

2-D September 10, 2024

Edward Yen
EDWARD YEN
EXECUTIVE OFFICER

AGN. NO.

MOTION BY SUPERVISORS HILDA L. SOLIS AND
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September 10, 2024

Application to the U.S. Department of Housing and Urban Development for the Rental Assistance Demonstration Program

The Los Angeles County Development Authority (LACDA) manages a public housing portfolio of 2,962 units at 63 sites throughout Los Angeles County. The LACDA receives funding from HUD of approximately \$9 million annually to address capital needs. However, the current capital needs of the LACDA’s public housing exceed \$120 million. Recently, the LACDA identified \$46 million of immediate needs for safety and issues related to water infrastructure. The current model of funding capital needs is no longer sustainable.

In 2012, the U.S. Department of Housing and Urban Development (HUD) introduced the Rental Assistance Demonstration Project (RAD) to address the issue of widespread deterioration of the nationwide public housing portfolio. In RAD, units convert to a Section 8 project-based voucher (PBV) model with a long-term contract that, by law, must be renewed in perpetuity. RAD maintains the ongoing public stewardship of the

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converted property through clear rules requiring ongoing ownership or control by a public or non-profit entity. Agreements are recorded to ensure that the units remain permanently affordable to low-income households.

RAD shifts existing levels of public housing funds to the Section 8 accounts as properties convert. Section 8 contracts provide a more reliable source of operating subsidy, which in turn allows for leveraging public and private debt and equity to invest in capital needs. All properties must be brought up to code as part of the RAD conversion, and must address accessibility, energy efficiency, and environmental issues. RAD converted units do not count toward the LACDA's cap on PBV.

Current and future residents are provided a robust set of rights and protections, including the consultation during the conversion process, the right to return to the property when repairs are completed with a prohibition against rescreening, the right to organize and funding for organizing. Residents also gain the option to request a tenant-based Section 8 voucher after one year if they wish to move from the property to be closer to a job, school, family, or other reason.

For its initial application to HUD, the LACDA has identified 12 units at four sites in the First and Second Supervisorial Districts for RAD conversion: 4621 & 4625 Linsley Street in unincorporated East Rancho Dominguez; 11117 & 11119 Firmona Avenue in unincorporated Lennox, 4 units at 1229 S. McBride Avenue in unincorporated East Los Angeles, and 4 units at 927 S. Simmons Avenue in unincorporated East Los Angeles.

The high costs of maintaining these small duplexes and fourplexes make them ideal candidates for the initial RAD conversion. The LACDA has communicated extensively with the current residents at these sites to inform them of the process and the

benefits of RAD. If HUD approves the LACDA's application for these sites, the Executive Director may amend the application later to add or remove sites from the LACDA's public housing portfolio. The LACDA will conduct the same due diligence and resident outreach for all its public housing sites. The Executive Director will also provide the Board with at least 60 days' notice of any amendment to add or remove sites from the RAD application.

HUD adjusts the rents it applies to RAD properties every two years, in part based upon the availability of funding from the federal government. Due the federal budget uncertainty, it is likely that RAD rents will be reduced in the new federal fiscal year. Submission of the application prior to October 2024 will allow the LACDA to lock in the current higher rents. This does not affect the portion of rents paid by tenants, which continues to be based on their income.

Upon approval of the application by HUD, the LACDA will hire a designated staff member to manage the RAD conversion process, which was included in the LACDA's approved Fiscal Year 2024-2025 budget. The conversion process will include engaging with consultants for a full-scale evaluation of our current portfolio to determine deficiencies and opportunities, and significant resident engagement at each site.

WE, THEREFORE, MOVE that the Board of Commissioners of the Los Angeles County Development Authority:

- 1) Authorize the Executive Director, or designee, to submit an application to HUD for the RAD conversion of 12 units of public housing at the following sites: 4621 & 4625 Linsley Street in unincorporated East Rancho Dominguez; 11117 & 11119 Firmona Avenue in unincorporated Lennox, 4 units at 1229 S. McBride Avenue in unincorporated East Los Angeles, and 4 units at 927 S. Simmons Avenue in

unincorporated East Los Angeles; and to execute any related documents to comply with HUD requirements.

2) Authorize the Executive Director, or designee, to amend the application to HUD to add or remove sites or make other revisions as needed, and to execute any related documents, including executing any necessary amendments, and take any other actions to effectuate the proposed conversion and to comply with HUD requirements.

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