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*Housing Justice Organizer
Interim Citizens Oversight Chair*

Agenda Report Item 6.c

To: Budget and Administrative Executive Committee

From: Ryan Johnson, Interim CEO

Date: July 16, 2025

Subject: Initial Review of Draft FY 2025-26 Production, Preservation & Ownership (PPO) Budget

Staff Recommendation:

Staff Recommends that the Budget and Administrative Executive Committee receive a report on the draft Production, Preservation and Ownership budget and provide feedback to staff.

Category of Funds:

This action relates to the following fund category:

- ☐ Administrative
- ☒ LACAHSa
- ☐ Pass-Through
- ☐ Other:

Summary:

LACAHSa funding is used for two primary categories of programs: Renter Protection and Homelessness Prevention (RPHP) and Production, Preservation and Ownership (PPO). The PPO category refers to programs to create new permanent housing units, deepen or expand affordability of existing housing, or enable low- or moderate-income homeownership.



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The Board has approved an Annual Expenditure Plan, which allocates 30% of total PPO revenue to LACAHSa. The draft PPO budget presents a strategy for expending LACAHSa's own PPO funds.

The draft PPO budget has not been presented to the Board yet, and this item is therefore scheduled for an initial review. Staff intends to present it to the Board as an informational item in July and an action item in August.

SB 679 requires that the Citizens' Oversight Committee vote to approve elements of the Annual Expenditure Plan prior to the Board taking action. As the PPO budget relates to how LACAHSa spends its funding, this item was presented to the COC at its July 11 meeting. Because the COC is not currently scheduled to meet in August, staff is seeking its recommendation for approval. Staff will update this Committee on the COC's action during the presentation.

Discussion:

The PPO strategy and budget lays out various investment opportunities for LACAHSa to leverage its Measure A revenue stream in order to maximize the creation of affordable housing, including through the potential issuance of a "social bond" to develop housing. A bond issuance would accelerate the availability of funds and therefore enable a larger immediate investment in needed housing during this housing crisis.

SB 679 is prescriptive as to the proportion of funds that must be invested at certain income levels, depending on the nature of the project and whether it is production, preservation or ownership project. The strategy and budget seek to invest across various income categories and through a variety of mechanisms. Budget details will be provided in the presentation.

Fiscal Impact:

There is no immediate fiscal impact of this action as it is informational only at this stage. LACAHSa estimates that it will receive approximately



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\$32.7 million in revenues allocated to RPHP and approximately \$68.9 million in revenues allocated to PPO (5% of which is limited to use for technical assistance to small cities). Of the PPO amount, Measure A requires that 77.25% - approximately \$51.2 million – be used for production of new housing units, with the remaining amount available for any PPO use. The program budgets will further allocate funds to specific programmatic uses.

If the Board elects to issue a bond secured by future tax revenues, then staff anticipates that approximately \$250 million could be available for immediate use upon issuance of the bond.

Policy Alignment:

SB 679 and Measure A require investments targeted at differing affordability levels in order to meet regional housing needs. The PPO strategy and budget targets various approaches to creating and preserving affordable units at various income levels.

The draft budget has been presented to the Citizens' Oversight Committee for a recommendation for approval.

Enclosures:

1. PPO Presentation with Draft Budget Included