
FUNDING FOR AFFORDABLE HOUSING AND TENANT ASSISTANCE PROGRAMS THROUGH A TAX ON REAL PROPERTY TRANSFERS OVER \$5 MILLION. INITIATIVE ORDINANCE ____.

Shall an ordinance funding and authorizing affordable housing programs and resources for tenants at risk of homelessness through a 4% tax on sales/transfers of real property exceeding \$5 million, and 5.5% on properties of \$10 million or more, with exceptions; until ended by voters; generating approximately \$600 million - \$1.1 billion annually; be adopted?



INITIATIVE ORDINANCE _____

FUNDING FOR AFFORDABLE HOUSING AND TENANT ASSISTANCE PROGRAMS THROUGH A SPECIAL TAX ON REAL PROPERTY TRANSFERS OVER \$5 MILLION. INITIATIVE ORDINANCE.

The proposed ordinance would establish and authorize programs to increase affordable housing and provide resources to tenants at risk of homelessness. Programs would be funded through an additional tax on sales and transfers of real property exceeding certain thresholds. The tax rate would be 4% of the consideration or value when the property transferred exceeds \$5 million but is less than \$10 million, and 5.5% when the property transferred is \$10 million or more. Qualified affordable-housing organizations would be exempt from the new tax. Program funds would be allocated primarily for supportive and affordable housing programs, including development, construction, acquisition, rehabilitation, and operation of housing. Funds also would be allocated for financial, educational, and other resources to low-income and other tenants at risk of homelessness, displacement, or eviction. The ordinance would create a Citizen Oversight Committee to develop funding guidelines, conduct housing-needs assessments, monitor program implementation, and audit fund expenditures.

ORDINANCE NO. _____

**THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:**

Los Angeles Program to Prevent Homelessness and Fund Affordable Housing (“House LA”)

SECTION 1: The People of the City of Los Angeles hereby find:

- (a) Rising rents, widespread tenant evictions and a lack of affordable housing have made Los Angeles the city with the worst housing and homelessness crisis in the country.
- (b) A household is considered cost burdened when they are paying more than 30% of their household income on housing costs. In 2019, the City of Los Angeles (“the City” or “City”) had a higher percentage of cost-burdened renter households (59%) than any other major American city. About 32% of City renters are severely cost-burdened, meaning they spend over 50% of their income on rent. As families overspend on housing costs, they have less in their budget for health care, childcare, education, healthy food, savings and retirement, and other household costs. In addition to impacting the health, education, and economic outcomes of the City’s residents, this has far-reaching economic impacts as Angelenos spend less at local businesses. Furthermore, young people and people in Lower Income Households are leaving the region specifically due to high housing costs, a dynamic that regional economists have cited as a key concern for the City’s prospects for economic growth and that local businesses are contending with as they search for employees.
- (c) Among the 42% of City seniors (people aged 65 years and older) who rent, 65% are cost burdened. Among the 58% of seniors who own their homes, more than 38% are cost



burdened. Longstanding housing unaffordability strains residential stability particularly for young people, seniors, people in Lower Income Households, and their communities. The two age groups in the City with the highest rates of rent burden are young people aged 18-24 years and seniors aged 65 years and older.

(d) One of the primary dynamics underlying the housing crisis is that rents are increasing faster than wages. The median household income in 2019 was \$62,142, less than that of the county or state. Twenty-two percent of City families make less than \$25,000/year and 42% make less than \$50,000/year. Wages have fallen far behind the cost of living in the City; the top five projected occupations through 2028 all have a median income of less than \$31,250, indicating an urgent need for housing for people in Acutely, Extremely and Very Low Income Households.

(e) The COVID-19 pandemic has further exacerbated housing instability among the City's lowest wage earners and makes them more susceptible to falling into homelessness.

(f) In 2020, 41,290 people were experiencing homelessness in the City of Los Angeles. About 70% of this population remains unsheltered, living on the sidewalks, under the bridges, and in the parks of the City. This has amounted to a humanitarian crisis, largely caused by government inaction.

(g) Despite a sustained increase in effectively housing people who are unhoused in the City of Los Angeles, in 2020, there was a 16.1% increase (to 41,290) homeless persons in the City, largely because of the economic pressures of lost jobs, evictions or rising rents. Effective preventative interventions, including significantly increasing the production of affordable and supportive housing and strengthening tenant protections, could dramatically reverse this pattern and reduce the number of persons who are experiencing homelessness on our streets.

(h) An estimated 30,000 formal evictions are filed in the City of Los Angeles each year and the vast majority of tenants who receive an eviction notice do not have access to an attorney and do not know how to exercise their rights. Eviction cases can be very complicated and technical; it is difficult to successfully defend an eviction case without a lawyer. Providing counsel to people facing eviction can prevent and reduce homelessness; in locales where a right to counsel exists, approximately 86% of represented tenants stay housed.

(i) As rents continue to rise across the City, the incentive is strong to push out tenants in rent-stabilized apartments and harassment is a primary driver of informal evictions.

(j) The lack of access to affordable, healthy, and stable housing is an ongoing issue that will require serious policy interventions and sustained public funding. Despite the City's historic and continued effort to secure and allocate funding for affordable housing, one of the main drivers of this crisis is lack of sufficient revenue to preserve and produce affordable homes and lack of adequate funding to support tenants to stay in their homes.

(k) The City of Los Angeles routinely falls far short of the affordable housing allocations in its Regional Housing Needs Assessment and will continue to do so without additional policy interventions such as a dedicated funding source.



(l) The City's 2021-2029 Housing Element includes numerous affordable housing and homelessness prevention goals and implementation programs, including: Program 20 to support additional permanent sources of affordable housing and renter protection funding for the City, including options for generating funds locally, including a progressive real estate documentary transfer tax; Program 16 to prioritize public land for new models of affordable housing development and control, including Community Land Trusts or social/public housing; and Program 88 to implement an Eviction Defense Program and evaluate a tenant's "Right to Counsel" Program. New funding for these Programs will help the City comply with its 2021-2029 Housing Element and meet its Regional Housing Needs Assessment obligations for this housing element cycle and in future cycles.

(m) Regular public transit riders primarily in the City of Los Angeles tend to be Acutely, Extremely and Very Low Income; half of bus riders surveyed by the Los Angeles Metropolitan Transportation Authority ("LA Metro") onboard LA Metro's buses earned less than \$18,000 per year before the COVID-19 pandemic. Displacement of transit rider households from the City's transit-rich urban areas contributes to drops in transit ridership overall. This negatively impacts the City's air quality and traffic congestion and is a major obstacle in addressing our region's carbon emissions.

(n) Areas of the City with the lowest rate of affordable housing production occur in the City's Highest and High Opportunity ("High Opportunity") areas, which reflect those area's high level of access to economic opportunities, resources, and amenities according to the Opportunity Area Maps from the State of California Tax Credit Allocation Committee and the State of California Housing and Community Development Department. A 2021 report by the City of Los Angeles's Department of City Planning and Housing Departments found that only 6% of subsidized affordable housing was built in the City's High Opportunity areas.

(o) New funding and programs for affordable housing and homelessness prevention are needed to supplement the City's existing funding and programs.

(p) Increasing the Real Property Transfer Tax on the highest priced properties in the City will generate an ongoing revenue source which will allow the City to employ robust tenant stabilization policies and practices to proactively keep vulnerable households from losing their homes and instead build significant numbers of homes that are affordable to the City's Lower Income Households, thereby directly preventing and reducing homelessness across the City and lowering the City's housing costs.

(q) The initiative will protect renters, including seniors in Lower Income Households and persons with disabilities, from being forced into homelessness or otherwise displaced by (a) providing short-term emergency funding to tenant households at risk of becoming homeless; (b) providing income support for rent-burdened at-risk seniors and persons with disabilities; (c) providing tenant outreach, education and navigation services; (d) providing legal services to tenants in Lower Income Households threatened with eviction; and (e) monitoring, enforcing and informing tenants of City protections against tenant harassment.

(r) The initiative will increase the development and preservation of homes affordable to people in Lower Income Households by: (a) Investing in new and existing models of affordable multifamily development; (b) Building on current practices for public or community



acquisition of rental housing so as to provide permanent affordability and allow community and/or public sector ownership; (c) Innovating housing production strategies that emphasize permanent affordability, utilize innovative funding strategies, expand ownership methods and use leading edge construction technologies; (d) Using funds for development-based rent subsidies to help create affordable housing options for Extremely Low Income Households; and (e) Ensuring that program funds are invested to not only develop affordable housing but also to foster production creativity and long-term goal setting.

(s) The programs and policies funded through this initiative will be deployed in such a way as to address racial segregation, dismantle racially exclusionary practices, and promote racial equity in housing, academic, and economic opportunities.

(t) Article XXXIV of the Constitution of the State of California (“Article XXXIV”) provides that no low-rent housing project shall 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 project, 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.

(u) The City of Los Angeles and its residents will directly benefit from the development, construction, acquisition, and administration of additional dwelling units for families and households of low income.

(v) It is the intention of the voters in adopting this initiative to ensure that tax proceeds from the Homelessness and Housing Solutions Tax be used to fund the purposes set forth in the House LA Program.

Now THEREFORE, based on these findings, the people declare that the City of Los Angeles adopt the legislation contained herein to protect tenants, produce, and preserve affordable housing, and prevent homelessness.

SECTION 2: Chapter II, Article 1.9 of the City of Los Angeles Municipal Code is hereby amended as follows (with ~~strikethrough~~ indicating deleted text, and underline indicating new text):

SEC. 21.9.2. TAX IMPOSED.

(a) There is hereby imposed on each deed, instrument or writing by which any lands, tenements, or other realty sold within the City of Los Angeles shall be granted, assigned, transferred or otherwise conveyed to, or vested in, the purchaser or purchasers, or any other person or persons, by his or their direction, when the consideration or value of the interest or property conveyed (exclusive of the value of any lien or encumbrance remaining thereon at the time of sale) exceeds \$100.00, a tax at the rate of \$2.25 for each \$500.00 or fractional part thereof.

(b) In addition to and separate from any tax imposed under Subsection (a) of this section, starting on April 1, 2023, there is hereby imposed a tax known as the “Homelessness and Housing Solutions Tax” on each deed, instrument or writing by which any lands, tenements,



or other realty sold within the City of Los Angeles shall be granted, assigned, transferred or otherwise conveyed to, or vested in, the purchaser or purchasers, or any other person or persons, by his or their direction, when the consideration or value of the interest or property conveyed (including the value of any lien or encumbrance remaining thereon at the time of sale) exceeds:

(1) \$5,000,000 but is less than \$10,000,000, a tax at the rate of 4% of the consideration or value; or

(2) \$10,000,000 or greater, a tax at the rate of 5.5% of the consideration or value.

(c) The Director of Finance for the City of Los Angeles shall adjust the consideration or value thresholds set forth in Subsection (b) of this section adjusted annually based on the Bureau of Labor Statistics Chained Consumer Price Index (C-CPI-U), pursuant to guidelines and procedures he or she establish pursuant to Subsection (c) of Section 21.9.11 of this Code.

SEC. 21.9.11. DUTIES OF CLERK.

(a) The Director of Finance, in his capacity as Tax Collector of the City of Los Angeles, is hereby designated as the officer of the City responsible for maintaining relations with the County of Los Angeles for the purpose of administering the tax imposed under this article and receiving and accounting for the funds collected thereunder.

(b) If the County of Los Angeles does not collect the a tax due under this article, or any portion of such tax, then the Director of Finance shall have the power and duty to enforce all of the provisions of this article. In such case, the City taxes is are due prior to recordation with the County of Los Angeles of any written instrument subject to the tax and the Director of Finance may make an assessment for taxes not paid in the manner provided in Section 21.16 of this Code, and make refunds as provided in Section 22.13 of this Code.

(c) The Director of Finance is authorized and empowered, consistent with applicable law and the purposes of this article, to issue any rules and regulations reasonably necessary to enforce and administer this article, including but not limited to regulations further defining the term “realty sold” in Section 21.9.2 of this article and establishing procedures for administering exemptions to the tax imposed under this article. The Director of Finance shall provide reasonable notice prior to the effective date of any rules or regulations promulgated pursuant to this section.

SEC. 21.9.14. EXEMPTION—QUALIFIED AFFORDABLE HOUSING ORGANIZATION

The Homelessness and Housing Solutions Tax imposed by Subsection (b) of Section 21.9.2 of this Code shall not apply with respect to any deed, instrument or writing by which any lands, tenements, or other realty sold within the City of Los Angeles shall be granted, assigned, transferred or otherwise conveyed to, or vested in, a purchaser or purchasers, or any other person or persons, by his or their direction if such transferee is: (1) a non-profit entity within Internal Revenue Code Section 501(c)(3); (2) a Community Land Trust, as defined in Section 22.618.2 of the Los Angeles Administrative Code; (3) a Limited-Equity Housing



Cooperative, as defined by California Civil Code Section 817; or (4) a limited partnership or limited liability company in which only bona fide nonprofit corporations, Community Land Trusts, and/or Limited-Equity Housing Cooperatives are the general partners or managing members. To qualify for an exemption under this section, the transferees or one of its partners or members must demonstrate a history of affordable housing development and/or affordable housing property management experience, as determined by the Los Angeles Housing Department, or its successor agency, according to a procedure that will be promulgated by the Los Angeles Housing Department, or its successor agency. Community Land Trusts and Limited-Equity Housing Cooperatives may qualify for an exemption under this subsection without demonstrating a history of affordable housing development and/or affordable housing property management experience by (a) partnering with experienced non-profit organizations as the Los Angeles Housing Department, or its successor agency, defines those terms consistently with the purpose of Article 9 of Chapter 24 of Division 22 of the Los Angeles Administrative Code; or (b) recording at the time of acquisition an affordability covenant consistent with Section 22.618.3(d)(1)(i).b. of the Los Angeles Administrative Code.

SECTION 21.9.15 OTHER EXEMPTIONS

The Homelessness and Housing Solutions Tax imposed by Subsection (b) of Section 21.9.2 of this Code shall not apply with respect to any deed, instrument or writing by which any lands, tenements, or other realty sold within the City of Los Angeles shall be granted, assigned, transferred, or otherwise conveyed to, or vested in, the purchaser or purchasers, or any other person or persons, if such transferee is:

(a) a non-profit entity within Internal Revenue Code Section 501(c)(3), which received its initial Internal Revenue Service Determination Letter at least ten years prior to the purchase and has assets of less than \$1 billion;

(b) the United States or any agency or instrumentality thereof, any state or territory, or political subdivision thereof, or any other federal, state, or local public agency or public entity; or

(c) any other transferee exempt from the City's taxation power under the state or federal Constitutions.

SEC. 21.9.16. ADDITIONAL EXEMPTIONS—CITY COUNCIL APPROVAL

The People of the City of Los Angeles authorize the City Council to enact ordinances, without further voter approval, to exempt from the Homelessness and Housing Solutions Tax imposed by Subsection (b) of Section 21.9.2 of this article property acquired by non-profit organizations to produce income-restricted affordable housing, as the Council may define those terms consistently with the purposes set forth in Article 9 of Chapter 24 of Division 22 of the Los Angeles Administrative Code.

SECTION 3: A new Chapter 192 is added to Division 5 of the Los Angeles Administrative Code, as follows:



SEC. 5.598.1. HOUSE LA FUND

(a) There is hereby created and established within the Treasury of the City of Los Angeles a special trust fund to be known as the House LA Fund for the deposit and use of all taxes collected pursuant to Subsection (b) of Section 21.9.2 of the Los Angeles Municipal Code. Money in the House LA Fund shall be used exclusively according to the program set forth in Article 9 of Chapter 24 of Division 22 of the Los Angeles Administrative Code (the Los Angeles Program to Prevent Homelessness and Fund Affordable Housing (“House LA Program”).

(b) All interest earnings accruing on money in the House LA Fund shall be credited to, and used for, the purposes of the House LA Fund. Money not expended from the House LA Fund in any fiscal year shall not revert to the Reserve Fund, but shall remain in the House LA Fund.

(c) Any program income generated through the House LA Program, including but not limited to any loan repayments, value recapture, or return of assets generated by the House LA Fund must be re-deposited into the House LA Fund, and shall not be commingled in any other City Fund or used for any purposes other than those described in Article 9 of Chapter 24 of Division 22 of the Los Angeles Administrative Code.

(d) The House LA Fund shall be administered by the General Manager of the Los Angeles Housing Department, or any successor agency (“Department”), or a designee of the General Manager, in strict accordance with the provisions of Article 9 of Chapter 24 of Division 22 of the Los Angeles Administrative Code.

(e) The City Council may establish by ordinance any additional funds, or accounts within this fund, necessary to implement this initiative and the expenditures described in Section 22.618.3 of this Code.

SECTION 4: A new Article 9 is added to Chapter 24 of Division 22 of the Los Angeles Administrative Code, as follows:

SEC. 22.618.1. PURPOSE.

The goals of House LA include:

(a) Improving access to permanently affordable housing for vulnerable populations including but not limited to seniors in Lower Income Households, formerly homeless, persons with disabilities, veterans, single-parent households, youth in transition, and survivors of domestic violence.

(b) Addressing the City’s residents’ need for affordable housing and tenant protections in each of the Council Districts, Affirmatively Furthering Fair Housing goals, Housing Element goals and Regional Housing Needs Assessment affordable housing allocations.

(c) Prioritizing expenditure of housing production funding for Acutely Low Income Households, Extremely Low Income Households, Very Low Income Households, and Low Income Households categories and prioritizing expenditure of rental subsidy funding for Acutely Low Income Households and Extremely Low Income Households categories.



- (d) Developing, reviewing, and revising a plan to build the capacity of organizations with workplaces located in and/or which serve constituents in Disadvantaged Communities, and to prioritize and enable the organizations' participation in implementation of House LA.
- (e) Increasing the supply of affordable housing served by transit, and providing housing stability and tenant protections in communities served by transit.
- (f) Deploying programs and policies funded through this initiative in such a way as to address racial segregation, dismantle racially exclusionary practices, and promote racial equity in housing, academic, and economic opportunities.
- (g) Utilizing public land for affordable housing produced through this program, including but not limited to underutilized land owned by the City of Los Angeles, Los Angeles Community College District, Los Angeles Unified School District, Los Angeles County Metropolitan Transportation Authority, or other government agencies.
- (h) Establishing and resourcing a Citizens Oversight Committee that will be responsible for reviewing these goals every three years and making adjustments to the program guidelines adopted pursuant to Section 22.618.6(c)(1) of this Code as needed to address the aforementioned goals.
- (i) Establishing new funding and programs for the creation, preservation and acquisition of affordable housing and homelessness prevention that supplement existing City funding and programs.
- (j) Ensuring that construction and rehabilitation work is performed under the labor standards set forth in Section 22.618.7.

SEC. 22.618.2. DEFINITIONS.

“Acutely Low Income Households” shall have the same meaning as in Section 50063.5 of the California Health and Safety Code.

“Extremely Low Income Households” shall have the same meaning as in Section 50106 of the California Health and Safety Code.

“Very Low Income Households” shall have the same meaning as in Section 50105 of the California Health and Safety Code.

“Low Income Households” shall mean Lower Income Households whose gross incomes exceed the maximum for Very Low Income Households.

“Lower Income Households” shall have the same meaning as in Section 50079.5 of the California Health and Safety Code.

“Moderate Income Households” shall have the same meaning as the term “Persons and families of moderate income” as defined in Section 50093(b) of the California Health and Safety Code.



“Affirmatively Furthering Fair Housing” shall have the same meaning as in Section 8899.50 of the California Government Code.

“Community Land Trust” means a non-profit corporation within Section 501(c)(3) of the Internal Revenue Code that satisfies all of the following: (I) Has as its primary purposes the creation and maintenance of permanently affordable single-family or multifamily residences; (II) All dwellings and units located on the land owned by the non-profit corporation are sold to a qualified owner to be occupied as the qualified owner’s primary residence or rented to Lower Income Households or Moderate Income Households, or held by the non-profit corporation for the same purpose; (III) When a dwelling or unit that is situated on land owned by the non-profit corporation is sold to a qualified owner, the land is leased by the non-profit corporation to the income-qualified owner for the convenient occupation and use of that dwelling or unit for a renewable term of 99 years.

“Disadvantaged Communities” as defined in Section 65302(h)(4)(A) of the California Government Code.

“Limited-Equity Housing Cooperative” shall have the same meaning as in Section 817 of the California Civil Code.

“Residential Hotel” shall have the same meaning as in Section 50519(b)(1) of the California Health and Safety Code.

SEC. 22.618.3. HOUSE LA PROGRAMS

(a) Subject to the budgetary and fiscal provisions of the Los Angeles City Charter, monies in the House LA Fund, as set forth in Chapter 192 of Division 5 of this Code, shall be appropriated on an annual or supplemental basis, following the procedures set forth in Section 22.618.4 of this Code, and expended consistently with this section (the “House LA Programs”).

(b) **House LA Fund-Administration.** No more than 8% of the monies deposited in the House LA Fund annually may be used for compliance, implementation and administration (“House LA Fund-Administration”) described below, including but not limited to the enforcement of affordability covenants associated with House LA Program projects, and, in coordination with the Finance Director and other City departments, the collection of the tax imposed by Subsection (b) of Section 21.9.2 of the Los Angeles Municipal Code and the refund of any overpayments of that tax. Not less than 3% of the monies allocated to the House LA Fund-Administration annually shall go to staffing and other expenses of the House LA Citizens Oversight Committee described in Section 22.618.6 of this Code. Additionally, staffing costs, stipends and honoraria that may be allocated to the Tenant Council pursuant to Section 22.618.3(d)(2)(ii).d. of this Code shall be paid for from the House LA Fund-Administration. Furthermore, the Department may fund training in processes and procedures related to project labor agreements, and may provide project labor agreement management services to contractors. For purposes of this subdivision, “project labor agreement” has the same meaning as Section 2500(b)(1) of the California Public Contract Code.

(c) To enable transparency and accountability, House LA Fund-Administration monies



shall be allocated to track, and make publicly available, reports on the implementation of the program, including but not limited to the following aspects: 1) dollars spent on housing construction and preservation during a year, over the course of years, in aggregate, per project, per housing unit, and to disaggregate and assess implementation of the program by Zip Code and Council District; 2) number of people housed during a year, over the course of years, in aggregate and as it changes over time, in each project, in each unit, and disaggregate and searchable by race, family composition, sexual orientation, age, ability, and gender, and by location and income level, and 3) residents served by the Homelessness Prevention Program during a year, over the course of years, in aggregate and as it changes over time, by Council District, and disaggregate and searchable by race, family composition, sexual orientation, age, ability, and gender. City departments shall make public and provide the Oversight Committee with information on how House LA implementation is furthering progress towards Housing Element implementation, Regional Housing Needs Assessment allocations, and Affirmatively Furthering Fair Housing.

(d) **House LA Fund-Programs.** All monies deposited in the House LA Fund annually other than those described in Subsections (b) and (c) of this section, but in no case less than 92% of the House LA Fund shall be used for the programs specified in Section 22.618.3(d) (1), known as the “Affordable Housing Program” and Section 22.618.3(d)(2), known as the “Homelessness Prevention Program,” and collectively as “House LA Fund-Programs.” The House LA Fund-Programs shall be allocated as follows:

(1) **Affordable Housing Program.** Seventy percent (70%) of the House LA Fund-Programs shall be used for the Affordable Housing Program as described by this subdivision and, according to an expenditure plan adopted pursuant to Section 22.618.4 of this Code addressing affordable housing needs in each City Council district.

(i) Expenditure of funds for the Affordable Housing Program shall require, to the maximum possible extent and consistently with federal and state law, that funded projects comply with the following requirements:

a. **Affordability.** All units in a funded project shall be affordable to and occupied by Acutely Low Income Households, Extremely Low Income Households, Very Low Income Households, or Low Income Households, except as allowed by Sections 22.618.3(d)(1)(ii).b.4. and 22.618.3(d)(1)(ii).c.4. of this Code. The Department shall adopt a policy to prevent the displacement of households that qualified for a unit upon initial occupancy but thereafter exceed the income limits. Such households may be charged a rent commensurate with their current income levels.

b. **Covenants.** The programs described in Sections 22.618.3(d)(1)(ii).a.-c. of this Code, including the Multifamily Affordable Housing program, the Alternative Models for



Permanent Affordable Housing program, and the Acquisition and Rehabilitation of Affordable Housing program, are intended to provide dedicated housing that is affordable to households at the respective levels of income (e.g., Acutely Low Income, Extremely Low Income, Very Low Income, and Low Income Households) that occupy the housing units, whether as owner-occupants or tenants, and whose housing cost or rent does not exceed the affordable housing cost or affordable rent for households at such income levels. Each property and each affordable housing unit funded pursuant to Sections 22.618.3(d)(1)(ii).a.-c. of this Code shall be made subject to a recorded covenant acceptable to the Department and recorded with the Los Angeles County Recorder, that meets each of the following requirements:

1. Each housing unit in the project shall be used exclusively as a residence for households at the respective income level.
2. The housing cost or rent for such housing unit shall be no more than an affordable housing cost or affordable rent at the respective level of income.
3. No housing unit may be leased or subleased, except to a household at the level of affordability and for no more than an affordable rent for which the unit was dedicated.
4. Any resale of rental property funded by this initiative shall be restricted to non-profit entities or Limited-Equity Housing Cooperatives, including but not limited to affordable housing corporations and Community Land Trusts, to ensure the continued use of the dwelling units as affordable housing as provided in this section.
5. In the case of owner-occupied housing units, initial sales and all resales shall be restricted to purchasers whose household income does not exceed the income level to which the unit is dedicated and who do not pay in excess of affordable housing cost at that income level; or Limited-Equity Housing Cooperatives or similar entities providing for resident ownership and affordability in perpetuity with an average affordability level for Lower Income Households and which allows not more than 20% of units to be



owned and occupied at unrestricted market rates. Unrestricted market rate units shall not be used to calculate average affordability of units in a project.

6. The term of the affordability restrictions contained in the covenant shall be in perpetuity, or such other maximum length of time as may be permitted by applicable law, except that an affordability covenant with a fixed term of no less than 55 years shall be acceptable only if necessary to meet requirements of other funding sources.

7. The affordability restrictions shall be senior to and not subordinated to any lien, deed of trust or condition or restriction to be recorded against the property, except for any land use-related affordability covenant, such that any entity taking title to the property or a dwelling unit by foreclosure or deed-in-lieu of foreclosure shall take subject to the affordability restrictions.

c. Replacement, Relocation and Right of First Refusal.

Funding provided pursuant to the Affordable Housing Program shall be subject to the following conditions:

1. Any funded development on any property that includes a parcel or parcels that currently have residential uses, or within the five years preceding the application for funding have had residential uses that have been vacated or demolished, that are or were subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to Lower Income Households, subject to any other form of rent or price control through a public entity's valid exercise of its police power, or occupied by Lower Income Households, shall comply with the requirements in California Government Code Section 65915(c)(3), provided, however, that any dwelling units that are or were, subject to a form of rent or price control through a public entity's valid exercise of its police power and that are or were occupied by a household with income above Lower Income shall be replaced with units affordable to, and occupied by, Lower Income Households. Moreover, replacement units shall be made available at affordable rent or affordable housing cost to, and



occupied by, persons and families in the same or lower income category as those households in occupancy or, if the units have been vacated or demolished, those households formerly in occupancy, including Acutely Low, Extremely Low, Very Low, and Low Income Households. If the incomes of the households in occupancy, or formerly in occupancy, are not known, it shall be rebuttably presumed that (a) Extremely Low, Very Low, and Low Income Households occupied these units in the same proportion as the proportion of renter households that are Extremely Low, Very Low, and Low Income Households to all renter households within the City, as determined by the most recently available data from the United States Department of Housing and Urban Development's Comprehensive Housing Affordability Strategy database, and (b) the proportion of Acutely Low Income Households is one-half the proportion of Extremely Low Income Households.

2. If existing occupants must be relocated, for any period of time, the developer is required to provide them relocation benefits pursuant to Chapter 16 (commencing with Section 7260) of Division 7 of Title 1 of the Government Code and Chapter XV of the Los Angeles Municipal Code, including associated regulations. In order to effectuate the provisions of Chapter 16 of Division 7 of Title 1 of the Government Code, and in addition to all other relocation obligations, the developer shall prepare a relocation plan, and the Department shall require the plan to offer occupants reasonable choices of specifically identified comparable replacement dwellings available at the time of the offer, for which the household qualifies and is appropriate, and which is affordable to the household.

3. In addition to the relocation benefits described above, the developer shall provide a right of first refusal for a comparable unit available in the new or rehabilitated housing development. For Lower Income Households, that unit must be affordable to the household at an affordable rent or an affordable housing cost. If such occupants do not meet the eligibility requirements of one or



more funding sources of the new or rehabilitated housing development, or for any other reason do not occupy units in the new or rehabilitated housing development, the occupants shall be given priority in renting or buying housing in other developments funded by the Affordable Housing Program. The Department shall keep a list of occupants displaced by such developments and may establish reasonable rules for determining the order of priority of those listed.

4. Nothing in this section shall be read to prohibit the City Council from adopting unit replacement requirements, relocation assistance requirements, or right of first refusal requirements that are more protective of displaced occupants than the requirements of this section. Solely for the purpose of Section 22.618.3(d)(1)(i).c. governing replacement, relocation and right of first refusal, “affordable rent” shall have the same meaning as defined in Section 50053 of the California Health and Safety Code, and “affordable housing cost” shall have the same meaning as defined in Section 50052.5 of the California Health and Safety Code.

d. To qualify for funding from the Affordable Housing Program, an applicant must demonstrate a history of affordable housing development and/or affordable housing property management experience, as the Department defines those terms consistently with the purpose of this article. Community Land Trusts and Limited-Equity Housing Cooperatives may qualify for funding from this initiative without demonstrating a history of affordable housing development and/or affordable housing property management experience by (a) partnering with experienced non-profit organizations, or (b) showing evidence of staff capacity adequate to manage and administer the affordable housing project, as determined by the Department and consistent with the purpose of this article.

(ii) Affordable Housing Program funds shall be allocated in the following categories, according to an expenditure plan adopted pursuant to Section 22.618.4 of this Code:

a. **Multifamily Affordable Housing:** Twenty-two and one-half percent (22.5%) of the House LA Fund-Programs shall be annually allocated to the development of supportive and/or affordable housing projects of 40 units or greater



for income-qualified populations in conjunction with other federal, state, and local affordable housing funding sources, such as federal Low-Income Housing Tax Credits and State Low-Income Housing Tax Credits, or to pay the principal and interest on debt incurred for such purpose. This percentage may increase up to a maximum of twenty five percent (25%) of the House LA Fund-Programs on an annual basis, using excess revenue from the Program Stabilization Fund pursuant to Section 22.618.3(d)(1)(ii).e. of this Code. All units shall be subject to a covenant that meets the requirements of Section 22.618.3(d)(1)(i).b.

b. Alternative Models for Permanent Affordable Housing: Twenty-two and one-half percent (22.5%) of the House LA Fund-Programs shall be annually allocated to the construction of new supportive and affordable rental or mixed rental/homeowner projects of 40 units or greater, or to pay the principal and interest on debt incurred for such purpose. These funds may also be used for the acquisition, rehabilitation, adaptive reuse, lease, preservation and operation of supportive and/or affordable or mixed rental/homeowner projects of any size, or to pay the principal and interest on debt incurred for such purpose. This percentage may increase up to a maximum of twenty five percent (25%) of the House LA Fund-Programs on an annual basis, using excess revenue from the Program Stabilization Fund pursuant to Section 22.618.3(d)(1)(ii).e. of this Code. This funding shall be subject to the following conditions:

1. Housing units shall be developed by entities qualified for funding under Section 22.618.3(d)(1)(i).d. of this Code. Housing units shall be owned and/or managed by a public entity, a local housing authority, a Community Land Trust, a Limited Equity Housing Cooperative, or a non-profit entity within Internal Revenue Code Section 501(c)(3), which demonstrates a history of affordable housing development and/or affordable housing property management experience, through a process the Department shall determine. A Community Land Trust or a Limited-Equity Housing Cooperative without a demonstrated history of affordable housing development and/or affordable housing property management experience may qualify for funding under this subsection by (a) partnering with an experienced non-profit organization, as determined by the Department and consistent



with the purpose of this Article, or (b) showing evidence of staff capacity adequate to manage and administer the affordable housing project, as determined by the Department and consistent with the purpose of this article.

2. A project may accommodate a mix of household income types including Acutely Low Income Households, Extremely Low Income Households, Very Low Income Households, and Low Income Households.

3. A minimum of 20% of a project's housing units shall be reserved for Acutely Low Income and/or Extremely Low Income households.

4. All units shall be subject to a covenant that meets the requirements of Section 22.618.3(d)(1)(i).b., except that according to criteria established by the Department consistently with the purposes of this Article, and only for the purpose of increasing the financial stability of Acutely Low Income, Extremely Low Income, and Very Low Income Household units in the project, up to 20% of units may be unrestricted as to income and rent levels.

5. Residents shall have the right to participate directly and meaningfully in decision-making concerning the operation and management of the project.

6. Where feasible and desirable, the project shall include resident ownership, including but not limited to Limited-Equity Housing Cooperatives.

7. Where feasible and desirable, projects shall use public land.

c. Acquisition and Rehabilitation of Affordable Housing:

Ten percent (10%) of the House LA Fund-Programs shall annually be allocated to the acquisition, preservation, rehabilitation, lease, or operation of existing housing including but not limited to rent-controlled properties, Residential Hotels, Accessory Dwelling Units, and Junior Accessory Dwelling Units, either without existing covenants requiring affordability or with such existing covenants that



will expire within ten (10) years of project onset, as the Department defines that term consistently with the purposes of this article, or to pay the principal and interest on debt incurred for such purpose, subject to the following conditions:

1. A majority of a property's units must be occupied by Lower Income Households upon acquisition, which shall be assumed if a majority of tenants return attestations that their incomes are at or below the lower-income level in a manner the Department shall determine. Notwithstanding the above, funds may be utilized for acquisition and rehabilitation of any property that was used as a Residential Hotel within the five years preceding the application for funding.
2. Housing units shall be acquired and managed by a public entity, a local housing authority, a Community Land Trust, a Limited Equity Housing Cooperative, or a non-profit entity within Internal Revenue Code Section 501(c)(3), which demonstrates a history of affordable housing development and/or affordable housing property management experience, through a process the Department shall determine. A Community Land Trust or a Limited-Equity Housing Cooperative may qualify for funding by (a) partnering with an experienced non-profit organization as defined by the Department, or (b) showing evidence of staff capacity adequate to manage and administer the affordable housing project, through a process determined by the Department.
3. All units shall be subject to a covenant that meets the requirements of Section 22.618.3(d)(1)(i).b.
4. Notwithstanding the affordability provisions set forth in Sections 22.618.3(d)(1)(i).a. and 22.618.3(d)(1)(i).b. of this Code, existing residents of properties acquired pursuant to this Acquisition and Rehabilitation of Affordable Housing program shall not be permanently displaced, even if their incomes exceed the Lower Income Household limits, or any lower income limit set for a unit. Projects shall achieve 100 percent occupancy by Lower Income Households (or any lower project-



specific income limit) over time through unit turnover.

5. Through a process the Department shall determine, the entity that acquires a property shall submit a plan for engaging residents in building management and operations, which may include a plan for tenant ownership such as a Limited-Equity Housing Cooperative. The Department shall cooperate and facilitate plans for tenant ownership, and shall not unreasonably impose requirements that prohibit such ownership conversion.

6. Project funding may take the form of grants or loans, but shall not require the leveraging of additional forms of funding if such additional funding makes any of the conditions set forth in this subsection infeasible, or if funding precludes the future conversion of the property to tenant ownership.

7. Funds may be used to acquire, install, construct, or rehabilitate housing, including Accessory Dwelling Units (“ADUs”) and Junior Accessory Dwelling Units (“JDUs”), so long as all ADUs and JDUs are used as affordable rental housing or affordable homeownership. The Department may verify the use of ADUs and JDUs covered by this provision from time to time.

8. The Department shall facilitate the use of funds from this Acquisition and Rehabilitation of Affordable Housing program to make offers to purchase assisted housing developments which are required to provide qualified entities an opportunity to purchase under California Government Code Section 65863.11 by acting within the deadlines established by that law.

d. Homeownership Opportunities, Capacity-Building and Operating Assistance: Ten percent (10%) of the House LA Fund-Programs shall annually be allocated to: (1) support single family and cooperative Homeownership Opportunities, including but not limited to down-payment assistance, shared equity homeownership, and pre-development funding associated with creating such housing;



(2) provide Capacity-Building funding for Community Land Trusts and other organizations that serve and have representative leadership from Disadvantaged Communities and facilitate tenant ownership; and (3) provide long-term Operating Assistance that supports new construction, acquisition, and/or rehabilitation of existing housing in the form of project-based, multi-year rental subsidies, operating subsidies, or service subsidies. Operating Assistance will prioritize projects housing Acutely Low Income Households and/or Extremely Low Income Households; and projects that will maintain non-profit ownership, Community Land Trust stewardship, and/or shared-equity tenant ownership. In no case shall project-based Operating Assistance funding fall below fifty percent (50%) of the Homeownership Opportunities, Capacity-Building and Operating Assistance allocation, nor shall Capacity-Building funding fall below ten percent (10%) of the Homeownership Opportunities, Capacity-Building and Operating Assistance allocation.

e. Program Stabilization Fund: Five percent (5%) of the House LA Fund-Programs shall annually be allocated to address periodic revenue shortfalls for House LA Affordable Housing and Homelessness Prevention Programs that require a consistent revenue stream, as advised by the Department and the Oversight Committee and subject to City Council approval, to include project-based Operating Assistance, Income Support for Rent-Burdened At-Risk Seniors and Persons with Disabilities, Eviction Defense, and Tenant Outreach & Education programs, as those terms are used in this section. When the balance of the Program Stabilization Fund reaches two hundred million dollars (\$200 million), excess revenue shall be evenly divided between and supplement the Multifamily Affordable Housing program in Section 22.618.3(d)(1)(ii).a., and the Alternative Models for Permanent Affordable Housing program in Section 22.618.3(d)(1)(ii).b. of this Code. If the Program Stabilization Fund falls below two hundred million dollars (\$200 million), it shall be refunded to that amount before support to these two affordable housing programs may resume.

(iii) To the extent the expenditure of any monies from the House LA Fund results in, or contributes to, the development, construction, or acquisition of low rent housing projects in the City of Los Angeles by public agencies, that development, construction, or acquisition is hereby deemed authorized by the People of Los Angeles, having been duly approved by a majority of qualified electors of the City, and with such authorization constituting the approval required by Article XXXIV



of the California Constitution. The development, construction, and/or acquisition of low rent housing units authorized by this section shall be in addition to any other authorization of the development, construction, and/or acquisition of such housing by the voters of the City before or after adoption of this section. This section in no way restricts or limits the City's authority to develop or assist in the development of housing that is not subject to Article XXXIV. This Section 22.618.3(d)(1)(iii) shall be interpreted to maximize affordable housing production and acquisition. As used in this Section 22.618.3(d)(1)(iii), the terms "public entity," "develop," "construct," "acquire," and "low rent housing projects" shall be interpreted in accordance with Article XXXIV of the California Constitution, California Health and Safety Code Section 37000 et seq., and any successor legislation thereto.

(iv) The Department shall have authority to approve funding of fifty million dollars (\$50,000,000) or less from the House LA Fund-Program for any eligible Affordable Housing Program project without further Council review. Such Department approval shall be consistent with the guidelines adopted pursuant to Section 22.618.6(c)(1) of this Code. Funding for any specific Affordable Housing Program project of more than fifty million dollars (\$50,000,000) shall require the review and approval of City Council.

(2) **Homelessness Prevention Program.** Thirty percent (30%) of the House LA Fund-Programs shall be used for the Homelessness Prevention Program, as described by this subdivision and according to an expenditure plan adopted pursuant to Section 22.618.4 of this Code:

(i) **Short-Term Rental and Income Support for Vulnerable Tenants.**

a. **Short-Term Emergency Assistance.** Five percent (5%) of the House LA Fund-Programs shall be annually allocated to provide short-term emergency funding to tenant households at risk of becoming homeless. Funds will stabilize low-income tenants at risk of losing their housing due to one-time economic shocks, and may cover the entirety of rent payments for a short-term period of up to 6 months. Priority eligibility shall be established for Lower Income Households.

b. **Income Support for Rent-Burdened At-Risk Seniors and Persons with Disabilities.** Ten percent (10%) of the House LA Fund-Programs shall annually be allocated to provide income assistance designed to assist households in avoiding displacement from their homes to rent-burdened, Acutely Low Income, Extremely Low Income, and Very Low Income Households including seniors (aged 65 years and



above) and/or persons with disabilities at-risk of becoming homeless.

(ii) Tenant Rights Education, Tenant Council, Navigation Services and Eviction Prevention.

a. **Eviction Defense/Prevention.** Ten percent (10%) of the House LA Fund-Programs shall annually be allocated to provide funding for a right-to-counsel program to provide housing-related legal services to Lower Income Household tenants threatened with eviction.

b. **Tenant Outreach and Education.** Two percent (2%) of the House LA Fund-Programs shall annually be allocated to provide tenant outreach, education, and navigation services, including but not limited to providing information about tenant rights and the Homelessness Prevention Program. Outreach, education, and navigation services may include mass mailing, targeted marketing, data visualization, and public websites.

c. **Protections from Tenant Harassment.** Three percent (3%) of the House LA Fund-Programs shall annually be allocated to fund non-profit organizations and City services to monitor and enforce protections against tenant harassment and other tenant rights, and to inform tenants of such protections and support them in exercising their rights. At least thirty percent (30%) of the Protections from Tenant Harassment expenditure shall fund programs led by non-profit organizations.

d. **Tenant Council.** The Department shall establish a Tenant Council, to meet at least quarterly to monitor and advise the Department regarding implementation of tenant protections and develop strategies to address Fair Housing Act violations and violations of tenant rights under federal, state, and local law. The Tenant Council shall be composed of tenants or currently homeless individuals living in the City. The Council shall comprise one tenant or currently homeless individual from each City Council District. Appointments to the Tenant Council will be consistent with the process for appointments to the Oversight Committee, as described in Section 22.618.6 of this Code. The City Council shall seek to ensure diverse representation on the Tenant Council with respect to the income level, housing status, race, gender identity, sexual orientation, national origin, immigration status, source of income, religion, age, disability, familial status, and primary language. The Tenant Council shall



be empowered to receive reports on implementation of rent relief programs, landlord opt-outs from rental assistance programs, and tenant harassment and eviction data, and may make recommendations to the Oversight Committee, to the Department and to City Council to reduce evictions and displacement and increase tenant access to legal services. Tenant Council members shall be compensated no less than \$150 for each meeting attended. Members may waive compensation.

SEC. 22.618.4 EXPENDITURE PLAN

(a) The House LA Fund program year will be concurrent with the City's Fiscal Year, from July 1st to June 30th.

(b) Between January 1, 2023 and June 30, 2023, prior to creation of the initial expenditure plan, the Department may incur expenditures up to five hundred thousand dollars (\$500,000) of funds, to be reimbursed via of the expenditure plan for Fiscal Year 2023-2024 to establish the House LA Fund and House LA Program, including establishment of the Oversight Committee, as referenced in Section 22.618.6, and Tenant Council, as referenced in Section 22.618.3(d)(2)(ii).d.

(c) By July 1, 2023, and by July 1st of each subsequent year, the Department shall provide to the Oversight Committee and to the City Council an accounting of House LA Program revenues collected in the previous fiscal year, by expenditure category. The Department shall also provide to the Oversight Committee and the City Council an expenditure plan for the subsequent year, which shall comply, to the maximum extent possible, with the program guidelines developed pursuant to Section 22.618.6(c) of this Code. The expenditure plan shall be approved in the manner provided by law and consistent with the intent of this article.

(d) Each annual expenditure plan the Department prepares pursuant to Subsection (c) of this section shall project revenues and expenditures for at least three (3) years. Except for the Program Stabilization Fund under Section 22.618.3(d)(1)(ii).e of this Code, monies in each Fund established under this article must be committed within three (3) years of receipt and expended within five (5) years of the receipt, except for funding for the Alternative Models for Permanent Affordable Housing pursuant to Section 22.618.3(d)(1)(ii).b., which shall be committed within five (5) years and expended within seven (7) years of receipt.

SEC. 22.618.5 REALLOCATION OF FUNDS

Funds may be periodically reallocated to accommodate changing needs and opportunities as follows:

(a) Up to ten percent (10%) of funding for each expenditure category in Section 22.618.3(d) may be allocated for use in other expenditure categories within the same fiscal year.

(b) Beginning on July 1, 2033 and every tenth year thereafter, the House LA Citizens Oversight Committee may make recommendations for, and City Council may approve, permanent changes to the expenditure categories stated in Section 22.618.3(d), provided that no expenditure category will receive less than 75% of that which was provided in the



previous decade.

(c) Reallocations pursuant to Subsections (a) and (b) of this section must be recommended by the House LA Citizens Oversight Committee and approved by City Council.

(d) City Council may deny a recommendation from the House LA Citizens Oversight Committee or reallocate funding from one category to another other than as the Oversight Committee recommends only upon a written finding after a duly noticed public hearing that such action is necessary to achieve the intent of this article.

SEC. 22.618.6. CITIZEN OVERSIGHT COMMITTEE.

(a) The House LA Citizens Oversight Committee (“Oversight Committee”) is hereby established. By February 28, 2023, the initial group of fifteen (15) Oversight Committee members shall be appointed pursuant to this Section 22.618.6.

(b) The Oversight Committee shall help ensure the House LA Fund and this article are implemented consistently with the language and intent of this Article and in a way that is transparent and accountable to the residents of the City. The Oversight Committee shall monitor and audit the Fund; advise the Mayor, the Department, and the City Council on priorities and the Program Guidelines authorized by Subdivision (c)(1) of this section; make recommendations to the Department, the Mayor and the City Council regarding appropriations, Expenditure Plans, administration of the House LA Fund, and implementation of the House LA Program.

(c) The Oversight Committee shall have the authority to:

(1) Develop guidelines for prioritizing use of the House LA Funds (“Program Guidelines”). Within 120 days of any such recommendation, the City Council may accept the Oversight Committee’s recommended guidelines or amend them consistently with the purpose of this article. If the City Council does not act in that time, such guidelines shall be deemed approved.

(2) By December 31, 2023, and every three years thereafter, or more frequently if the Oversight Committee deems necessary, it shall conduct a needs assessment with respect to homelessness, housing affordability, tenant protections and the housing needs of vulnerable populations, including but not limited to people experiencing homelessness, seniors in Lower Income Households, formerly homeless persons, persons with disabilities, veterans, single-parent households, youth in transition, survivors of domestic violence, and Lower Income Households. Any needs assessment conducted pursuant to this subsection shall, to the extent such data is available, include data disaggregated by race, family composition, sexual orientation, age, disability, and gender.

(3) Contract with a third-party evaluator or consultant to help conduct the housing needs assessment, measure the successes and shortcomings of expenditures of the Fund, and oversee an annual external audit of House LA Fund receipts and expenditures.



(4) Promote and facilitate transparency in the administration of the House LA Fund-Programs to ensure it is Affirmatively Furthering Fair Housing. This will include overseeing and reviewing reports, annually or more frequently as the Oversight Committee determines required by this article. The Oversight Committee shall monitor and/or audit the implementation of the House LA Program, including but not limited to: (A) dollars spent on housing construction and preservation during a year, over the course of years, in aggregate, per project, per housing unit, and disaggregated by Zip Code and Council District; (B) number of people housed during a year, over the course of years, in aggregate and as it changes over time, in each project, in each unit, disaggregated and searchable by race, family composition, sexual orientation, age, ability, and gender, and by location and income level (Acutely Low Income, Extremely Low Income, Very Low Income, Low Income, and Moderate Income Households); and (C) residents served by the Homelessness Prevention Program during a year, over the course of years, in aggregate and as it changes over time, by Council District, and disaggregated and searchable by race, family composition, sexual orientation, age, ability, and gender.

(5) The Oversight Committee shall be authorized to hold public hearings to investigate and share its findings with the public.

(6) The Oversight Committee may request reports from general managers of City departments, including but not limited to the Department, and chairs of City Council committees, including but not limited to the Housing Committee. The Oversight Committee shall have access to all information relevant to its work and be authorized to receive relevant information from other City entities as required under this article including information related to the Housing Element and its implementation, progress towards Regional Housing Needs Assessment allocations, and progress towards Affirmatively Furthering Fair Housing.

(7) The Oversight Committee shall be authorized to identify and investigate potential conflicts of interest in the allocation and implementation of funding and to make these findings known to the public.

(8) To promote transparency and accountability, the Oversight Committee shall hold an annual town hall to report on the progress and shortcomings of the House LA Fund-Programs and hear from the public. This will be in addition to other public meetings required by this article or which the Oversight Committee otherwise deems necessary.

(9) Promote culturally sensitive implementation of programs funded by the House LA Program Fund.

(10) Based on the results of the housing needs assessment, compliance with the Housing Element, progress towards the Regional Housing Needs Assessment allocations, and progress towards Affirmatively Furthering Fair Housing, the Oversight Committee shall review programs and expenditures and make adjustments to the Program Guidelines referenced in Subdivision (c)(1) of this section to better achieve



the goals of this article, including the achievement of racial equity goals and reversing of exclusionary practices, expanding affordable housing into all Council Districts to meet the need and reverse segregation, and prioritizing funding for programs focused on Acutely Low Income, Extremely Low Income, Very Low Income, and Low Income Households, and prioritizing rental subsidies to Acutely Low and Extremely Low Income Households.

(d) Oversight Committee Members.

(1) The Oversight Committee shall have thirteen (13) voting members and two (2) advisory members to support youth leadership development.

(2) Membership categories are as follows:

(i) Housing Development, Preservation & Finance.

a. Seat #1: An individual with at least five (5) years' experience in senior-level decision making in non-profit affordable housing development and preservation.

b. Seat #2: An individual with at least five (5) years' experience in non-profit asset and property management and operations, with a preference for individuals with experience in tenant-engaged management practices or resident ownership.

c. Seat #3: An individual with at least five (5) years' experience in housing finance (tax-exempt bonds, taxes, funding-agency work, etc.).

d. Seat #4: An individual with at least five (5) years' experience as a member of a construction labor union involved in workforce development, apprenticeship programs and negotiating Project Labor Agreements for large-scale housing projects.

e. Seat #5: An individual with at least five (5) years' experience in non-profit Community Land Trusts or community development corporations.

f. Seat #6: An individual with at least five (5) years' experience in transit-oriented development.

(ii) Renter Protection & Support.

a. Seat #7: An individual with at least five (5) years' experience as a tenant rights organizer or advocate working



at a community-based organization on behalf of tenants in Lower Income Households.

b. Seat #8: An individual with at least five (5) years' experience as an organizer or advocate working at a community-based organization to address the housing needs of seniors and/or people with disabilities.

c. Seat #9: An individual with at least five (5) years' experience as a tenant rights or fair housing legal expert representing or advocating for tenants.

(iii) Lived Experience & Expertise.

a. Seat #10: An individual with at least five (5) years' experience as a tenant in a Lower Income Household and/or at least one year experiencing homelessness.

b. Seat #11: An individual with at least five (5) years' experience as a tenant of a Lower Income Household and/or at least one year experiencing homelessness.

c. Seat #12: An individual with at least five (5) years' experience as a representative of a public sector labor or service union, the members of which struggle with housing costs.

d. Seat #13: An individual with at least five (5) years' experience as a community leader or an organizer advocating for high-quality transit near affordable housing and job centers and for identifying mobility options associated with the production of affordable housing.

(iv) Youth. Seats # 14 and 15: Two advisory, non-voting members of the Oversight Committee shall be individuals between the ages of 16 and 21.

(3) Eligibility.

(i) Members of the Oversight Committee must reside in the City of Los Angeles.

(ii) No person currently serving as an elected City, County, special district, State or Federal public official may serve as a Committee member.

(iii) The City's local conflicts of interest code under the Political Reform



Act is hereby amended to require members of the Oversight Committee to file annual statements of economic interests and otherwise to comply with the ethics and conflicts of interest provisions of that Act.

(4) Appointment.

(i) Initial appointments: Department staff shall submit to the Mayor at least three qualified candidates for each category of membership. The Mayor shall appoint members for each category listed in Subdivision (d)(2) of this section, subject to approval by the City Council.

(ii) Oversight Committee members shall serve five-year terms. However, seats 1, 2, 7, 10, and 11 shall have an initial term of three years; seats 3, 4, 8, 12, and 14 shall have an initial term of two years; and seats 5, 6, 9, 13, and 15 shall have an initial term of one year. Members may be reappointed to an unlimited number of terms at the discretion of the Mayor.

(iii) Subsequent appointments. After Oversight Committee staff is hired, its staff shall submit to the Mayor with at least three qualified candidates for each vacancy on the Committee. The Mayor shall appoint members, subject to approval by the City Council.

(5) Resignation; Disqualification. Oversight Committee members may, at any time, resign from the Oversight Committee upon written notice delivered to the Oversight Committee and the Mayor. An Oversight Committee member holding any disqualifying public office, or a Committee member's filing of intent to seek such public office, including a declaration of candidacy pursuant to California Government Code Section 85200, or an Oversight Committee member's relocation outside the City shall disqualify the member from continuing to serve on the Oversight Committee upon the Department's delivery of notice of that fact to the Oversight Committee.

(6) Grounds for Removal/Termination. Oversight Committee members shall only be removed before the end of a term for cause. Cause includes: (i) more than two absences from Committee meeting in a 12-month period not excused by the Committee; (ii) more than three absences from Committee meetings in a 12-month period even if excused by the Committee; (iii) failure to actively participate in meetings, committees, subcommittees, or Oversight Committee projects or responsibilities; (iv) acting in conflict with the intent or language of the initiative measure which adopted this ordinance, including opposing the construction or preservation of affordable housing; (v) disrupting the meetings or work of the Oversight Committee or failure to comply with accepted codes of conduct; (vi) failure to disclose a conflict of interest related to a decision pending before the Committee; and (vii) violation of law governing the conduct of the Oversight Committee, including but not limited to the Political Reform Act of 1975 and the Ralph M. Brown Act.

(7) Disclosure and Recusal. Members of the Oversight Committee must disclose



any conflict of interest, either actual or apparent, as determined by the Ethics Commission. If an Oversight Committee member has a direct or indirect financial interest in a decision of the Oversight Committee, they must recuse themselves from participating in the matter and file Form 51 with the Ethics Commission (Recusal Notification Form) or any successor to that form. If a conflict of interest is alleged by either members of the Oversight Committee or City staff, the matter will be reported to the Inspector General referenced in Subdivision (g)(2) of this section to investigate and report back to the Oversight Committee as necessary. Nothing in this section shall alter or diminish the authority of the City's Ethics Commission.

(8) Chair and Vice-Chair. The Oversight Committee shall select from among its members a Chair and Vice-Chair for each fiscal year. Members may serve as Chair or Vice-Chair for up to three consecutive fiscal years.

(e) Committee Member Compensation. Oversight Committee members will be compensated for meeting attendance no less than \$150 per meeting. Members may waive compensation.

(f) Meetings. The Oversight Committee shall meet at least six times annually, except for the 2022-23 fiscal year, in which the Oversight Committee shall meet at least twice. Subcommittees shall meet as the Oversight Committee deems necessary.

(g) Staffing. The City shall provide adequate dedicated staffing to the Oversight Committee.

(1) The Oversight Committee determines its own staffing and resource needs subject to the limit on the House LA Fund-Administration stated in Subsection (b) of Section 22.618.3 of this article.

(2) The Oversight Committee shall hire an Inspector General as the lead staff person serving the Oversight Committee. The Inspector General may be removed by the City Council for such cause as is sufficient to discharge under Section 1016 of the City Charter. The Inspector General has authority to hire or fire additional staff and expend budgeted resources, as needed. The Oversight Committee shall review and approve the Inspector General's budget.

(h) Subcommittees.

(1) The Oversight Committee may create subcommittees or advisory committees to assist its work.

(i) Nothing in this Section shall limit the authority of the Mayor and the City Council to propose, amend, and adopt the City budget pursuant to the City Charter provided that such budget respects the allocations required by this article.

SEC. 22.618.7. CONSTRUCTION WORK.

(a) Any construction or rehabilitation project receiving funding or financing from this measure shall constitute a public work for which prevailing wages shall be paid for purposes of Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of the Labor Code.



(b) All construction and rehabilitation on projects 40 units and greater that receive funding or financing from this measure will be subject to the City of Los Angeles Department of Public Works Project Labor Agreement. For purposes of this subdivision, the number of units means the maximum number of units authorized in any entitlement granted by the land use permitting authority for the development project, regardless of whether construction proceeds in phases or ownership is divided.

(c) If a specific measure-wide Project Labor Agreement (PLA) is negotiated with mutual agreement between the Los Angeles/Orange Counties Building and Construction Trades Council and the Southern California Association of Nonprofit Housing (SCANPH) and approved by the Los Angeles City Council, then contractors performing construction and rehabilitation work on projects that receive funding or financing from this measure shall be required to comply with the specific measure-wide PLA, rather than the Department of Public Works PLA.

(d) For purposes of this subdivision, “project labor agreement” has the same meaning as in paragraph (1) of subdivision (b) of Section 2500 of the Public Contract Code.

SEC. 22.618.8. COUNCIL AUTHORITY TO AMEND

(a) City Council may amend this Article or any other provision of the initiative measure which adopted it, provided, however, that:

(1) Such amendments shall further or facilitate the purposes stated in Section 22.618.1 of this article and monies in the House LA Fund are expended consistent with Section 22.618.3 of this article.

(2) No such amendment may increase the tax imposed pursuant to Subsection (b) of Section 21.9.2 of the Municipal Code within the meaning of California Government Code Section 53750(h) without the voter approval required by Article XIII of the California Constitution.

(3) No such amendment may diminish the requirements of Section 22.618.7.

(b) The Oversight Committee shall review any proposed amendment to this article or any other provision of the initiative measure which adopted it before the City Council adopts the proposed amendment and may express an opinion on whether the amendment furthers the purposes stated in Section 22.618.1 of this article and is consistent with the expenditure categories in Section 22.618.3 of this article. If the Oversight Committee opines that a proposed amendment is not consistent with those purposes, the City Council shall make written findings to the contrary supported by substantial evidence in the record before it to justify proceeding with the amendment despite that opposing opinion.

SECTION 5: TERM OF MEASURE

Upon adoption, this Los Angeles Program to Prevent Homelessness and Fund Affordable Housing Ordinance shall become effective on January 1, 2023, and shall remain in effect until



repealed by the People of the City of Los Angeles.

SECTION 6: APPROPRIATIONS LIMIT INCREASE

Pursuant to California Constitution Article XIII B and applicable laws, for four years from November 3, 2022, the appropriations limit for the City shall be increased by the aggregate sum collected by the levy of the tax imposed under Subsection (b) of Section 21.9.2 of the Municipal Code.

SECTION 7: SEVERABILITY

This Act shall be interpreted so as to be consistent with all federal, state laws, local laws, rules, and regulations. If any section, subsection, subdivision, clause, sentence, phrase, or portion of this initiative measure is declared unconstitutional or invalid by a court of competent jurisdiction, the remaining sections, subsections, subdivisions, clauses, sentences, phrases, and portions shall remain in full force and effect, and to this end the provisions of this initiative measure are severable. The voters thus declare that they would have passed all sections, subsections, subdivisions, clauses, sentences, phrases and portions of this initiative measure without the section, subsection, subdivision, clause, sentence, phrase, or portion held unconstitutional or invalid.



ARGUMENT IN FAVOR OF INITIATIVE ORDINANCE ULA

As homelessness and housing experts, we encourage you to vote YES on Initiative Ordinance ULA to reduce homelessness and protect seniors.

Initiative Ordinance ULA gives us a new and powerful opportunity to actually move people off of the streets and into housing. It would also prevent many low-income seniors from losing their homes when they are at-risk of homelessness.

Here's how it works: When someone sells a mansion or other real estate worth more than \$5 million, Initiative Ordinance ULA would invest a small percentage of that revenue back into our communities.

The money would be used to reduce homelessness, create more affordable housing, and provide **financial aid and eviction protection to low-income seniors**, veterans, people with disabilities, and other Angelenos at risk of homelessness.

This measure is unlike anything we've tried before. Based on 2021-2022 real estate sales, Initiative Ordinance ULA could generate around \$900 million every year. Initiative Ordinance ULA will go to work quickly by purchasing existing buildings and cutting red tape to create more affordable housing. The measure will also provide support to seniors and people with disabilities who have difficulty keeping up with housing costs.

At the same time, Initiative Ordinance ULA only impacts a small fraction of properties. It would have applied to only 3% of all real estate sales in 2019 (those selling for more than \$5 million). Let's be clear: **Only people selling real estate for more than \$5 million will pay this tax. No one else will.**

You can tell a lot about a measure based on who supports it and who doesn't. **Initiative Ordinance ULA was drafted by homeless service providers, affordable housing nonprofits, labor unions, and renters' rights groups.** It is endorsed by over 175 organizations, including the ACLU of Southern California and the Democratic Party of LA County.

On the flip side, we know real estate speculators, corporate developers, and the folks selling \$50 million condos don't love our measure. For them, LA's real estate market is a big business that generates billions of dollars.

The bottom line is this: Millionaires and billionaires cashing in on mega properties can afford to pay the "mansion tax," and we'll all benefit from reduced homelessness when they chip in and pay their fair share.

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Let's talk about oversight, because we think it's important. Unlike past efforts, this measure would create sustained funding to reduce homelessness with **oversight from an independent board of homelessness and housing experts** and a dedicated inspector general.

No politician who currently holds elected office will be allowed on the board.

We're homelessness service providers and housing experts, but we're also renters, homeowners, parents, and Los Angeles residents. We are as concerned as you are about the state of our city. That's why we support Initiative Ordinance ULA and ask you to vote yes.

Yes to reduce homelessness.

Yes to protect low-income seniors and people with disabilities.

Yes to a city that is more affordable for our grandparents, our kids, and our neighbors.

Yes to Initiative Ordinance ULA.

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PERSONS SIGNING ARGUMENT IN FAVOR OF INITIATIVE ORDINANCE ULA

STEVE DIAZ
Skid Row Homeless Service Provider

TAKAO SUZUKI
Little Tokyo Affordable Housing Provider

NORA HERNANDEZ
South Los Angeles Renter

ELI LIPMEN
West Adams Homeowner

ANTONIO SANCHEZ
Labor Leader



ARGUMENT AGAINST INITIATIVE ORDINANCE ULA

VOTE NO ON INITIATIVE ORDINANCE ULA, another TAX INCREASE to “solve” homelessness.

L.A. voters have already raised taxes TWICE for homeless housing and services. The \$1.2 billion in borrowed money for Measure HHH was supposed to build 10,000 units of housing, but so far it has failed. Our tax dollars have been wasted on bloated projects that cost roughly \$600,000 per unit. Measure H raised the sales tax in L.A. County for services that would help to end homelessness. In the last five years since both measures have been in effect has homelessness in the City gotten better or worse?

VOTE NO ON INITIATIVE ORDINANCE ULA because it will be the largest tax increase in L.A. history, and consumers will pay it.

Initiative Ordinance ULA is a huge tax increase on real estate sales. It doesn't just affect the owners of mansions. A 4% tax on the sale of properties valued above \$5 million will hit housing providers, making the purchase of apartment buildings more expensive. Who pays for that? Tenants, through higher rents. It's also a tax on the sale of supermarkets, movie theaters, shopping centers, self-storage facilities, and restaurants. Who pays for that? Consumers, through higher prices.

VOTE NO ON INITIATIVE ORDINANCE ULA because it creates another huge bureaucracy.

Los Angeles taxpayers already pay the salaries for a huge bureaucracy that's supposed to be solving homelessness, the Los Angeles Homeless Services Authority. Many LAHSA employees collect six-figure salaries. Why should we pay for a new bureaucracy full of high-salaried paper pushers figuring out how to spend tax dollars on new contracts? No wonder some Angelenos call the current system the “Homeless Industrial Complex.”

VOTE NO ON INITIATIVE ORDINANCE ULA because it establishes two new government boards...and more bureaucracy.

It creates a 13-member committee plus a tenant council. These board members will be unelected and unaccountable to anyone. They will also be able to hire costly outside consultants, and no members of the committee will be drawn from groups representing taxpayers' interests.

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VOTE NO ON INITIATIVE ORDINANCE ULA because it has been estimated that only half of its revenue would go toward construction and rehabilitation of affordable housing.

It's also estimated that about a quarter of the measure's funding would go toward income assistance and subsidies. Another big chunk – \$640 million over ten years – would go toward “administrative costs.”

VOTE NO ON INITIATIVE ORDINANCE ULA because there isn't a plan to fix homelessness.

A real solution to homelessness must address all the causes and crises that lead to the unacceptable tragedy of people living and dying on the sidewalks. A real solution requires a comprehensive policy that includes adequate facilities and services for mental health care and treatment for substance use disorder, as well as services for victims of domestic violence. Housing is only one part of a comprehensive solution. ULA continues the failed status quo that can't even keep up with increases in the homeless population.

VOTE NO ON INITIATIVE ORDINANCE ULA because it denies funding to emergency shelters.

Initiative Ordinance ULA would raise taxes by roughly \$8 billion over 10 years but not one dime may be spent on building temporary housing or emergency shelters to get people safely off the streets to find the care they need. This exclusion tells the story, doesn't it? This tax is all about helping a select few developers, not the homeless.

VOTE NO ON INITIATIVE ORDINANCE ULA.

For More Information:
Howard Jarvis Taxpayers Association
213-384-9656
info@hjta.org
www.NoNewTaxes.net

No Plan. No Way. Vote No on ULA.
www.VoteNOonULA.com

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PERSONS SIGNING ARGUMENT AGAINST INITIATIVE ORDINANCE ULA

JON COUPAL
President
Howard Jarvis Taxpayers Association

GREGORY PLUMMER
Minority Small Business Owner

MICHAEL D. ANTONOVICH
Los Angeles County Supervisor
Ret., 1980-2016

DANIEL M. YUKELSON
Executive Director
Apartment Association of Greater
Los Angeles

JACK HUMPHREVILLE
Neighborhood Council Budget Advocate

