

HOUSING COMMITTEE REPORT relative to efforts of the Los Angeles Housing and Community Investment Department (HCIDLA) to preserve expiring United States Department of Housing and Urban Development (HUD) subsidized mortgages and project-based Section 8 contracts.

Recommendation for Council action, pursuant to Motion (Cedillo – Harris-Dawson):

INSTRUCT the HCIDLA to report relative to the Department's preservation efforts for expiring HUD subsidized mortgages and project-based section 8 contracts, along with an outreach plan for the preservation of these units.

Fiscal Impact Statement: Neither the City Administrative Officer nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: None submitted.

### SUMMARY

On July 31, 2015, Council considered Motion (Cedillo – Harris-Dawson) relative to HCIDLA's preservation efforts for expiring HUD subsidized mortgages and project-based Section 8 contracts and its related outreach efforts. Motion states that the City of Los Angeles is at risk of losing 15,737 affordable units within the next five years due to expiring affordability covenants. Data from 2014 shows an estimate of nearly 160 CRA properties, with 4,600 units, expiring over the next five years. The majority of remaining expiring covenants are due to expiring HUD subsidized mortgages and project based section 8 contracts.

While the production of affordable housing is imperative to meet the demand of affordable housing, Motion movers believe that the City must engage in proactive preservation efforts to prevent a net loss of existing affordable housing in the City. Council referred Motion to the Housing Committee for consideration.

At its meeting held November 18, 2015, the Housing Committee discussed this matter with representatives of the HCIDLA. Department staff stated that education and outreach to property managers and tenants is the best strategy to preserve the City's stock of publicly subsidized housing. HCIDLA intends to request additional staff for its preservation program in the budget request for the next fiscal year. Department representatives stated that approximately 13,500 units are at risk of losing their subsidies within the next five years. It was stated that subsidies for 5,783 units will expire within the next year. The contracts for many units are on annual renewals. Property managers contact HUD to re-apply.

Department staff went on to state that the right for property managers to evict tenant evictions depends on a number of factors including whether the rental unit is controlled by the City's Rent Stabilization Ordinance, loan agreement provisions, and whether the property is in a HUD rental subsidy program. Property managers are required to notify HUD four months prior to the expiration of the subsidy agreement if the agreement will not be renewed and tenants will be evicted. In most cases, tenants receive relocation vouchers. HCIDLA intends to contract out education and outreach services.

During the public comment period, speakers expressed support for the Motion and for outreach efforts conducted by CES. It was stated that property managers attempt to illegally evict tenants and do not maintain appliances. Outreach efforts were conducted and tenants were made aware of their rights, keeping them in their homes.

The Housing Committee recommended that Council approve Motion's instruction for HCIDLA to report relative to this matter.

Respectfully Submitted,

HOUSING COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
CEDILLO:	YES 
FUENTES:	YES
HUIZAR:	ABSENT
PRICE:	YES
HARRIS-DAWSON:	YES

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**-NOT OFFICIAL UNTIL COUNCIL ACTS-**