round of the 2008 AHTF NOFA.

Earlier this year, the LAHD organized a citywide preservation summit, showcasing the findings of a cutting-edge analysis of the gentrifying pressures of transit investment on the at-risk affordable housing stock. The study findings indicated the volume and scope of the potential loss in and around key geographic concentrations. The study reinforced and further heightened the need to balance the creation of affordable rental housing alongside the preservation of existing, yet vulnerable housing stock.

In addition, the City is currently preparing the Five Year Consolidated Plan to HUD, which will utilize an extensive data and mapping driven process to strategically target the City’s resources along transit corridors in order to maximize the City’s investment. In concurrence with this planning process, the Mayor has expressed interest in developing and preserving affordable housing along transit corridors.
**Conclusion**

The need for continued, affordable housing has been demonstrated through the presentation of the USC Nexus Study Area’s demographic profile, an analysis of the affordable housing stock, as well as a financial analysis of the lost capacity with the demise of the CRA/LA. The LAHD has presented data, analyses and findings that, generally speaking, indicate that the housing impact and needs will continue to grow and evolve. Specifically, the study area demographic profile indicates a younger, increasingly newer resident base, the housing needs of which often conflict with the needs of area residents who are not otherwise affiliated with USC. Pressure to house those educated or employed by USC will continue to mount. Moreover, outside transit-oriented development and investment pressures of the study area will continue to place existing regulated and affordable housing in a most vulnerable position. The preservation of at-risk affordable and city-regulated rental stock must be a priority alongside the financing of new, affordable rental housing.

With changing needs, the LAHD must be able to respond with as much flexibility as practicable. With said flexibility, the LAHD will be mindful of not duplicating efforts, leveraging staff and existing program resources, and making the most of any commitment of funds to best address the affordable housing needs and impacts of the study area. It is for this reason that the LAHD does not recommend the establishment of a Revolving Loan fund to rehabilitate 2-4 unit multifamily properties in the USC Nexus Study Area.

As requested by Council, the LAHD has gathered the necessary data and conducted the necessary financial analysis to address the various council requests including how a $20 to $40 million dollar fund can help address the housing needs in the area. In sum, in order to have the most impact on affordable housing in the USC Nexus Study Area, the LAHD recommends that the City Council designate the LAHD’s Affordable Housing Trust Fund (AHTF) as the primary administrative and financial conduit to address the housing impacts in the USC Specific Plan Development Agreement affordable housing fund.