

HOUSING COMMITTEE REPORT relative to the expenditure of Linkage Fee Revenue.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. AUTHORIZE the Controller to establish the following new accounts within City of Los Angeles Housing Impact Trust Fund No. 59T as follows:

Account No.	Title
43R680	HCIDLA Administration
43R723	Rental New Construction
43R724	Rental Preservation
43R725	Homeownership Moderate Income Purchase Assistance
43R726	Homeownership Low Income Purchase Assistance
43R727	Innovative Housing Demo- Accessory Dwelling Unit
43R728	Innovative Housing Demo- Other

2. APPROPRIATE \$138,558 to Account No. 43R680.
3. APPROPRIATE revenue and interest income from received Linkage Fees in any Fiscal Year (FY) based on percentages established in the Expenditure Plan as detailed in the October 10, 2018 HCIDLA report, attached to the Council file:

<u>Revenue Thresholds in any given FY</u>	<u>43R680</u>	<u>43R723</u>	<u>43R724</u>	<u>43R725</u>	<u>43R726</u>	<u>43R727</u>	<u>43R728</u>
Initial revenue up to \$1,176,471	15%	0%	0%	0%	0%	85%	0%
Additional revenue above \$1.176m, up to \$10,000,000	15%	60%	20%	5%	0%	0%	0%
Additional revenue above \$10m, up to \$50,000,000	15%	50.5%	14.3%	5.1%	12.5%	0%	2.5%
Revenue above \$50,000,000	15%	51%	15%	5%	10%	2%	2%

4. RESOLVE that one position of Management Analyst (Class Code 9184) within the Housing Development Bureau, Los Angeles Housing and Community Investment Department (HCIDLA), is APPROVED and CONFIRMED for Fiscal Year (FY) 2018-19, to be funded with Linkage Fee revenue for FY 2018-19.
5. AUTHORIZE one existing vacant Housing, Planning and Economic Analyst within the Public Policy and Research Unit, HCIDLA to be funded at 50 percent of the position's

salary with Linkage Fee revenue for FY 2018-19.

6. AUTHORIZE the HCIDLA to issue a Request for Proposals for an amount up to \$75,000 to be funded by Linkage Fee revenue, if need, to procure data analysis necessary to expedite the development of innovative programs.
7. INSTRUCT the HCIDLA to convene the Affordable Housing Linkage Fee Oversight Committee.
8. INSTRUCT the HCIDLA, Department of City Planning, and Department of Building and Safety and REQUEST the City Attorney to report to the Affordable Housing Linkage Fee Oversight Committee with a comprehensive staffing plan to administer Linkage Fee programs for FY 2019-20 within 60 days.
9. DIRECT the HCIDLA to:
 - a. Report to the Oversight Committee with a draft Expenditure Plan for FY 2019-20, including a recommended funding amount for each sub-category within the Rental New Construction, Rental Preservation, Homeownership, and Innovations/New Programs categories for its review within 60 days.
 - b. Report to Council in regard to the Affordable Housing Linkage Fee Oversight Committee's feedback on the Expenditure Plan and request approval for any necessary changes to the Expenditure Plan before the beginning of FY 2019-20.
 - c. Report to Council in regard to proposals for how the revenue will be used to enhance existing programs and request approval for the implementation of new programs to be funded by the Linkage Fee revenue.
10. INSTRUCT the Chief Legislative Analyst to prepare a Resolution to adopt the Linkage Fee Guidelines to fund administrative costs for FY 2018-19, upon Council approval.
11. AUTHORIZE the General Manager, HCIDLA, or designee, to prepare Controller Instructions and make any necessary technical adjustments consistent with the Mayor and City actions, subject to the approval of the City Administrative Officer(CAO); and, AUTHORIZE the Controller to implement these instructions.

Fiscal Impact Statement Submitted: The CAO reports that there will be no impact to the General Fund. The recommendations contained in the November 19, 2018 CAO report, attached to the Council file, are in compliance with the City's Financial Policies in that the proposed Expenditure Plan will be funded by Linkage Fee revenue deposited into the Housing Impact Trust Fund No. 59T.

Community Impact Statement: None submitted.

(Also referred to the Planning and Land Use Management and Personnel and Animal Welfare Committees)

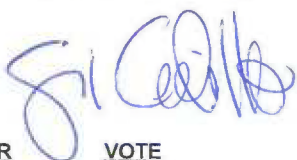
Summary:

On January 23, 2019, your Committee considered November 19, 2018 CAO, January 17, 2019 Chief Legislative Analyst (CLA) and October 10, 2018 HCIDLA reports relative to the expenditure of Linkage Fee Revenue. According to the CLA, on December 17, 2018, Council approved Ordinance Nos. 185342 and 185341 relative to the implementation of an Affordable Housing Linkage Fee (Linkage Fee). Pursuant to Ordinance No. 185342, a Linkage Fee shall be paid for specified projects as a condition of a building permit in order to mitigate the need for affordable housing that is generated or attributed to such projects. As of June 2018, the fee is being incrementally phased in and the full fee amount will be effective as of June 2019. Ordinance No. 185341 authorized the establishment of the Housing Impact Trust Fund for the receipt and use of Linkage Fee revenue. This Ordinance requires that the expenditure of Linkage Fee revenue be subject to guidelines approved by Council via Resolution. Annual reporting to an Oversight Committee comprised of designees from the HCIDLA, CLA, CAO, City Planning Department (CPD), and the Mayor is also required.

In the October 10, 2018, the HCIDLA is seeking authorization to adopt the expenditure guidelines (Expenditure Plan), approve resolution position authority, establish new accounts within the Los Angeles Housing Impact Trust Fund, and appropriate revenues as outlined in the proposed Expenditure Plan, attached to the Council file. The HCIDLA estimates approximately \$52 million in revenue in FY 2019-20, and \$104 million in annual revenue beginning in FY 2020-21. In its November 19, 2018 report, the CAO concurs with the recommendations related to establishing accounts and appropriating revenue as proposed by the HCIDLA. However, the CAO does not recommend approval of position authority at this time. The CAO amends HCIDLA's proposed 15 percent set-aside for administration to allow for an alternative allocation of up to 15 percent for the administrative needs of all Departments that will be impacted by the Linkage Fee, such as the CPD, Building and Safety, and City Attorney, to be determined through the annual budget process. The CAO further recommends that the HCIDLA report to Council with the Oversight Committee's feedback prior to FY 2019-20 and more programmatic details for use of the funds. After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations contained in the CLA and CAO reports, as amended, and detailed in the above recommendations. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

HOUSING COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
CEDILLO:	YES
KREKORIAN:	ABSENT
HARRIS-DAWSON:	YES

ARL
1/23/19

-NOT OFFICIAL UNTIL COUNCIL ACTS-