

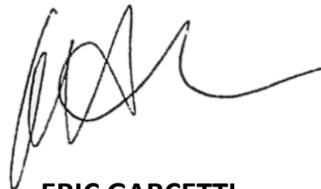
TRANSMITTAL

To: **THE COUNCIL**

Date: **05/06/22**

From: **THE MAYOR**

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.



(Andre Herndon) for

ERIC GARCETTI
Mayor

Ann Sewill, General Manager
Tricia Keane, Executive Officer

City of Los Angeles



LOS ANGELES HOUSING DEPARTMENT

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May 5, 2022

Council File: New
Council Districts: Citywide
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Honorable Eric Garcetti
Mayor, City of Los Angeles
Room 303, City Hall
200 N. Spring Street
Los Angeles, CA 90012

Attention: Heleen Ramirez, Legislative Coordinator

COUNCIL TRANSMITTAL: RECOMMENDATIONS RELATED TO A PROPOSED BALLOT MEASURE FOR THE NOVEMBER 2022 GENERAL ELECTION TO AMEND THE CITY'S ARTICLE 34 AUTHORITY

SUMMARY

The General Manager of the Los Angeles Housing Department (LAHD), respectfully requests that your office review and approve this transmittal and forward it to the City Council for further consideration. LAHD recommends that the City Council and Mayor request placement of the proposed Article 34 measure on the November 2022 ballot, and direct the City Attorney to prepare and present all required documents.

Article 34 of the California Constitution requires the approval by a majority of voters of a locality for the development, construction, acquisition or financing of low rent housing project(s). In November 2008, City voters approved Proposition B (C.F. 08-1503), "Update of Low Rent Housing Authorization," which consolidated but maintained the City's prior Article 34 authority of 3,500 units per Council District and removed impediments to fully accessing federal and state funding sources to construct low rent housing. In the intervening fourteen years, several districts have either fully or almost fully utilized that authority. Staff recommends that a new measure be placed on the ballot to authorize an additional 5,000 units per Council District.

RECOMMENDATIONS

- I. That the Mayor review this transmittal and forward it to the City Council for further action;
- II. That the City Council, subject to the approval of the Mayor:
 - A. DIRECT LAHD to work with the City Attorney and Chief Legislative Analyst to develop language for the ballot measure that adequately asks the qualified electors of the City to amend the City's current Article 34 authority;
 - B. REQUEST the City Attorney to prepare and present all necessary resolutions, ordinances, and/or other related documents necessary no later than June 15, 2022 in order to place a new Article 34 authority measure on the ballot for the November 2022 General Election; and,
 - C. REQUEST placement of a new Article 34 authority measure on the ballot for the November 2022 General Election.

BACKGROUND

Article 34 of the California Constitution, otherwise known as the Public Housing Project Law, requires approval by a majority of voters of a locality for the development, construction, or acquisition of "low rent housing" projects (Attachment A). Article 34 defines a "low rent housing project" as any development composed of dwellings, apartments, or other living accommodations for low-income households, which is financed in whole or part by public funds. The voter approval requirement of Article 34 does not apply to projects designed, planned, financed, constructed, and owned by a private entity; nor to publicly-financed homeownership projects, certain rehabilitation projects, and new construction projects where less than half the units are for low-income households.

Current City Authority

Between 1973 and 1980 the City's voters approved five separate ballot measures granting Article 34 authority for various types of affordable housing, each targeted based on the critical housing needs of their time. These propositions, collectively, authorized up to 52,500 units, or 3,500 per Council District, of affordable housing subject to Article 34. In November 2008, voters approved Proposition B, "Update of Low Rent Housing Authorization," which consolidated but maintained the City's prior Article 34 authority of 3,500 units per Council District and removed impediments to fully accessing federal and state funding sources to construct low rent housing.

The Need to Increase City Authority

LAHD maintains a tally of all projects and units subject to Article 34. As of May 1, 2022, five council districts have a balance of less than 1,000 authorized units as shown in Table 1.

Table 1 - Article 34 Authority Remaining Balance as of May 1, 2022

Council District	Total Units of Authority	Units Expended	Remaining Balance
1	3,500	3,396	104
2	3,500	214	3,286
3	3,500	661	2,839
4	3,500	1,071	2,429
5	3,500	361	3,139
6	3,500	1,374	2,126
7	3,500	1,039	2,461
8	3,500	2,068	1,432
9	3,500	2,923	577
10	3,500	1,781	1,719
11	3,500	731	2,769
12	3,500	154	3,346
13	3,500	3,081	419
14	3,500	3,490	10
15	3,500	2,684	816
TOTAL	52,500	25,028	27,472

Article 34 authority is required for every project where more than 50% of units are restricted for households earning less than 80% AMI and is financed by the City or the Housing Authority, or by the State within City limits. The City’s 2021-2029 Housing Element requires that the City, through zoning and other actions, make it possible to build almost 185,000 affordable units for low-income renters in eight years. Many of these will be developed by the private sector using land-use incentives such as the density bonus or the Transit Oriented Communities programs. But if even one-third of those units require subsidy in buildings that are primarily affordable housing, the City would need Article 34 authority for 62,000 units in the next eight years. The increase in this proposed new measure would provide that authority, with a total of 75,000 units in addition to the remaining balance of 27,472.

Ballot Measure for the November 2022 General Election

The new proposed measure will ask voters to amend the City's Article 34 authority by increasing the current council district cap of 3,500 units with an additional 5,000 units per Council District.

CONCLUSION

Amending the City's Article 34 authority will address an existing barrier to the production of affordable housing and allow the City to continue moving forward in addressing the demand for affordable housing.

FISCAL IMPACT

There may be an impact on the General Fund with fees and costs associated with placing the measure on the ballot, as determined by the Office of the City Clerk.

Approved By:



ANN SEWILL
General Manager
Los Angeles Housing Department

ATTACHMENT A

ARTICLE XXXIV PUBLIC HOUSING PROJECT LAW [Section 1 - Section 4] (*Article 34 added Nov. 7, 1950, by Prop. 10. Initiative measure.*)

Section 1.

No low rent housing project shall hereafter be developed, constructed, or acquired in any manner by any state public body until, a majority of the qualified electors of the city, town or county, as the case may be, in which it is proposed to develop, construct, or acquire the same, voting upon such issue, approve such project by voting in favor thereof at an election to be held for that purpose, or at any general or special election.

For the purposes of this Article the term "low rent housing project" shall mean any development composed of urban or rural dwellings, apartments or other living accommodations for persons of low income, financed in whole or in part by the Federal Government or a state public body or to which the Federal Government or a state public body extends assistance by supplying all or part of the labor, by guaranteeing the payment of liens, or otherwise. For the purposes of this Article only there shall be excluded from the term "low rent housing project" any such project where there shall be in existence on the effective date hereof, a contract for financial assistance between any state public body and the Federal Government in respect to such project.

For the purposes of this Article only "persons of low income" shall mean persons or families who lack the amount of income which is necessary (as determined by the state public body developing, constructing, or acquiring the housing project) to enable them, without financial assistance, to live in decent, safe and sanitary dwellings, without overcrowding.

For the purposes of this Article the term "state public body" shall mean this State, or any city, city and county, county, district, authority, agency, or any other subdivision or public body of this State.

For the purposes of this Article the term "Federal Government" shall mean the United States of America, or any agency or instrumentality, corporate or otherwise, of the United States of America.

(Sec. 1 added Nov. 7, 1950, by Prop. 10. Initiative measure.)

Section 2.

The provisions of this Article shall be self-executing but legislation not in conflict herewith may be enacted to facilitate its operation.

(Sec. 2 added Nov. 7, 1950, by Prop. 10. Initiative measure.)

Section 3.

If any portion, section or clause of this article, or the application thereof to any person or circumstance, shall for any reason be declared unconstitutional or held invalid, the remainder of this Article, or the application of such portion, section or clause to other persons or circumstances, shall not be affected thereby.
(Sec. 3 added Nov. 7, 1950, by Prop. 10. Initiative measure.)

Section 4.

The provisions of this Article shall supersede all provisions of this Constitution and laws enacted thereunder in conflict therewith.
(Sec. 4 added Nov. 7, 1950, by Prop. 10. Initiative measure.)