

MOTION

In 2022, Los Angeles voters passed Measure ULA, which establishes the House LA Fund. One of House LA's goals is "improving access to permanently affordable housing for vulnerable populations." As set out in ULA, the guidelines for implementation of which are currently in development with the United to House LA Citizens' Oversight Commission, a significant percentage of the House LA Fund must be spent on permanently affordable housing where tenants have the right to participate in their building's governance. This new social housing model will create pathways to ownership for lower-income residents. In order to successfully implement this mandate from Measure ULA, the City must build its capacity to finance and operate social housing.

One area of growth the City must tackle is to create new strategic financing models that facilitate permanent housing affordability. Fortunately, the City can learn from housing production and preservation models elsewhere, including but not limited to social housing in Vienna, Austria, where the city consolidates and eliminates duplicative steps in the development process and enables developers the option to leverage public funds to secure private funds, thereby maximizing the positive impact of public dollars over many decades.

As an example, if Los Angeles utilized Vienna's financing model, which establishes low-cost, patient public debt to be repaid after any private debt, developers could access larger amounts of private debt, therefore reducing public subsidy needs in the short term. Similarly, incorporating a system that streamlines the financing process across phases from pre-development through permanent funding can reduce costs and the risk borne by the developers. While social housing is in its beginning stages as a housing model in the City, with significant ULA program dollars available for social housing, now is the City's time to establish a new financing model, and apply lessons learned about the need for long-term financial stability.

As the cost of single family homeownership continues to be out of reach for the vast majority of Angelenos, social housing can creatively incorporate alternatives that can bring the benefits of ownership within reach of lower- and middle-income households through cooperative forms of resident ownership. New York City has a long history of supporting cooperatives that include an equity investment in a building from each resident household, provide stable and permanently affordable housing, and require the resale of a resident's equity share at a rate affordable to the next family. Through the social housing developed under Measure ULA, there is an opportunity to explore these alternative forms of ownership, generational stability, and wealth-building for more Angelenos.

I THEREFORE MOVE that the Los Angeles Housing Department (LAHD), in consultation with ACT-LA and other organizations with expertise in this area, report within 120 days on identifying strategic financing tools that support achievement of Measure ULA goals for permanent affordability and resident governance in social housing, including:

- (a) alternative options for the sequencing of private and public loan repayments,
- (b) single source and limited-leverage funding assumptions to finance social housing construction,
- (c) a consolidated City application for funding all phases of project development
- (d) identification of policy and procedural changes, as well as the necessary resources to implement these recommendations.

I FURTHER MOVE that LAHD, in consultation with community organizations and Community Development Financial Institutions (CDFI) operating within Los Angeles, report on solutions for low-income households to take part in social housing ownership in Los Angeles, including:

(a) financial products that public, private, and non-profit institutions need to offer to enable social housing ownership, and strategies for the City to engage those institutions to fulfill these needs;

(b) legislative strategies to refine the welfare tax exemption as necessary to financially stabilize resale-restricted, limited equity cooperative housing; and

(c) systems and standards to facilitate resale of social housing to income-qualified households in a way that balances household wealth-building with the retention of public subsidy that will also benefit future buyers.

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