



ERIC GARCETTI
MAYOR

June 27, 2022

Honorable Members of the City Council
C/o City Clerk
Room 395, City Hall

Re: Notification of United Way of Greater Los Angeles ("UWGLA") on behalf of the Home For Good Funders Collaborative ("Funders Collaborative") for reimbursement to the City of Los Angeles, Office of Mayor Eric Garcetti for expenses related to the Housing Crisis Solutions Team (HCST) grant (Council File 19-0377)

Honorable Members:

The Mayor's Office requests authority to accept the final installment from United Way of Greater Los Angeles ("UWGLA") on behalf of the Home For Good Funders Collaborative ("Funders Collaborative") for the grant performance period of June 1, 2019 to September 30, 2022. The grant funds will be used to fund City staff required for the Housing Crisis Solutions Team ("HCST") in the Mayor's Office of City Homelessness Initiatives (MOCHI) from June 2019 to the present. A brief overview and progress report to date is provided below.

OVERVIEW OF HOUSING CRISIS SOLUTIONS TEAM GRANT

The flagship task of the Housing Crisis Solutions Team (HCST) is to create a central hub for coordinating the City's response to the housing and homelessness crisis and to expedite the delivery of high-priority affordable and supportive housing projects, proactively spark promising innovations that transform the development industry, and advocate for policy improvements that can streamline, accelerate, and facilitate greater development of affordable and permanent supportive housing in the City of Los Angeles.

As such, the team comprised a Housing Innovation Unit (HIC) with a Director of Affordable Housing Innovation Initiatives and a Housing Finance Officer to implement a \$120 million Prop HHH Housing Challenge in close partnership with the Los Angeles Housing

Department (“LAHD”). The work is now managed by a single staff member working on the completion of the Housing Challenge projects. This program funded nearly 1,000 units of supportive housing through innovative construction and/or financing methods that demonstrated the ability to produce high-quality, supportive housing environments in a timely and cost-effective manner.

The HCST also includes a Director of Affordable Housing Production who reports directly to the Mayor’s Chief Housing Officer (CHO); monitors and troubleshoots all Proposition HHH projects through the development process, coordinating with staff in the Departments of City Planning, Building and Safety, Fire and Housing, Bureau of Engineering and LADWP specifically dedicated to processing housing development permits; and works with local and state stakeholders to advocate for legislation that improves the housing development process.

Lastly, the Team comprises a Housing Analyst, Senior Housing Policy Analyst, and a Senior Affordable Housing Policy Specialist, who work closely with the CHO to develop and promote State and Federal advocacy priorities related to affordable housing and land use, track and communicate progress towards the 10,000 units goal and the Housing Element 2021-2029 adoption and rezoning efforts, develop partnerships to advance priorities related to operational subsidies and preservation, and support housing development and housing security initiatives.

In June of 2021, the Housing Crisis Solutions Team presented a narrative report to the United Way outlining the team’s progress of improving enhancements to active housing developments including efforts to streamline departmental processes and implement policy improvements that hasten affordable housing production; engage with internal and external stakeholders to support the overall activities and deliverables; identify promising practices, policies, models, etc. that the team is exploring to further scale supportive housing production in LA City. The HCST has executed a comprehensive approach for addressing the existing housing and homelessness crisis, supporting the City’s efforts to scale progress by pioneering new programs and policies.

A detailed overview of the HCST grant activities can be found in Attachment A.

REIMBURSEMENT REQUIREMENTS

At the time of this transmittal, the Mayor’s Office informs the City Council about the four month extension of the grant end period from May 31, 2022 to September 30,2022 and the need for the Mayor’s Office to be reimbursed for salary expenses between June 1, 2020 to September 30, 2022 to support the Housing Crisis Solutions Team. To date, the City has received \$570,000 of the \$1,250,000. The Mayor will be asking for the balance of the grant, \$680,000.

Total Grant Amount	\$1,250,000
Grant receipts to date	<u>570,000</u>
Balance of Grant to be received	\$ 680,000

Below is the breakdown of salaries expenses by Fiscal Year:

Fiscal Year	Salary
FY 2019	7,326.88
FY 2020	321,562.84
FY 2021	366,492.25
FY 2022	399,887.78
FY 2023	154,730.25
Total	1,250,000.00

RECOMMENDATIONS

It is therefore requested that the Council:

1. REQUEST that the City Clerk place on the calendar, on July 1, 2022, or soon thereafter the following instructions:
 - a. AUTHORIZE the Controller, upon receipt of grant funds, establish a new appropriation account within the UWLA Fund 62S/46, and transfer \$154,730 from UWLA Fund 62S, Department 46, Account 46W146 to the Mayor's General Fund 100, Account 001020 Salaries, Grant Reimbursed to support current year salary costs.
2. AUTHORIZE the Mayor, or designee, to prepare any Controller instructions and/or make technical adjustments that may be required to implement the actions approved by the Mayor and Council on this matter, subject to the approval of the City Administrative Officer and authorize the Controller to implement these instructions.

FISCAL IMPACT STATEMENT

The Mayor's Office does not anticipate any fiscal impacts for the City.

Sincerely,



ERIC GARCETTI
Mayor

EG:cm

Attachment

ATTACHMENT A: HOUSING CRISIS SOLUTIONS TEAM (HCST) OVERVIEW OF ACCOMPLISHMENTS AND CURRENT INITIATIVES

As of June 2022, the HCST continues to work closely with other Mayor's Staff, City Departments, City Council, HACLA, LAHSA, the County of Los Angeles, the CA Dept. of Housing and Community Development, and affordable housing development partners on the following projects:

Streamlining Affordable Housing Production: The HCST has been instrumental in facilitating communication and progressing innovative policies for reducing systemic barriers and streamlining supportive housing production efforts. Since Executive Directive (ED) 30 was signed in April 2021, the HCST manages the Mayor's Affordable Housing Cabinet which includes the Bureaus of Engineering, Sanitation, Street Lighting, Street Services, and Contract Administration, and; the Departments of Transportation, Fire, and Water and Power, City Planning, Building and Safety, and Housing. The HCST convenes bi-weekly meetings to coordinate the pipeline of affordable and supportive housing projects, troubleshoot individual projects, and advance opportunities for streamlining the permitting and approval process. The objective of each meeting is to come away with a set of next steps aimed at removing the hurdles that are preventing the model from being implemented and scaled.

Affordable Housing Dashboard: The Housing Dashboard is a data tool to help both the City and the public effectively keep track of the number of affordable housing and market rate units being produced, as well as to measure the success of the Mayor's expediting targets for affordable housing projects.

Housing Streamlined Approval Process (HSAP): DBS established the Housing Streamlined Approval Process (HSAP) to prioritize the plan check and permitting of qualified affordable housing developments.

Bureau of Engineering-Department of Transportation (BOE-DOT) Standard Plans for Lane Closures: BOE and LADOT developed a set of standard Traffic Control Plans (TCPs) for lane closures. TCPs are now only needed when underground or at grade utility work needs to occur in the public right of way. If a project meets the specifications of the standard plans, no additional review is needed by LADOT, expediting approval of housing projects.

Virtual permitting and inspections: A number of online capabilities have been developed to increase ease within the construction process during COVID.

Revised LADWP Transformer Staging Area Standards & Variance Approval Process: LADWP released major enhancements to its standards for the required staging and clearance areas for new electrical transformers.

Preliminary Zoning Assessment (PZA) electronic application processing: In response to COVID-19, LA City Planning revised its procedures to allow project applications that qualify to submit their referral forms electronically.

Online Payments, Applications, and Project Review Services: DBS launched an on-line credit card payment portal to allow applicants to pay all permit application fees electronically. LADCP expanded their Online Application System to now include pre-application services, applications, clearances, and appeals.

Revised Surplus Land Council Approval Process: LAHD, CLA, and the Housing Crisis Solutions Team collaborated to refine the number of times a City-owned parcel being developed as affordable housing needed Council approval.

Affordable Housing Project Status Tracker: The Affordable Housing Project Status Tracker, will increase communication between development services departments and developers working to permit affordable projects, and will help effectively track and identify the various City processes required.

AB 1197, CEQA Exemption for Shelters & Supportive Housing in the City of LA (Santiago): At the urging of the Mayor, Assembly member Miguel Santiago successfully sponsored this bill that exempts from CEQA supportive housing and homeless shelter developments financed with specific funding sources and retroactively exempts from CEQA the City's Permanent Supportive Housing and Interim Motel Conversion Ordinances.

Implementation of PSH Ordinance & Interim Motel Conversion Ordinance: Utilization of these landmark ordinances was put on hold due to lawsuits. The Adoption of AB117, cleared the way for the judge to dismiss the suits in December 2019, allowing developers to finally put these key streamlining policies to work.

Los Angeles Department of Transportation (LADOT) Surplus Land MOU: LAHD, LADOT, and the CAO executed a Memorandum of Understanding (MOU) that outlines a process for identifying City-owned parking lots that could be redeveloped as affordable housing.

Streamlined Infill Projects Memo: This memo eliminated an unnecessary public hearing step in the approval of qualifying State Bill (SB) 35 (affordable housing subject to certain labor and site conditions) and Assembly Bill (AB) 2162 (supportive housing) projects. This change now reduces processing time for such projects, which have already qualified for streamlined approvals.

SB 35 Projects Memo: The memo clarified that eligible SB 35 projects may utilize the highest density permitted by the land use designation, as opposed to the highest density permitted by the zoning, thus not requiring a zone change, which often costs time and money. The clarification also makes project financing more feasible by allowing projects to incorporate more units.

Transit Oriented Communities (TOC) Projects & Transit Service Memo: The memo clarifies that emergency transit route changes made in response to the COVID-19 pandemic shall not be used in the determination of applicable TOC incentive tiers. This ensures that projects already in the development pipeline were not disrupted by temporary COVID-related transit route changes.

Density Bonus Memo: LADCP released a memo that shifted approval of certain Density Bonus (DB) projects, many of which are 100% affordable, to a by-right process. DB projects that have no other discretionary approvals will be processed ministerially and will not be subject to California Environmental Quality Act (CEQA), speeding up their pre-development timelines.

LADCP-LADBS-LAHD Consolidated Funding Forms Memo and process: In the summer of 2020, the LADCP, LADBS, and LAHD collaborated to finalize a process and consolidated Memo on the signing of forms required for state and federal funding of affordable housing projects. The new Memo ensures that applicants know who to reach out to, when in the process they must submit documents, and what kind of documents to prepare.

Modular Memorandum of Understanding: An MOU between LADBS, LAFD, LAHD, and LADCP sets forth standards for review and approval timelines of development projects that incorporate Factory Built Housing as well as clarifies code interpretation and responsibilities for city and state agencies.

LADBS Affordable Housing Unit: To strengthen its capacity to meet the expediting goals of ED 13, DBS created a new unit specifically dedicated to processing affordable housing projects.

LADWP Case Management Unit: The Mayor announced that the Departments of Water & Power would put in place policies and procedures to cut by 30% the processing times for housing developments. LADWP is hiring staff to serve as case managers for housing developers. The case management unit will offer housing developers a single point of contact throughout the review, permit and inspection stages of development, as well as department-specific pre-development services.

Housing Capital Solutions: The Housing Challenge was implemented in 2019 and encouraged applicants to explore alternative solutions to produce permanent supportive housing (PSH) through innovative construction and/or financing methods that demonstrate the ability to produce high-quality, supportive housing environments in a timely and cost-effective manner. Six awardees were chosen, and their solutions include the following:

- A simplified capital stack that does not include Low Income Housing Tax Credits (LIHTC) on small, by-right sites.

- A revolving loan fund to finance modular construction and predevelopment costs.

HHH Communications: The HCST works with LAHD to refine their data collection process for tracking progress towards the 10,000-unit goal and developing a communications strategy to educate the public regularly on various milestones related to the process.

Homekey: In 2020, the State dedicated approximately \$800 million to Project Homekey to acquire hotels, motels, and vacant multi-family apartment buildings and convert them to permanent supportive housing. Through the first round of Homekey, the City leveraged approximately \$120 million in State funds and contributed \$60 million in matching funds to help purchase 15 properties totaling 744 Homekey units. In addition, the City utilized a further \$66 million of the City's own Coronavirus Relief Funds (CRF) to purchase five additional sites with 364 units. The HCST is working with LAHD and HACLA to secure an additional 15 new properties for the second round of State Homekey funds that would provide an additional 1,200 permanent supportive housing units in the immediate future.

CalTrans State Route 710 Surplus Properties: As a once in a lifetime opportunity to purchase residential parcels at 1960's prices and set-aside as affordable housing for 55 years, the HCST is assisting with an effort across City departments to shape the draft Emergency Regulations for the disposition of the surplus properties along the State Route 710 in El Sereno and give the City of Los Angeles a priority position when submitting a purchase bid. Later this year, the Mayor's Office, in close collaboration with Council District 14, LAHD, HACLA and the City Legislative Analyst's Office, will submit purchase bids for the residential and vacant lots that CalTrans will sell, with the goal of rehabilitation to set-aside as affordable housing.

Preservation: The HCST is working with LAHD to develop program guidelines and make recommendations for how the City Council should prioritize preservation of properties whose affordability covenants are set to expire and allocate the City's first preservation funding pot. The funding is made possible through an annual Linkage Fee allocation and a set-aside of the SB2 Permanent Local Housing Allocation (PLHA) funding. Additionally, through the City's FY 23 budget process, HCST supports a Troubled Assets Unit at LAHD with adequate staffing to identify the City's financially troubled loan assets and determine how to best protect the loan assets and preserve housing affordability of the projects. Finally, with the new California Department of Housing and Community Development (HCD) Portfolio Reinvestment Program (PRP) aimed at preserving projects with expired/expiring covenants, HCST will work to issue comments that help shape the program guidelines to support existing Los Angeles' projects.

New Grant Funding Opportunities: The HCST is working with the City Legislative Affairs Office to advise on applying for and setting funding guidelines

for several new funded programs (e.g. Emergency Housing Vouchers, HCD's Portfolio Reinvestment Program, Housing Choice Vouchers, Homekey, Regional Early Action Planning (REAP), Affordable Housing and Sustainable Communities (AHSC), Homeless Housing Assistance and Prevention (HHAP)) to support and enhance local affordable housing development and preservation of affordability. The Mayor's team is working to ensure that Los Angeles is well positioned to take advantage of the new resources.

LAHD Process Improvements: The HCST recently initiated efforts to streamline some of LAHD's current procedures in an effort to identify process improvements. This work includes clearly understanding current practices, the logic behind the practices and collaborative development of alternative approaches. These procedures include improving the background check process for development entities funding projects at the construction loan closing, use of electronic signatures and notaries, wiring construction draw payments, sharing loan documents templates with LA County, and streamlining the Council approval process.

Bond Streamlining Process: In an effort to reduce the timing of the bond transmittal review process from its current estimated 6–8-week timeframe, the Mayor's office (led by the HCST) is facilitating a working group composed of LAHD, City Attorney, and the CAO's office (Bond Streamlining Workgroup, BSW). The BSW is part of a larger effort of the HCST to streamline the affordable housing production process within the City. Although only in its initial stages, the BSW has identified opportunities within the process to reduce timelines in the bond transmittal approval process. The opportunities include more robust instructions to developers on critical items that need to be delivered early in the process, a checklist of review items needed by the CAO for their review, implementation of checkpoint reminders (from the FDO), timing of the review of the transmittal (from LAHD management to the Mayor's Office) and adding back the Housing Committee as another alternative for scheduling purposes. At the moment, it's H&P (homeless housing transactions) and Housing Committee (all other housing transactions). The goal is to reduce the 6–8-time week timeframe for bond transmittal approval to a 3- 4 week turnaround as well as enhance the deal transaction experience from Notice Of Funding Availability (NOFA) to the closing with an aim of achieving progress towards these goals by year end 2021/2Q2022.

Innovative Housing Typologies: LADCP in consultation with LAHD and LADBS is evaluating regulatory barriers to the development of micro-unit housing and expanding the adaptive reuse of commercial buildings, and identifying necessary policy changes for accommodating this housing type in regional centers and other areas in the City. The HCST is working with LACP to identify opportunities to implement strategic policy changes through both the ongoing Zoning Code update and Density Bonus update.

Utilizing City-Owned Land for Affordable Housing: The HCST is collaborating with LACP and LAHD to expand the utilization of City-owned land for affordable housing development. With grant funds from the State via the Local Early Action Planning (LEAP) program, LAHD is focused on leveraging technology to create an automated inventory of public lands available for housing development based on factors of suitability. The Mayor's office and LAHD are currently working on engaging stakeholders to identify key factors to serve as inputs in an eventual database. In addition, the HCST has worked with Los Angeles City Planning to revise zoning standards for parcels zoned "Public Facilities" (PF) to better facilitate the development of affordable housing on City-owned land. The revised zoning standards will initially be adopted within the Downtown area as part of the initial adoption of the new zoning code and expanded as the applicability of the new Zoning Code expands through the Community Plan Update process.

Modular Construction: The Mayor and the HCST support the use of modular construction as a viable option for the timely production of affordable housing and permanent supportive housing units. This support includes the alignment of state and local agencies to standardize and streamline modular production and the funding of modular related costs. Modular construction is a featured innovation in several Housing Challenge projects and promising innovations regarding financing modular related costs are part of the Housing Challenge developer's strategies. Further, in October of 2020, the Los Angeles Department of Building and Safety, the Los Angeles Fire Department, the Housing and Community Investment Department, and the Department of City Planning signed a Modular Memorandum of Understanding (MOU) regarding the processing of projects built using modular or prefabricated construction. This MOU sets forth standards for review and approval timelines of development projects that incorporate factory-built housing as well as clarifies code interpretation and responsibilities for city and state agencies. The roll out of the MOU over the past two years was successful and supports the continued use of modular construction in the city.

Rezoning: The Mayor and the HCST is working across departments in support of a collaborative and inclusive rezoning program that must be completed by 2024. To achieve the Regional Housing Needs Allocation (RHNA) goal of 486,379 units, including 185,000 lower income affordable units, an aggressive rezoning program will begin immediately to accommodate the additional 255,000 units needed to reach the City's overall RHNA. This rezoning effort must be adopted within the first three years of the 8-year planning period. A new and important component of the rezoning program is to affirmatively further fair housing (AB686) by increasing affordable housing access to Higher Opportunity areas that are rich in amenities such as high performing schools, quality transit, ample park and open space and quality jobs among other factors. To fulfill these goals, the HCST led a citywide interdepartmental working group to revise the City's noncompliant housing element and include specific metrics and milestones to Affirmatively Further Fair Housing (AFFH) as well as include place-based strategies to promote community revitalization and foster more inclusive and equitable communities. A revised and

readopted housing element was submitted to HCD for expedited review on June 15, 2022. The Mayor's Office through its HCST and the Economic Development team will continue to help to guide the upcoming rezoning ordinances with an AFFH lens.

Inclusionary Zoning: Together with the Mayor's Office of Economic Development, the HCST is supporting the LAHD and DCP in the development of the City's Inclusionary Zoning (IZ) study that is examining the potential for a citywide ordinance that requires affordable, deed-restricted housing, in all new developments. A key analysis of the study is to examine the impacts of a new IZ policy on the City's current affordable housing incentive programs such as Density Bonus and the Transit Oriented Communities (TOC) to ensure that a new policy is additive to the existing programs.

Operating Subsidy Tracking and Advocacy: The HCST is working with LAHD, HACLA, and the Federal legislative team to align operating subsidy commitments, assess future needs, and advocate for greater operating subsidy funding.

Emergency Housing Vouchers (EHV): In July 2021, the American Rescue Plan provided funding for an additional 3,365 Emergency Housing Vouchers (EHV) for the City of Los Angeles, the second-largest allocation in the country, after New York City, representing a historic opportunity for addressing the ongoing homelessness crisis in Los Angeles. The HCST continues to work closely with HACLA and LAHSA to secure housing for individuals and families who are experiencing homelessness, fleeing domestic or dating violence, sexual assault, stalking, human trafficking, or who are at high-risk of housing instability.