



LACDA BOARD DEPUTIES MEETING AGENDA

Date: Thursday, March 7, 2024
Time: 1:30 p.m.
Location: LACDA Headquarters
Commission Room (1st Floor)
700 West Main Street
Alhambra, California 91801

1. CALL TO ORDER

2. PRESENTATION/DISCUSSION ITEMS

- Lead Free Homes LA
- Imagine LA
- Annual Plan for the Housing Choice Voucher and Public Housing Programs

3. EXECUTIVE DIRECTOR'S REPORT

4. PUBLIC COMMENT (3 minutes each speaker)

5. CLOSED SESSION ITEMS

- CONFERENCE WITH LEGAL COUNSEL -- EXISTING LITIGATION
(Paragraph (1) of subdivision (d) of Section 54956.9)
Name of case: Nathan Gray v. Los Angeles County Development Authority, Los Angeles Superior Court Case No. 23AHCV00225



Administrative Office
700 West Main Street, Alhambra, CA 91801
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Executive Director: Emilio Salas
Commissioners: Hilda L. Solis, Holly J. Mitchell, Lindsey P. Horvath, Janice Hahn, Kathryn Barger

6. INFORMATIONAL ITEMS

Board Letters for the March 19, 2024 Board agenda:

APPROVAL OF FUNDING INCREASE FOR THE LOS ANGELES COUNTY HOUSING INNOVATION FUND II

APPROVAL OF FUNDING FOR TWO MULTIFAMILY AFFORDABLE HOUSING DEVELOPMENTS LOCATED IN UNINCORPORATED COMPTON AND IN THE CITY OF LOS ANGELES

RESOLUTION DECLARING INTENT TO ISSUE MULTIFAMILY HOUSING MORTGAGE REVENUE BONDS OR NOTES FOR THE DEVELOPMENT AND CONSTRUCTION OF AFFORDABLE MULTIFAMILY HOUSING IN UNINCORPORATED EAST LOS ANGELES

RESOLUTION DECLARING INTENT TO ISSUE MULTIFAMILY HOUSING MORTGAGE REVENUE BONDS OR NOTES FOR THE DEVELOPMENT AND CONSTRUCTION OF AFFORDABLE MULTIFAMILY HOUSING IN THE CITY OF ALHMABRA

Board Letters for the April 9, 2024 Board agenda:

APPROVE THE ANNUAL PLAN FOR THE LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

RESOLUTION DECLARING INTENT TO ISSUE MULTIFAMILY HOUSING MORTGAGE REVENUE BONDS OR NOTES FOR THE DEVELOPMENT AND CONSTRUCTION OF AFFORDABLE MULTIFAMILY HOUSING IN THE CITY OF GARDENA

RESOLUTION DECLARING INTENT TO ISSUE MULTIFAMILY HOUSING MORTGAGE REVENUE BONDS OR NOTES FOR THE DEVELOPMENT AND CONSTRUCTION OF AFFORDABLE MULTIFAMILY HOUSING IN THE CITY OF CUDAHY



April 9, 2024

Honorable Board of Commissioners
Los Angeles County Development Authority
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**APPROVE THE ANNUAL PLAN FOR THE LOS ANGELES COUNTY
DEVELOPMENT AUTHORITY
(ALL DISTRICTS) (3 VOTE)**

SUBJECT

This letter recommends approval of the Los Angeles County Development Authority's Annual Plan for Fiscal Year 2024-2025. The Annual Plan updates the LACDA's program goals, major policies, and financial resources. Submission of the Annual Plan is required by the U.S. Department of Housing and Urban Development for receipt of Capital Fund Program (CFP) funds, operating funds for the Public Housing Program, and administrative fees for the Housing Choice Voucher Program.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that approval of the Annual Plan is not subject to the provisions of the California Environmental Quality Act (CEQA), because it will not have the potential for causing a significant effect on the environment.
2. Approve the attached Annual Plan, as required by the U.S. Department of Housing and Urban Development (HUD), to update the Los Angeles County Development Authority's (LACDA) program goals, major policies, and financial resources, including the Admissions and Continued Occupancy Policy for the Public Housing Program (ACOP), and the Housing Choice Voucher Program (HCV) Administrative Plan.



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3. Adopt and instruct the Chair to sign the attached Resolution approving the Annual Plan for submission to HUD, and authorize the Executive Director or his designee to take all actions required for the implementation of the Annual Plan.
4. Authorize the Executive Director or his designee to execute all documents required to receive HUD-allocated CFP funds in the amount of approximately \$9,000,000.
5. Authorize the Executive Director or his designee to incorporate into the Annual Plan all public comments received and approved for inclusion by the Board; and authorize the Executive Director or his designee to submit the Annual Plan to HUD by April 17, 2024.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On October 21, 1998, the Quality Housing and Work Responsibility Act (QHWRA) mandated Public Housing Agencies to submit an Annual Plan every year and an Agency Plan every five years to HUD.

The Annual Plan identifies major program policies and financial resources and updates information on housing needs, waiting lists, housing strategies, program policy changes, and other program and management data. The Annual Plan must be updated each year and was last approved by the Board on April 6, 2023.

FISCAL IMPACT/FINANCING

There is no impact on the County general fund. Upon Board approval of the Annual Plan, the LACDA will receive about \$9,000,000 in CFP funds from HUD for management improvements, administrative costs, and housing rehabilitation for the Public Housing Program. Operating funds for the Public Housing Program and administrative fees for the HCV Program will be approved through the annual budget process.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Included as part of the Annual Plan are the updated CFP Annual Statement, ACOP, and the HCV Program Administrative Plan. Significant changes to these documents are discussed below.

CAPITAL FUND ANNUAL STATEMENT

The Fiscal Year 2024-2025 Capital Fund Annual Statement summarizes the LACDA's plan to use modernization funds for management improvements, administrative costs and to rehabilitate 2,067 housing units at 18 Public Housing Program developments.

As authorized by HUD, the Executive Director may amend the CFP Annual Statement as necessary to respond to needs such as housing emergencies, to safeguard property or protect health and safety, or to implement other changes that are in the interests of the LACDA and Public Housing residents. The Executive Director may also implement changes to the CFP Annual Statement in response to changes in federal funding.

Admissions and Continued Occupancy Policy for the Public Housing Program

The purpose of the ACOP for the Public Housing Program is to set guidelines to determine eligibility for admission and continued occupancy. The revised Public Housing ACOP reflects the following changes:

1. Interim Re-Examination Timeline

Currently, the Public Housing program requires residents to report changes to income within ten (10) calendar days of the occurrence. The family is responsible for providing supporting documents at the time of their notification. The LACDA provides residents three (3) days to submit additional requested documents when necessary.

Effective July 1, 2024, the LACDA is proposing to extend the timeframe from three (3) days to 15 days to allow the family ample time to provide the LACDA with the requested supporting documents. The LACDA may grant an extension for extenuating circumstances. However, if the family is non-responsive by the due date to a request for documentation, the family will be advised in writing that the LACDA will not process the rent decrease and must start the process again if they want to receive the decrease. Should the family start the process again, the LACDA will not retroactively apply the rent decrease adjustment.

Housing Choice Voucher (Section 8) Program Administrative Plan

The purpose of the HCV (Section 8) Program Administrative Plan is to set forth the policies and procedures that govern the LACDA's administration of its rental assistance programs. The revised Section 8 Program Administrative Plan reflects the following changes:

1. Income Exclusions – Permissive Deductions

Under the broad definition of income, HUD permits public housing agencies (PHAs) the discretion to use certain funds received by the family, such as income from research studies, as permissive deductions based on their policies. Since research-study-type funds would not fall into any of HUD's income exclusions and would be considered income under its rules, the PHA must adopt the income type as an excludable income under discretionary policy. HUD requires that the funds

received by the family be included in the calculation of income and excluded when the family demonstrates that the funds will not be received in the coming year.

As a discretionary policy, and to align with current Public Housing policy, the LACDA is proposing for the Section 8 tenant-based programs to exclude income for research-related supplemental cash payments that are similar to Universal Basic Income (UBI), also known in California as the Guaranteed Income Pilot or Guaranteed Income Program, in such that a specific family is given a monthly income supplement to assist with quality-of-life research data. These payments would be excluded from income calculations but must be reported at the initial receipt and annually thereafter.

2. Family Obligations

Participating families of the Section 8 tenant-based programs have a list of obligations that outline the family's responsibilities and prohibited actions. When the family's unit has been approved by the LACDA and the Housing Assistance Payments (HAP) contract has been executed, the family is expected to meet the obligations in order to receive continued rental assistance. Included in the Family Obligations is the requirement that all participating families allow the LACDA to inspect the unit at reasonable times and after reasonable notice.

Effective July 1, 2024, the Section 8 tenant-based programs Family Obligations will now include the following requirement:

The family must allow the LACDA and/or owner to inspect the unit at reasonable times and after reasonable notice and allow the property owner/manager access to the unit to make repairs.

The inclusion of this rule is to clarify that the owner must be provided entry to the unit to ensure that Housing Quality Standards are addressed, and that the unit is safe and habitable for the family.

3. Stability Vouchers Program

The Consolidated Appropriations Act, 2021 (Public Law 116-260) (2021 Act), made available \$43,439,000 for new incremental voucher assistance under Section 8(o) of the United States Housing Act of 1937 for use by individuals and families experiencing or at-risk of homelessness, those fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking, and veterans and families that include a veteran family member that meets one of the criteria.

On August 16, 2022, HUD issued PIH Notice 2022-24, announcing approximately 4,000 new incremental vouchers nationwide for the new Stability Voucher (SV) program. On June 5, 2023, the LACDA received 288 SVs that will be paired with

Continuum of Care supportive services funded by HUD's Office of Community Planning and Development.

The LACDA is hereby proposing to amend its Administrative Plan to implement Chapter 21 Stability Vouchers Program. Chapter 21 maintains policies that deviate from the Section 8 program or are exclusively for the administration of the SV program. Among the Chapter sections is an Introduction to the SVs; SV Eligibility Requirements; Alternative Requirements, Waiting List Administration, Portability, and Definitions pertaining to eligibility.

4. Admissions

Language has been added to Chapter 4 of the Administrative Plan to allow more flexibility in the receipt and/or issuance of program applications via alternate mediums.

Admissions and Continued Occupancy Policy (ACOP) and Administrative Plan Proposed Joint Policies

The LACDA implemented major joint policy changes for the Public Housing and Section 8 tenant-based rental assistance programs. The revised Public Housing ACOP and the Section 8 Administrative Plan jointly reflect the following changes:

1. Net Asset Limitation for New Admissions that Exceed \$100,000

Currently, the LACDA does not have restrictions on net family asset limitations for new program admissions.

Upon further guidance and HUD implementation of the Housing Opportunity Through Modernization Act of 2016 (HOTMA), the LACDA will modify its policies to conform to the mandated restrictions based on net assets.

The LACDA will deny admission to an applicant family for the following reasons:

- Net family assets that exceed \$100,000. This amount is subject to HUD's annual inflationary adjustment in accordance with the Consumer Price Index (CPI); and/or
- The family has a present ownership interest in, a legal right to reside in, and the legal authority to sell the real property that is suitable for occupancy by the family as a residence.

The LACDA does not have the authority to establish discretionary policy under this rule.

2. Net Asset Limitation for Existing Families that Exceed \$100,000

Currently, the LACDA does not have restrictions on net family asset limitations for existing participating families.

As required by HUD, the LACDA will initiate eviction (Public Housing) or termination (Section 8) of a family's assistance no later than six months after the effective date of an annual or interim for the following reasons:

- Net family assets that exceed \$100,000. This amount is subject to HUD's annual inflationary adjustment in accordance with the CPI; and/or
- The family has a present ownership interest in, a legal right to reside in, and the legal authority to sell the real property that is suitable for occupancy by the family as a residence.

As required by HUD, the LACDA will provide the affected families the opportunity to cure the asset limitations from the effective date of the annual or interim re-examination through the end of their six (6) month end period.

LACDA is not adopting any discretionary policies pertaining to the asset limitation provisions.

3. Self-Certification of Real Property Ownership

Currently, the LACDA verifies ownership of real property at admissions and annual re-examination through generated third-party verification for purposes of imputing income from assets. Furthermore, the LACDA does not have any restrictions for ownership of real property for purposes of admission to the program.

As required by HUD, the LACDA will deny admission to the program when a family declares ownership of real property and the property is suitable for occupancy by the family in accordance with HUD's asset restrictions. However, HUD issued an exception to the restriction against real property for denials of admission when:

- The family does not have the legal right to reside in the property;
- The family does not have the legal authority to sell the property (i.e., due to litigation, fractional ownership, sale, or divorce);
- The property is not suitable for occupancy by the family as a residence (i.e., unsafe);
- The property is geographically located so that the distance or commuting time between the property and the family's place of work or a family member's educational institution would create a hardship for the family;

- Unit does not meet the disability-related needs of the family; or
- The property is not sufficient for the size of the household.

The LACDA will require third-party generated verification for the reasons noted above for purposes of determining program eligibility.

For victims of domestic violence, dating violence, sexual assault, stalking, as well as verbal, psychological, economic, or technological abuse that cannot provide the third-party generated verification, the LACDA must accept a self-certification from the family member who is the victim, and the restrictions on requesting documentation apply under § 5.2007.

4. Self-Certification of Net Family Assets Equal to or Less Than \$50,000

Currently, the LACDA accepts an existing family's self-certification where the family has net assets equal to or less than \$5,000, without taking additional steps to verify the accuracy of the declaration during a re-examination review.

As required by HUD, the LACDA will update the current policy to increase the net asset threshold from \$5,000 to \$50,000. The LACDA will accept the family's self-certification stating the amount of income the family expects to receive from such assets equal to or less than \$50,000, and the amount is included in their annual income. This amount is subject to HUD's annual inflationary adjustment in accordance with the CPI.

As a discretionary policy, the LACDA will accept the family's self-certification at admissions to the program without taking additional steps to verify the accuracy of the declaration when the family cannot provide third-party verification. The LACDA will require the family to provide third-party generated documents as required by HUD guidance.

5. Hardship Exemptions for Health/Medical Care Expenses & Reasonable Attendant Care & Auxiliary Apparatus Expenses – General Relief (Hardship)

Currently, the LACDA does not define financial "hardship" in relation to Health/Medical Care Expenses & Reasonable Attendant Care & Auxiliary Apparatus expenses. LACDA currently refers to the Internal Revenue Service (IRS) Publication 502 definition for medical, dental expenses, etc., as may be amended from time to time by the IRS.

In accordance with HUD, the LACDA is required to define financial hardship for purposes of granting a relief for a period of 90 calendar days when the families' health/medical and attendant/auxiliary expenses exceed the HUD-mandated thresholds as a result of the change in this regulation.

As a discretionary policy, the LACDA is hereby defining hardship as circumstances limited to the following:

- Circumstances where the family experiences a loss of income and is expected to continue for an undetermined period;
- Imputed welfare (excluding fraud); or
- Increase in utility rates (for Public Housing only)

An elderly or disabled family or a family that includes a person with disabilities may request a hardship exemption to the limitations above when the family experiences a financial hardship due to the change in this regulation. The LACDA reasonable accommodation processes will apply. On a case-by-case basis, the LACDA may grant an additional 90-day extension, not to exceed 180 days, while the family's hardship continues.

It should be noted that in all cases, the family's hardship relief ends when the circumstances that made the family eligible for the financial relief are no longer applicable or after 90 days, whichever comes earlier.

6. Hardship Exemptions for Health/Medical Care Expenses & Reasonable Attendant Care & Auxiliary Apparatus Expenses – Phased-In Relief

Currently, the LACDA does not have a phased-in relief policy for families with Health/Medical Care, Reasonable Attendant Care, and Auxiliary Apparatus out of pocket expenses that exceed the current three (3) percent threshold of the family's gross annual income to the new mandated ten (10) percent threshold.

In accordance with HUD, the LACDA will increase the current 3 percent to 10 percent and will begin the 24-month phased-in relief for families currently receiving HUD's allowable health/medical deduction for unreimbursed out-of-pocket expenses based on the family's re-examination preceding January 1, 2024.

The phase-in relief will commence at the family's next annual or interim re-examination, whichever occurs first after January 1, 2024, as follows:

- 1st twelve months – expenses more than 5 percent of the family's annual gross income.
- 2nd twelve months – expenses more than 7.5 percent of the family's annual gross income.

At the conclusion of the 24-month phase-in, the 10 percent threshold will be applied, and the family will be eligible for this deduction if their expense exceeds the 10 percent threshold.

A family receiving phased-in relief in accordance with HUD's implementation may request in writing a hardship exemption. However, the family will be ineligible to resume the phase-in relief if the hardship exemption is granted.

New admissions and existing families previously not receiving the allowable deduction will automatically be applied the mandated 10 percent and will not be eligible for the phased-in relief.

The LACDA does not have authority to establish discretionary policy under this rule.

7. Hardship Exemption to Continue Childcare Expense Deduction

Currently, HUD's rules and the LACDA's policy allow for a deduction from the family's annual gross income for any reasonable childcare expenses necessary to enable a member of the family to be employed or to further his or her education.

In accordance with HUD, the LACDA must implement a policy that allows a family to request a hardship exemption for childcare expenses when the family is no longer eligible for the childcare deduction.

As a discretionary policy, the LACDA hereby defines financial hardship as any of the following circumstances for purposes of determining eligibility for a hardship exemption:

- Temporary loss of income for a period not to exceed 90 calendar days and childcare is still necessary;
- Increase in utility rates that exceed the HUD-established threshold for implementing the new rates and allowances;
- Adult family member(s) participating in higher education/vocational training and other adult members in the home are unable to care for the minor(s);
- Expense is necessary to continue the child's enrollment at the childcare facility or in accordance with their childcare contract; or
- Increase in childcare expense and the increase is in excess of 40 percent of the family's annual adjusted income.

The LACDA will require the family to request the financial hardship in writing within 10 calendar days from the loss of the childcare deduction resulting in financial hardship and inability to pay rent.

The LACDA will obtain third-party verification to determine the family's financial hardship resulting in their inability to pay rent. The exemption will be granted for a period of 90 calendar days. The family's hardship exemption ends when the

circumstances that made the family eligible for the exemption are no longer applicable or after 90 days, whichever comes earlier.

8. De Minimis Errors in Income Determinations

In accordance with HUD, the LACDA must take corrective action to credit or repay a family if the family was overcharged tenant rent because of de minimis errors in calculating family income. However, the LACDA must not implement local policies to require a family to repay in instances resulting in a family being undercharged for rent when the LACDA miscalculated the family's income.

De minimis is defined as a PHA calculation error of \$30 or less of the family's monthly adjusted income (or \$360 in annual adjusted income). The provision enables the LACDA to make a de minimis error income determination on a family-by-family basis rather than having HUD conduct a full portfolio review if the LACDA exceeds the threshold.

As required by HUD, under corrective action, the LACDA will grant the family credit toward future rents when it is discovered that there is a rent overcharge due to an administrative error calculation. The family is issued a credit retroactively to the effective date of the action when the error was made, regardless of the dollar amount associated with the administrative error.

9. Interim Re-examinations - Decreases in Adjusted Annual Income

Currently, the LACDA processes interim re-examinations for families that experience a loss or decrease in their income and changes in family composition.

In accordance with HUD, the LACDA may decline to conduct an interim re-examination of family income if the LACDA estimates that the family's annual adjusted income will decrease by an amount that is less than ten (10) percent or such lower threshold.

As a discretionary policy, the LACDA will not establish a threshold of 10 percent or less. LACDA reaffirms it will continue to exercise its current interim re-examination policy for all **decreases** in the family's adjusted income or changes in family composition when a family reports the changes in writing.

10. Interim Re-examinations - Increases in Adjusted Annual Income

Currently, families are required to report all changes in earned and unearned income, assets, expenses, full-time student status, and family circumstances

within 10 calendar days of the date the change takes effect. For Public Housing only, interims are processed only when there is an income increase in existing income of \$200 per month or more.

In accordance with HUD and as a discretionary policy, the LACDA will require the families to continue reporting for both Public Housing and Section 8. However, as required by HUD, Public Housing will now eliminate the \$200 threshold. Public Housing and Section 8 will now conduct an interim re-examination when the family's annual adjusted income has changed by an amount that would result in an estimated increase of ten (10) percent or more in annual adjusted income or other amount established through HUD notice.

HUD allows other discretion relevant to interim re-examinations. As a discretionary policy, the LACDA will not conduct interim re-examinations if a family reports an increase in income within three (3) months of their next annual re-examination effective date. Instead, the reported change will be processed with the annual re-examination.

11. Interim Re-examinations - Reporting Changes & Effective Date

Currently, the LACDA requires that families report any changes in family income and composition in writing within ten (10) calendar days of when the change occurs. Any additional information, necessary documents, or signature needed from the family to verify the change must be provided within 15 calendar days from the date of request.

HUD requires the LACDA to develop policies stating when and under what conditions families must report changes in family composition and adjusted income.

As a discretionary policy, the LACDA requires families to report their changes in writing within 10 calendar days from when the changes occur.

As required by HUD, the LACDA currently has the following discretionary policies in place that align with the mandated HOTMA changes.

- If the family delays or fails to report changes in family circumstances that result in a decrease in tenant rent, it will be considered untimely reporting. The change will be effective on the first of the month following completion of processing by the LACDA and not retroactively.
- If the family fails to report the changes in family circumstances and the change results in a rent increase, the family will be issued a 30-day rent

increase notice and the LACDA will initiate a retroactive tenant payment agreement to the first of the month following the date of change.

As a discretionary change, Public Housing is proposing to change its policy to increase the time to provide additional information from 3 calendar days to 15 calendar days.

12. Revocation of Consent Form (Form HUD-9886A Authorization for the Release of Information/Privacy Act Notice)

Currently, the LACDA must deny or terminate assistance for failure to sign and submit HUD-mandated consent and release forms deemed necessary to allow the LACDA to obtain financial verification to determine the family's initial or continued eligibility.

As required by HUD, the LACDA will add language to its existing policies to align with HUD and HOTMA provisions regarding the revocation of consent forms.

Upon approval from the Office of Management Budget (OMB) of the revised Form HUD-9886A, the LACDA will deny admissions or terminate assistance due to the revocation of consent. The LACDA will afford the Head of Household (HOH) the opportunity to remove the family member who revokes the consent. If the family member revoking the consent is the HOH, the entire family will be denied admission or terminated.

13. Determination of Income Using Other Means-Tested Public Assistance (i.e., "Safe Harbor") 24 CFR §§ 5.609(c)(3)

In accordance with HOTMA, the LACDA may determine a family's annual income, including income from assets, prior to the application of any deductions based on income determinations made within the previous 12-month period, using income determinations from the following types of means-tested federal public assistance programs:

- The Temporary Assistance for Needy Families block grant (42 U.S.C. 601, et seq.).
- Medicaid (42 U.S.C. 1396 et seq.).
- The Supplemental Nutrition Assistance Program (42 U.S.C. 2011 et seq.).
- The Earned Income Tax Credit (26 U.S.C. 32).
- The Low-Income Housing Tax Credit (26 U.S.C. 42).
- The Special Supplemental Nutrition Program for Women, Infants, and Children (42 U.S.C. 1786).
- Supplemental Security Income (42 U.S.C. 1381 et seq.).

- Other programs administered by the Secretary.
- Other means-tested forms of federal public assistance for which HUD has established a memorandum of understanding.
- Other federal benefit determinations made by other means-tested federal programs that the Secretary determines to have comparable reliability and announces through a Federal Register notice.

As a discretionary policy, the LACDA will accept and use determinations of income from the federal means-tested forms of assistance listed above when all documentation requirements below are satisfied. The LACDA will accept and use determinations of income from the federal means-tested forms of assistance listed above during new admission/move-ins, interim re-examination, and annual re-examinations. In situations where the family presents multiple verifications from the same or different acceptable Safe Harbor programs, the LACDA will accept the most recent, detailed, and comprehensive income determination provided.

Third-Party Verification – Required Information

When the LACDA elects to use the annual income determination from one of the above-listed forms of means-tested federal public assistance, the LACDA must obtain the income information by means of a third-party verification. The third-party verification must state the following:

1. **The family size.** The verification must be for the entire family, i.e., the family members listed in the documentation must match the family's composition in the assisted unit, except for household members), and
2. **The amount of the family's annual income.** The annual income need not be broken down by family member or income type. Annual income includes income earned from assets, therefore when using Safe Harbor to verify a family's income, the LACDA will neither further inquire about a family's net family assets, nor about the income earned from those assets, except with respect to whether or not the family owns assets that exceed the asset limitation in 24 CFR § 5.618.

Third-Party Verification – Verification Format

The Safe Harbor verification may be in the form of an award letter from the relevant federal program and must show that the family's income determination was made in the previous 12 months. Verification will be considered acceptable if the documentation meets the criteria that the income determination was made within the 12 months prior to the receipt of the verification by the LACDA. This satisfies all verification date requirements for Safe Harbor income determinations.

The Safe Harbor documentation will be considered acceptable if any of the following dates fall into the 12-month period prior to the receipt of the documentation by the LACDA:

- Income determination effective date;
- Program administrator's signature date;
- Family's signature date;
- Report effective date; or
- Other report-specific dates that verify the income determination date.

The only information that the LACDA is permitted to use to determine income under this Safe Harbor is the total income determination made by the federal means-test program administrator. Other federal programs may provide additional information about income inclusions and exclusions in their award letters; however, these determinations and any other information **must not** be considered by the LACDA for purposes of the HOTMA Safe Harbor provision. The LACDA is not permitted to mix and match Safe Harbor income determinations and other income verifications.

The amounts of unreimbursed reasonable attendant care expenses and childcare expenses deducted from a family's annual income, except for when a family is approved for a childcare expense hardship exemption, must still be capped by the amount earned by any family member who is enabled to work as a result of the expense. The LACDA will therefore be required to obtain third-party verification of the applicable employment income and cap the respective expense deductions accordingly.

It is anticipated that in many cases families will provide the LACDA with the Safe Harbor third-party verification for the purpose of re-examination, rather than the LACDA mailing a verification form to the third party to complete.

When the LACDA does not accept Safe Harbor documentation, is unable to obtain Safe Harbor documentation, or if the family disputes the other program's income determination, the LACDA must calculate the family's annual income using the methods established in § 5.609(c)(1) and (2).

If the LACDA uses a Safe Harbor determination to determine the family's income for an income examination (New Admission/Move Ins, Interim Re-examination, or Annual Re-examination), then the family is obligated to report changes in income that meet the reporting requirement and occur after the effective date of the LACDA's transaction. This might mean that a certain source of income was not considered in the family's income, because the other program does not consider the source to be income.

For example, if the family begins receiving a new source of income on 2/1/2024 and the LACDA completed an annual re-examination effective 3/1/2024 using a Safe Harbor income determination, then the family does not need to report that

change in income. If the family has a change in adjusted income in accordance with HUD's rules that occurs after 3/1/2024, when the annual re-examination was effective, then the family must report the change to the LACDA.

14. Enterprise Income Verification (EIV) Usage

In accordance with HUD, the LACDA uses HUD's EIV system in its entirety, in accordance with 24 CFR § 5.233 to reduce the administrative and subsidy payment errors in accordance with HUD guidance.

As a discretionary policy, the LACDA will continue to use the EIV system in its entirety during interim re-examinations.

15. Earned Income Disregard (EID)

Currently, EID is applicable to an eligible adult family member, 18 years of age or older, who either begins earning income or experiences an increase in earned income. The earned income disregard allows the LACDA to exclude the increased (or new) earned income, resulting in an income exclusion, and not counted towards the tenant's rent portion for a period of no more than 24 months.

Effective January 1, 2024, the LACDA will no longer provide the benefit of the EID disallowance. Existing participating families receiving the EID disallowance will continue uninterrupted through the EID benefit of the initial or remaining 24-month period of the exclusion.

Families eligible to receive the Jobs Plus Earned Income Disregard (JPEID) may continue to receive JPEID benefits and will not be impacted by the HOTMA final rule, until HUD states otherwise.

16. Mandatory Deductions

As required by HUD, the LACDA will comply with the mandatory changes in the allowable deduction amounts. For example:

- Elderly/disabled allowance will be updated from \$400 to \$525.
- Allowance of \$480 per dependent will be updated in accordance with HUD's public notice.

These amounts are subject to an annual inflationary adjustment in accordance with the CPI and will be published yearly by HUD. The annual inflationary adjustment will be rounded by HUD to the next lowest multiple of \$25.

17. Income Exclusions

Currently, HUD provides PHAs with a list of mandatory income inclusions and exclusions which are outlined in both program's plans.

In accordance with HUD, the definition of annual income has been modified to require that PHAs include all sources of a family's income unless specifically excluded. As such, HUD has provided a list of income exclusions that is now included in both program's plans.

18. National Standards for the Physical Inspection of Real Estate

HUD's new housing inspection approach, under development, prioritizes health, safety, and functional deficiencies over those about appearance. The National Standards for the Physical Inspection of Real Estate (NSPIRE) is a single inspection standard for all units under the Public Housing, HCV, Multifamily, and Community Planning and Development (CPD) programs.

In accordance with HUD, the LACDA's Public Housing program is required to comply with the mandatory NSPIRE. This new standard replaces the Real Estate Assessment Center's (REAC's) mandated inspections. It should be noted that the LACDA voluntarily participated in HUD's NSPIRE demonstration for all Public Housing developments.

In accordance with HUD, the LACDA's Section 8 tenant-based program is required to comply and replace its Housing Quality Standards (HQS) with the NSPIRE inspection model. As such, the LACDA's Section 8 tenant-based program will be working towards transitioning to HUD's new NSPIRE inspection standards by no later than October 1, 2024.

The LACDA does not have authority to establish discretionary policy or modify HUD's NSPIRE inspection standards.

The Administrative Plan and ACOP include language changes that are statutory, regulatory, and/or clarify existing policy.

Section 24 of the Code of Federal Regulations, Part §903.17, requires a public hearing to approve the Annual Plan. Copies of the Annual Plan were made available for review and comment during a public review and comment period from December 22, 2023 to February 5, 2024, at twelve housing developments, LACDA administrative offices, and the LACDA website. Notices of the availability of the documents and the Board meeting date were also published in newspapers of general circulation during the public comment period. On March 20, 2024, the Housing Advisory Committee recommended approval of the Annual Plan.

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The Summary of Public Outreach regarding the Annual Plan, a list of the twelve Public Housing Program developments, and the Annual Plan, are provided as Attachments, A, B, and C, respectively.

The Resolution approving the Annual Plan for submission to HUD, provided as Attachment D, has been approved as to form by County Counsel. At the conclusion of the Public Review and Comment period, the LACDA will provide to the Board all public comments pertaining to the Annual Plan. Public comments received are included in the Board-approved Annual Plan and are submitted to HUD.

ENVIRONMENTAL DOCUMENTATION

Approval of the Annual Plan is exempt from the provisions of the National Environmental Policy Act (NEPA) pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(1), because it involves planning activities that will not have a physical impact on or result in any physical changes to the environment. The activities are also not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378, because they are not defined as a project under CEQA and do not have the potential for causing a significant effect on the environment.

Prior to implementation of any particular project, an Environmental Service Request will be submitted to the LACDA's Environmental Services Unit for review. Each project will receive an environmental clearance in accordance with CEQA Guidelines and NEPA regulations before proceeding with the project.

IMPACT ON CURRENT PROGRAMS

Submission of the Annual Plan is required by HUD for the receipt of CFP funds and for the continuation of the Public Housing and HCV Programs.

Respectfully submitted,

EMILIO SALAS
Executive Director

Enclosures

Attachment A

Summary of Public Outreach

Section 511 of the QHWRA instructs every Public Housing Annual to convene one or more Resident Advisory Boards (RABs) to assist and make recommendations on the development of the Annual Plan, as well as on any significant amendments or modifications. Public Housing Program residents and Section 8 HCV Program participants were invited to participate in the RAB to learn about programs included in the Annual Plan and to provide input.

Summary of RAB Activities

Public Housing Program

The LACDA's regular annual RAB meetings were held virtually and in community rooms at our properties. This new format is to accommodate residents who do not have a means of transportation. This also assisted in providing peace of mind for residents due to the ongoing health concerns surrounding various diseases.

In addition to limited in-person meetings, individual telephone calls and an email blast with details and instructions were made to inform RAB members of the RAB meeting.

Section 8 Program

To accommodate the LACDA's RAB members, the LACDA held two RAB meetings via a ZOOM conference call. An email with details and instructions was sent out to RAB members and calls were made in advance to ensure RAB members would be able to attend the RAB meeting remotely.

Other Outreach Activities

- Overall, the RAB was content with the Annual Plan's progress of meeting the agency's five-year goals. Given the uncertainty of the mandated HUD policy changes to the programs, there were no comments from the RAB. This has been noted under Section C.1 of the Annual Plan (Form HUD-50075-HP).
- As needed, translators are made available during the Public Housing and Section 8 RAB meetings.
- In December 2023, a public notice was posted to all Public Housing residents notifying them of the Public Review and Comment Period.
- In December 2023, an email to stakeholders and participating cities was sent announcing the commencement of the Public Review period and inviting them to comment.
- In December 2023, a public notice announcing the Public Review and Comment Period was published in the Los Angeles Times, La Opinion, the Daily News, Los Angeles Sentinel, the Daily Breeze, and the Long Beach Press Telegram.

- During the Public Review and Comment Period, the Annual Plan was made available at 11 housing developments, the LACDA Administrative Office in Alhambra, the Section 8 Palmdale office, and the LACDA website.
- Summaries of the Annual Plan were available during the Public Review and Comment Period in Russian and Spanish at the above locations and on the LACDA's website.

Attachment B

<u>Housing Development</u>	<u>Address</u>	<u>District</u>
1. Nueva Maravilla	4919 E. Cesar Chavez Los Angeles, CA 90022	1
2. Francisquito Villa	14622 Francisquito Ave La Puente, CA 91746	1
3. South Scattered Sites Management office	12721 Central Avenue Los Angeles, CA 90059	2
4. South Bay Gardens	230 E 130 th St Los Angeles, CA 90061	2
5. Century & Wilton	10025 Wilton Pl Los Angeles, CA 90047	2
6. Marina Manor	3405 Via Dolce Marina Del Rey, CA 90292	2
7. Kings Road Apartments	800 N Kings Road West Hollywood, CA 90069	3
8. Ocean Park	175 Ocean Park Blvd Santa Monica, CA 90405	3
9. Carmelitos Family	700 Via Wanda Long Beach, CA 90805	4
10. Harbor Hills	26607 S. Western Avenue Lomita, CA 90717	4
11. Orchard Arms	23520 Wiley Canyon Rd Valencia, CA 91355	5
12. Foothill Villa	2423 Foothill Blvd La Crescenta, CA 91214	5