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**MOTION BY SUPERVISORS HILDA L. SOLIS
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Creating Strategies to Preserve Affordable Housing - Expanding the Community Land Trust Partnership Program and Rehabilitating Properties for Affordable Housing

In 2015, the Los Angeles County Board of Supervisors (Board) directed the County Chief Executive Officer (CEO) to establish the Affordable Housing Programs Budget to increase the supply of affordable housing as well as preserve existing affordable housing. Knowing that multiple, complementary strategies are required to confront the affordable housing crisis, the Board has funded various programmatic strategies through the Affordable Housing Programs Budget, including a County Land Bank, the Tenant Opportunity to Purchase Act, and a Pilot Community Land Trust Partnership Program (Pilot Program).

On September 29, 2020, the Board directed the CEO, in collaboration with the Treasurer and Tax Collector (TTC), the Los Angeles County Development Authority (LACDA), and County Counsel to develop a process to help Community Land Trusts (CLTs) secure tax-defaulted properties through Chapter 8 Agreement Sales for the purpose of establishing long-term affordability and fostering community stewardship for low-income households at risk of being displaced from their rental units. While structures can vary, a CLT is a nonprofit organization that develops, manages, and/or preserves affordable housing for a community. CLTs typically maintain permanent ownership of land and sell or issue leases to low-income households with

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restrictions on the resale prices of properties. Depending on the scale of the development, CLTs may partner with community development corporations (CDCs) to help with capacity.

On November 10, 2020, the Board approved an expansion of the Pilot Program beyond Chapter 8 properties and allocated up to \$14,000,000 from the Affordable Housing Budget unit to acquire and rehabilitate five non-Chapter 8 properties, one in each Supervisorial District. The LACDA, acting as the agent of the County, implemented the Pilot Program and participating CLTs partnered with nonprofit CDCs with experience in construction to renovate the acquired properties and ensure housing quality and stability. Per the CEO's July 26, 2022 report, "Progress Report: Developing a Pilot Community Land Trust Partnership Program" (CEO's Evaluation Report), the Pilot Program successfully acquired eight non-Chapter 8 properties, removing 43 units from the speculative market while providing pathways for homeownership including affordability covenants of minimum 99 years, and also outlined lessons learned from the Pilot Program to guide future iterations of this program.

According to an independent evaluation prepared by LeSar Development Consultants, "Preventing Tenant Displacement through Community Ownership Pathways: The Los Angeles Community Land Trust Partnership Program" (LeSar's Evaluation Report), the Pilot Program demonstrated success through: acquisitions in a hot real estate market that averaged four months; stabilization of households at an average of 49% AMI under economic duress related to the COVID-19 pandemic; projected total development costs that average 47% less than the cost of new construction of affordable housing; identifying and beginning to address deferred

maintenance and rehabilitation needs; and spurring a new ecosystem of philanthropic, legal, technical assistance, and financial partners to support acquisition-rehabilitation projects in the County. LeSar's Evaluation Report asserts that the partner CLTs model of "concurrent on-the-ground organizing, education on community ownership, and deep cultivation of community relationships with renters, property owners and mission-aligned developers could have a measurable impact at scale." Furthermore, the Pilot Program identified multiple property owners who were motivated to sell to a CLT in order to stabilize current tenants; the CLTs had engaged residents in planning for rehabilitation; and the CLTs had initiated conversation or formal training regarding community ownership. In the case of the Kenmore property located in Supervisorial District 2, where tenants had self-organized prior to acquisition, the residents have already incorporated a housing cooperative, have made decisions regarding securing debt for rehabilitation, and are in advanced discussion with the CLT regarding assuming ownership of the building within the next 2-3 years. Assuming ownership is a decision made by the residents on a project-by-project basis; while some tenants may choose not to assume ownership of their building, the option is not one that would have been afforded to them had the property not been stabilized through the Pilot Program.

Based on LeSar's Evaluation Report and the CEO's Evaluation Report, the Board directed County departments to establish a regular, ongoing process for the acquisition of Chapter 8 properties, which are located in areas at risk for displacement within all Supervisorial Districts, and a long-term CLT Partnership Program for the County as an avenue for stabilizing these

housing units.

The County should work with the CLT partners that participated in the Pilot Program to ensure the rehabilitation of current properties is completed within the total County allocated budget. The Board should also allocate \$14,000,000 from the FY 2022-23 Affordable Housing Programs Budget (County Funds) and direct all relevant departments to refine the Pilot Program's guidelines for an enhanced CLT Partnership Program (Program) that builds upon the initial lessons learned from the Pilot Program. This enhanced Program should establish clear guidelines for qualifying entities and open a call for proposals. The CEO's Evaluation report identified that the success of the Program included LACDA making payments into escrow, which requires identifying qualified partner entities in advance of identifying individual properties to be acquired in a rapidly moving real estate market. Existing and proposed housing programs in California have pursued measures to ensure mission-driven entities are exclusively offered acquisition opportunities. For example, the proposed guidelines for the upcoming Foreclosure Intervention Housing Preservation Program, designed by HCD, establishes a screening process for organizations to be designated as "Qualified Non-Profits" or "Community-Based Non-Profits." Similarly, the City and County of San Francisco created a certification process for non-profit organizations to become eligible purchasers in that jurisdiction's Community Opportunity to Purchase Act. In both instances, non-profits are vetted to ensure the objectives of these initiatives are fulfilled. The enhanced Program should also take lessons learned from the initial non-Chapter 8 Pilot program, by prioritizing properties containing at least four (4) dwelling units, advancing

funds for acquisition and associated costs at escrow closing, utilizing construction draws for rehabilitation funds, and incorporating the County's anti-displacement mapping tool - TRACT - to identify areas at heightened risk of residential instability. County Funds 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 affordability up to 60% AMI) for subsequent tenants, and to structure the program according to lessons learned from the initial round of the Pilot Program.

On May 17, 2022, TTC received Board approval to submit an application package to the State Controller's Office to apply for the acquisition of five Chapter 8 tax-defaulted properties. TTC submitted the application to the State in June 2022, and the sales are expected to be finalized by Winter/Spring 2023. The CEO, LACDA, and TTC are working with County Counsel to convey these properties to entities that are eligible based on the predetermined guidelines. The CEO's Report included recommendations to refine Program guidelines, identify staffing and resources, and select metrics and a third-party consultant to evaluate long-term community and individual household outcomes from the Pilot Program.

WE, THEREFORE, MOVE that the Board of Supervisors:

1. Direct the CEO, or her designee, in coordination with the LACDA and Anti-Racism, Diversity & Inclusion (ARDI), to evaluate the CLT Partnership Program based on metrics to include: demographics of stabilized households including average AMIs; development costs, acquisition and rehabilitation timeline and longevity of affordability compared to other County

housing strategies; resident engagement in rehabilitation planning and education regarding building finances; introduction of community and tenant ownership concepts; integration with community-driven stabilization strategies in areas at high risk of displacement; and any additional measure identified by ARDI. In addition to recommendations generated through the evaluations based on these metrics, the report back is to include: geographic allocation of funding; the vetting process for potential acquisitions; the process of completing any required improvements; immediate and projected long-term outcomes of the program for households/residents; lessons learned for future programs; analysis of funding sources and partnerships (including LACAHSAs) for continuing to scale the program; and recommendations regarding supportive policies (including but not limited to the Tenants Opportunity to Purchase Act and the County Land Bank).

2. Direct the CEO, or her designee, and LACDA, in consultation with County Counsel and TTC, to implement the CLT Partnership Program and to include both non-Chapter 8 and Chapter 8 properties, and follow the process and considerations resulting from the Board's direction, including creating Program guidelines, advertising the availability of the funding source, accepting applications from organizations seeking prequalification to receive funding, identifying nonprofit, community-based organizations which steward land in perpetuity to maintain community-benefiting uses and long-term affordability; and which through a shared equity model, preserve affordable housing and expand homeownership opportunities by providing lower-income households with the opportunity to manage and own their housing, as

described in the CEO's Report; and to convene prequalified participating entities as required for efficient program coordination and implementation.

3. Find pursuant to Government Code Section 26227, that the implementation of the CLT Partnership Program and funding from the Affordable Housing Programs Budget in an amount not to exceed \$14,000,000 for the purchase of the non-Chapter 8 and Chapter 8 properties by prequalified participating entities to access funding for the acquisition and/or rehabilitation, with the intention of at least one property in each Supervisorial District, to maintain as long-term affordable housing for no less than a 99-year term is necessary to meet the social needs and public purposes of preserving affordable housing, which benefits the County.
4. Direct the CEO, or her designee, to allocate from the Affordable Housing Programs Budget an amount not to exceed \$14,000,000 of one-time funding, from the FY 2022-23 Affordable Housing Programs Budget unit, for the CLT Partnership Program, for prequalified participating entities to access funding for the acquisition and/or rehabilitation with the intention of at least one property in each Supervisorial District and to maintain as long-term affordable housing for not less than a 99-year term.
5. Authorize the LACDA, through its Executive Director, or his designee, to act as the agent of the County for the implementation and monitoring of the CLT Partnership Program.
6. Direct CEO, in conjunction with LACDA, to consult with ARDI Initiative to ensure that racial equity metrics, (including addressing specific needs of Black communities to ensure full benefit from this program) are incorporated into the program guidelines, and utilized within the

evaluation framework; and to assess ARDI's resource needs to participate in the roles outlined in this Directive and (1) above.-

7. Direct and authorize the CEO, or her designee, to execute a funding agreement, or amendments to existing funding agreements, with LACDA for up to \$14,000,000 from the Affordable Housing Budget unit for the CLT Partnership Program, which includes any administrative costs for LACDA, for administration of the CLT Partnership Program, which includes authority to LACDA to deposit into an escrow account for the prequalified participating entities to acquire property.

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

1. Designate the LACDA to act as the agent of the County for the implementation and administration of the CLT Partnership Program.
2. Accept from the County CEO Affordable Housing Budget unit funds for the CLT Partnership Program an amount of up to \$14,000,000 and incorporate such funds into the LACDA's Fiscal Year 2022-23 Budget, as needed.
3. Authorize the Executive Director, or his designee, to execute agreements and/or amend existing agreements, and any necessary amendments, with partner agencies and/or consultants as needed for the implementation and monitoring of the CLT Partnership Program.
4. Authorize the Executive Director, or his designee, to work with prequalified participating

entities that are nonprofit, community-based organizations that provide affordable housing through various strategies, including opportunities for residents to manage and/or own their homes, in identifying properties for acquisition and/or rehabilitation, with the intention of at least one property in each Supervisorial District, to maintain a long-term affordable housing for a term of not less than 99 years.

5. Authorize the Executive Director, or his designee, to execute grant agreements with prequalified participating entities, on behalf of the County, and all related documents, following approval as to form by County Counsel, including any amendments to such agreements so to providing funding for the acquisition and/or rehabilitation of property, for the CLT Partnership Program.
6. Authorize the Executive Director, or his designee, to collect any applicable monitoring fees from the prequalified participating entities for the CLT Partnership Program.
7. Authorize the Executive Director, or his designee, to execute a funding agreement, or amendments to existing funding agreements, with the County for up to \$14,000,000, which includes any administrative costs for the LACDA, for the implementation and administration of CLT Partnership Program.
8. Designate the Executive Director, or his designee, as the official responsible for completing all required actions to be taken by LACDA to distribute County Funds described herein for the CLT Partnership Program.

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