

MOTION BY SUPERVISORS HILDA L. SOLIS
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**Creating Opportunities for Building Equity Beyond Chapter 8 Properties:
Expanding the Pilot Community Land Trust Partnership Program**

The COVID-19 pandemic has exacerbated Los Angeles County’s (County) housing crisis, creating even more housing insecurity and economic instability. Prior to the pandemic, upwards of 700,000 households were severely rent-burdened, meaning that those renters are paying more than 50% of their income on rent. The recent economic shutdowns have had significant impacts on jobs and, subsequently, renters’ ability to pay for housing, especially in low-income communities of color. Despite the County establishing a robust eviction moratorium and both the State and Federal governments passing their own residential eviction moratoriums, evictions are still anticipated once the moratoriums are lifted. A May 2020 report from the UCLA Luskin Institute on Inequality and Democracy estimates that the County may see 120,000 newly homeless households resulting from evictions caused by the pandemic.

Partnerships between the County and Community Land Trusts (CLTs) offer one path to creating long-term housing opportunities for low-income households. While CLT structures can vary, a CLT is typically a nonprofit organization that develops, manages, and/or preserves affordable housing for a community. CLTs typically maintain permanent

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ownership of land and sell or issue long-term leases to low-income households with restrictions on the resale prices of properties. In November 2019, the Chief Executive Officer (CEO) issued a report that recommended acquisition of land as being an essential factor in successful CLT frameworks.

The California Housing Partnership's 2020 Los Angeles County Affordable Housing Outcomes Report found that eleven percent of the more than 4,000 affordable family homes in the County that are at risk of conversion to market are located in areas identified by the state as "High Resource" or "Highest Resource." The report indicates "these affordable homes would be particularly difficult and costly to replace and losing them would worsen access to opportunity-rich neighborhoods for low-income families in the County." On January 14, 2020, the Board directed the CEO and relevant departments to establish a funding priority for high resource areas at risk of displacement for the County's Affordable Housing Acquisition Fund, which is administered by the CEO and a component of the Affordable Housing Programs Budget. For FY 2020-21, the CEO has allocated \$17.2 million to the Affordable Housing Acquisition Fund, fully funded with Net County Cost, as directed by the Board on November 5, 2019, and including carryover funding from FY 2019-20.

On September 29, 2020 the Board directed the CEO, Treasurer Tax Collector (TTC), Los Angeles County Development Authority (LACDA), and County Counsel to develop a process to help secure tax-defaulted properties through Chapter 8 Agreement Sales for CLTs to create long-term affordable housing. Further, the motion instructed the departments to establish a Pilot Community Land Trust Partnership Program and solicit partnerships with CLTs and nonprofits to utilize the process. Beginning on October 4, 2020, the CEO convened a working group consisting of TTC, LACDA, County Counsel, and the LA CLT Coalition, and (Working Group). The LA CLT Coalition currently consists of five CLTs operating throughout the County region and collectively serving all five Supervisorial Districts (SDs). The five existing CLT's in the County are: El Sereno CLT; Fideicomiso Comunitario Tierra Libre; Liberty CLT; Beverly Vermont CLT; and T.R.U.S.T. South LA (LA CLT Coalition). The LA CLT Coalition is expanding to include emergent CLTs from throughout the County. As the Board motion recommends, the LA CLT

Coalition has established partnerships with other nonprofits including Community Development Corporations (CDC) to leverage their real estate expertise and ensure sufficient capacity to deliver projects. An additional partner, Strong, Prosperous, And Resilient Communities Challenge (SPARCC), a national funders collaborative, is preparing to provide the LA CLT Coalition with a recoverable grant, which will provide deposits on each of the properties and cover due diligence costs. Moreover, the program will be administered by local Community Development Financial Institution (CDFI) Genesis LA.

As part of the Working Group, the LA CLT Coalition and their CDC partners identified both Chapter 8 and non-Chapter 8 properties suitable for affordable housing. Specifically, for the non-Chapter 8 properties, the Working Group established criteria to prioritize properties, including: small or medium multifamily properties (4-20 units), unit purchase price ranging \$150,000 to \$350,000, and estimated rehabilitation costs near \$50,000 per unit. Additionally, the Working Group decided to prioritize properties: near transit, areas with displacement risk, and state-designated higher resource areas. Based upon these criteria, the LA CLT Coalition will identify at least one non-Chapter 8 property with Board Offices, in each Supervisorial District, that they would like to acquire in order to preserve affordable housing for households at 30-80 percent of Area Median Income (AMI), with priority for deeper affordability at 60% AMI or below. Additional criteria includes organized tenants interested in ownership, and/or at risk of being displaced. Any existing tenant above target AMI levels will be grandfathered into the building in order to meet the mission of not displacing tenants. However, at the first turnover of the units, the incoming households will comply with the target AMIs. The acquisition of these properties is vital to maintain long-term affordability. Additionally, an allocation from the Affordable Housing Acquisition Fund in an amount not to exceed \$14 million (Affordable Housing Programs Budget) for the CLT's to acquire and rehabilitate the properties serves the public purpose of preserving affordable housing, and is necessary to meet the social needs of the population of the County of Los Angeles. The CLTs will be responsible for compliance with the California Environmental Quality Act (CEQA), and for the rehabilitation of the non-Chapter 8 properties.

WE, THEREFORE, MOVE THAT THE BOARD OF SUPERVISORS:

1. Direct the Acting CEO, or her designee, and LACDA, in consultation with County Counsel, to work with the LA CLT Coalition, to expand the Pilot Community Land Trust Partnership Program to include the non-Chapter 8 properties identified by the LA CLT Coalition and follow the process and considerations resulting from the September 29, 2020 motion, including partnering with other nonprofits such as CDCs to ensure sufficient capacity to deliver projects.
2. Find pursuant to Government Code Section 26227, that the funding of the Affordable Housing Programs Budget in an amount not to exceed \$14 million for the purchase of the non-Chapter 8 properties by the CLTs, or a CDC that is partnered with a CLT for the specific project, to access funding for the acquisition and/or rehabilitation, with the intention of at least one non-Chapter 8 property in each Supervisorial District, to maintain as long-term affordable housing, for 99 years, is necessary to meet the social needs and public purposes of preserving affordable housing which benefits the County.
3. Direct the Acting CEO, or her designee, to allocate from the Affordable Housing Programs Budget an amount not to exceed \$14 million, of one-time funding, from the FY 2020-21 Affordable Housing Programs Budget unit, for the Pilot Community Land Trust Partnership Program, for CLTs in the LA CLT Coalition to access funding for the acquisition and/or rehabilitation with the intention of at least one non-Chapter 8 property in each Supervisorial District and to maintain as long-term affordable housing, for 99 years. Funds from the Affordable Housing Programs Budget will be provided subject to the completion of due diligence that confirms financial feasibility of acquisition, for the units to be covenanted at 30-80 percent of AMI (with priority for deeper affordability at 60% AMI or below).
4. Delegate authority to the Acting CEO, or her designee, to execute any required documents to grant funding from the Affordable Housing Programs Budget to

CLTs in the LA CLT Coalition, or to CDC partners who are acting on behalf of the CLTs, with the intention for the purchase and rehabilitation of non-Chapter 8 properties, one in each Supervisorial District.

5. Authorize the Acting CEO, or her designee, to take any action necessary to transfer funds from the Affordable Housing Programs Budget to selected CLTs in the LA CLT Coalition to ensure the preservation of existing naturally occurring affordable housing through long-term covenant affordability restrictions for the granting of the funds from the Affordable Housing Programs Budget are met.
6. Authorize the Acting CEO, or her designee, to enter into agreements and/or amend existing agreements with partner agencies and/or consultants as needed to establish the Pilot Community Land Trust Partnership Program.
7. Delegate authority to the LACDA to execute monitoring agreements, including any payment of any applicable fees, with CLTs, for a 99-year term, to ensure that required affordability conditions for granting of the funds from the Affordable Housing Programs Budget for the non-Chapter 8 properties are met.
8. Direct the Acting CEO, or her designee, and LACDA to evaluate the Pilot Community Land Trust Partnership Program after 90 days from execution of the agreement, and if determined successful based upon this assessment, provide recommendations for establishing a long-term Community Land Trust Partnership Program for the County. The report back is to include: geographic allocation of funding, the vetting process for potential acquisitions, and the process of completing any required improvements and rehabilitations.

WE THEREFORE MOVE THAT THE BOARD OF SUPERVISORS ACTING AS THE COMMISSIONERS OF THE LOS ANGELES COUNTY DEVELOPMENT AUTHORITY:

1. Authorize the Acting Executive Director, or his designee, to monitor the non-Chapter 8 properties to ensure that the non-Chapter 8 properties are maintained as affordable housing for a 99-year term.

2. Authorize the Acting Executive Director, or his designee, to execute a Monitoring Agreement with each of the CLT's including collection of any applicable monitoring fees, for a 99-year term, to ensure the affordability conditions for granting of the funds from the Affordable Housing Programs Budget for the non-Chapter 8 properties are met.

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