

# Expected Resources

## AP-15 Expected Resources – 91.220(c)(1,2)

### Introduction

For the first time in several years, Congress passed the federal budget early enough to have actual entitlement amounts in time for the draft Annual Action Plan budget. This would have allowed for significant improvement in the timeframe for planning for projects, except for the COVID-19 pandemic crisis, which redirected the attention and changed the work environment for staff working on the plan, and led to a slight delay in finalizing the plan for 2020-21. The City continues to have an amount of its General Funds available to be loaned for Con Plan expenses until the federal funds are set up in the accounts, to allow for delays in federal funds availability.

**CDBG:** The 2020 entitlement amount of \$54.3 million is comparable to the amounts of recent years. The City relies on other resources to leverage CDBG, depending on the type of project or program. For example, local Proposition K, Quimby Act, and LA84 Foundation funds support park development. The City's Capital Improvement Expenditure Program also funds improvements to existing and construction of new public facilities and infrastructure. Additional resources for affordable housing, homeless services and public services are described below.

**HOME:** The 2020 entitlement amount of \$28.2 million reflects a 7% increase from the previous year. As with CDBG, HOME leverages several other sources for the construction of affordable housing, which is detailed below. HOME also leverages CDBG and the Mortgage Credit Certificate Program federal income tax credits to assist first time, low- or moderate-income homebuyers to achieve the dream of homeownership.

**HOPWA:** This year's HOPWA allocation of \$19.8 million is the City's highest in the last ten years. In 2017, the HOPWA federal allocation formula changed, and is now based on a jurisdiction's proportion of people living with HIV/AIDS rather than cumulative cases of HIV/AIDS, and also factors in the jurisdiction's housing cost and poverty rate. HOPWA covers all of LA County, which has high rates in all of these factors, resulting in increased grant amounts each year since 2017. HOPWA service providers coordinate with other resources to augment assistance to clients, including the federal Ryan White HIV/AIDS Program and County public and mental health programs.

**ESG:** This year's ESG allocation of \$4.7 million is comparable to the amounts of recent years. ESG is leveraged with CDBG, Continuum of Care, General City Purpose Fund, County Measure H and various State grants to deliver homeless assistance programs.

**Continuum of Care:** The HUD CoC Program award for the Los Angeles Continuum of Care (CoC) is \$133,611,222 for 2020-2021. Funding includes continuation of most previous programs and two new programs for survivors

of domestic violence. CoC Programs will leverage ESG, as well as local and state funds to help reduce homelessness.

**Public Housing Capital Fund:** Public Housing Capital Funds are allocated to address critical physical needs in the HACLA public housing portfolio. It is anticipated that the Capital Fund Program will see reductions, in program years 46 and 47, resulting from the redevelopment projects, including RAD conversions. HACLA estimates the 2020 and 2021 funding will be \$20.2 million and \$19.5 million, respectively.

**Section 8 Rental Assistance:** The Section 8 Housing Choice Voucher Program (HCVP) subsidies provide rental assistance for extremely low-income individuals and families from the HACLA general waitlist and for a variety of at-risk populations, including homeless and chronically homeless, seniors, disabled, and transition-aged youth, through special programs established by HUD and by HACLA. An estimated \$555 million is expected for 2020. These dollars include 6% for HUD's Veteran Affairs Supportive Housing (VASH) rental assistance for homeless and chronically homeless veterans in conjunction with supportive services from the U.S. Department of Veterans Affairs.

**City General Fund:** The City's General Fund contribution is estimated at \$129 million in 2020-21, primarily to support emergency and transitional housing and supportive services for homeless persons, as well as services for domestic violence survivors and older adults. These funds will leverage CDBG, ESG, CoC, CSBG, Proposition HHH, County Measure H, and other sources in support of the reduction and prevention of homelessness and the economic stabilization of low-income families. Although the Expected Remainder amount is now zero because more funding was awarded to address homelessness than was originally anticipated for the five year period, additional funding is expected for the 4th and 5th years.

**Community Services Block Grant (Other):** The Community Services Block Grant leverages with CDBG and City General Fund to fund services that support low-income families to become self-sufficient by addressing needs for employment, education, and asset building. The City's grant for 2020 is \$6 million, and at level funding, the projected amount for five years would be \$30 million.

## Anticipated Resources

**Table 5 - Expected Resources – Priority Table**

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	54,334,788	12,462,526	2,844,545	69,641,859	158,512,394	See Introduction for Narrative Description.
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	28,158,891	6,882,000	0	35,040,891	96,991,884	See Introduction for Narrative Description.

Program Year 46  
2020-2021 Annual Action Plan

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HOPWA	public - federal	Permanent housing in facilities Permanent housing placement Short term or transitional housing facilities STRMU Supportive services TBRA	19,812,205	0	3,015,504	22,827,709	48,634,114	See Introduction for Narrative Description.
ESG	public - federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	4,688,518	0	0	4,688,518	8,553,365	See Introduction for Narrative Description.

Program Year 46  
2020-2021 Annual Action Plan

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
Continuum of Care	public - federal	Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Supportive services Transitional housing	133,611,222	0	0	133,611,222	56,887,486	See below for Narrative Description.
General Fund	public - local	Admin and Planning Overnight shelter Public Services Supportive services Transitional housing	128,969,512	0	0	128,969,512	0	See below for Narrative Description.
Public Housing Capital Fund	public - federal	Housing Multifamily rental new construction Multifamily rental rehab	20,200,000	0	0	20,200,000	13,800,000	See below for Narrative Description.
Section 8	public - federal	Rental Assistance	555,000,000	0	0	555,000,000	822,031,787	See below for Narrative Description.
Other	public - federal	Public Services	6,000,000	0	0	6,000,000	600,000	See below for Narrative Description.

Program Year 46  
2020-2021 Annual Action Plan

## **Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied**

Con Plan grants will be leveraged with a variety of private, state, and local resources for the development and preservation of affordable housing and for the prevention and reduction of homelessness, including:

- New Generation Fund, a partnership with several banking institutions and private foundations to develop permanent supportive and other affordable housing (private).
- Low Income Housing Tax Credits, Homeless Emergency Assistance Program, No Place Like Home (state).
- City General Fund, Proposition HHH, Affordable Housing Linkage Fee, LA County Measure H, publicly-owned land (local).

The HOME program normally requires a 25% match, however, due to the large poverty population of Los Angeles, the City's match is reduced by HUD to 12.5%, and the match is met with the private, state and local funding sources stated above. As a result of the CARES Act enacted in March 2020, the contribution match requirement is eliminated for funds expended from October 1, 2019 to September 30, 2021, in presidentially declared-disaster areas. These waivers were granted with the acknowledgement that participating jurisdictions are burdened with even greater-than-usual housing and economic needs, with even fewer economic resources available.

ESG requires a 100% match, which is met by the expenditure of City General funds for homeless assistance programs.

### **OTHER FEDERAL FUNDING**

#### **FEMA Hazard Mitigation Grant**

The Federal Emergency Management Agency (FEMA) awarded \$1.7 million to the California Governor's Office of Emergency Services (Cal OES) and the City of Los Angeles from its Hazard Mitigation Grant Program to ensure Good Samaritan Hospital's Emergency Department can deliver life-saving services after a major earthquake. The funds will address non-structural bracing and anchoring of medical equipment, communications hardware, and supporting infrastructure that is essential to ensure post-earthquake operations. Good Samaritan Hospital opened its current location in 1911 and is centrally located in a very dense and low-income neighborhood adjacent to Downtown.

### **STATE FUNDING**

#### **Low Income Housing Tax Credits**

The Federal Omnibus Appropriations Bill that was enacted in 2018 included a 12.5% increase to each state's 9% tax credit allocation for years 2018 through 2021. As a result, the California Tax Credit Allocation

Committee (CTCAC) has increased the available credits accordingly, beginning in July 2018 and onwards. For 2019, the estimated amount of capital from 9% LIHTC equity for LA City projects is \$115.1 million, using an average tax credit price of \$0.96. This tax credit allocation dedicated to the city continues to create a level of financial certainty for affordable housing development investors, and facilitates long range planning for HCIDLA. LIHTC leverages with HOME, HOPWA, Proposition HHH, and other sources.

#### Naturally Occurring Affordable Housing (NOAH) Loan Program

The City of LA has partnered with the California Housing Finance Agency to establish the NOAH loan program. A significant number of multifamily rental properties provide housing at rates affordable to low- and moderate-income households without subsidy. However, many suffer from poor maintenance and negligent management, making them unappealing, unfit and unsafe for occupancy. The NOAH loan program has been developed to provide mission-driven affordable housing providers financing tools to acquire, rehabilitate and maintain smaller multifamily properties as affordable housing for the long term. With the ever-growing demand for rental housing, many NOAH properties are under threat of conversion to market-rate, luxury units, placing families and communities at risk of displacement. The NOAH program will also utilize the City-supported New Generation Fund (NGF), target areas of the city facing gentrification pressures (which is rapidly becoming citywide), and help preserve and stabilize the existing housing stock.

#### No Place Like Home Program

The No Place Like Home Program (NPLH) Program was enacted by California voters on November 6, 2018, which dedicates up to \$2 billion in bond proceeds to invest in the development of permanent supportive housing for persons in need of mental health services and are experiencing homelessness, chronic homelessness, or who are at risk of chronic homelessness. The largest of the No Place Like Home grants awarded in March 2019 went to Los Angeles County, which received nearly \$230.5 million. The funds will be jointly administered by Los Angeles County Community Development Authority (LACDA) and County Department of Mental Health (DMH).

#### Homeless Emergency Assistance Program (HEAP)

The grant awards of \$85 million from the State of California to the City of Los Angeles and another \$81 million to the Los Angeles Homeless Services Authority (LAHSA) in 2019-2021 will continue to support building bridge housing, increasing services on Skid Row, and increasing services for homeless youth or youth at risk of becoming homeless.

#### Homeless Housing, Assistance, and Prevention (HHAP) Program

The grant awards \$117 million to the City of Los Angeles, \$66 million to the Los Angeles Homeless Services Authority, and \$64 million to Los Angeles County from the State of California for the 2020-2025 period and will continue to support interim housing, homelessness prevention and problem solving, rental assistance, services on Skid Row, and increased services for homeless youth or youth at risk of becoming homeless.

### California Emergency Solutions and Housing (CESH)

The CESH grant awards approximately \$16 million to be deployed for the 2020-2025 period and will continue to support rapid rehousing services and subsidies, upgrades to LA CoC's Homeless Management Information System (HMIS), access centers and their associated services, and homeless prevention and diversion activities.

### CalHome Program

HCIDLA applied for \$5,000,000 of CalHome Program funds from the California Housing and Community Development Department (HCD) for mortgage assistance for first-time homebuyers. If received, these funds will be leveraged with HOME Program funds to assist first-time homebuyers. The CalHome Program grant funds are highly competitive so there is no guarantee that HCIDLA will receive those funds. Award announcements are expected in 2020.

### Every Kid Counts College Savings Account Grant Program

The City of Los Angeles was awarded \$286,583 in grant funding from the California Student Aid Commission (CSAC) under the Every Kid Counts grant program for the development and implementation of the Children's Savings Account Program. The program will provide seed funding for bank accounts opened for eligible Los Angeles Unified School District (LAUSD) children for the purpose of funding post-secondary education and pre-college expenses.

### Proposition 68 - Drought, Water, Parks, Climate Coastal Protection & Outdoor Access for All Act

The voters in California authorized the State to issue \$4.1 billion in general obligation bonds for state and local parks, environmental protection and restoration projects, water infrastructure projects and flood protection. Between 15 and 20 percent of bond funds would be required to fund projects in communities with a median household income below 60 percent of the statewide average. The City was awarded \$19 million in 2020 to expand and develop four parks and recreation centers.

### Governor's Office of Emergency Services

Funds secured in 2019 from the California Governor's Office of Emergency Services (CalOES) will continue to enhance the Domestic Abuse Resistance Team, by addressing one of law enforcement's greatest barriers, which is identifying shelter for victims. The funds support a pilot shelter placement program for domestic abuse victims by providing a hotel voucher for 3-5 days which allows victims to stay connected to their supportive communities and gives them time to process their next steps without having to abandon their job, home, and children's schools. The program reaches victims that otherwise would have never gone into shelter as well as victims that the traditional shelter system would not have been able to service.

### Affordable Housing and Sustainable Communities

The Affordable Housing and Sustainable Communities Program (AHSC) encourages compact development and infill to reduce greenhouse gas emissions. In 2020, the State of California Strategic Growth Council (SGC) has awarded \$131.3 million to LA to help build 595 affordable units in seven projects. Of the \$131.3 million award,



\$87 million will be allocated for new affordable housing construction and \$42 million for transit-related infrastructure projects. This is the fifth consecutive year that HCIDLA has been awarded AHSC funding; all together, the City has secured nearly \$331 million to support 28 housing developments with 2,668 affordable units.

## **LOCAL FUNDING**

### **Proposition HHH Permanent Supportive Housing Funds**

In November 2016, Los Angeles voters approved Proposition HHH, which gives the City authority to issue up to \$1.2 billion in General Obligation bonds over ten years to finance the development of permanent supportive housing (PSH) and other affordable housing units. PSH for chronically homeless and homeless households will combine with social services, which may include mental health and health services, drug and alcohol treatment, and job training. HHH funds will leverage HOME, LIHTC, and other sources. 106 units have been completed with HHH funds, 1,738 units are currently in construction, and another 5,584 units are approved and in preconstruction.

### **Affordable Housing Linkage Fee**

A development impact fee is being assessed on new construction of commercial and residential buildings to mitigate the impact of additional demand for affordable housing. The recently enacted local legislation also allows developers to identify a minimal number of units as affordable for families with low-income, so the result will be more affordable units or revenue to fund the development of affordable housing for persons experiencing homelessness and other families with low income. The Affordable Housing Linkage Fee has the potential to generate an estimated revenue range between \$90 and \$130 million per year to fund the development of affordable housing, and the priority use of revenues will be the construction of new units or the rehabilitation and preservation of existing affordable units.

### **County Measure H**

In March 2017, the voters of the county approved Measure H, a sales tax increase that will generate an estimated \$355 million per year for 10 years to pay for homeless services and other support systems needed to move people off the street and into safe housing. These funds support the County's Comprehensive Homeless Initiative Strategies to combat homelessness, including programs that provide prevention services, crisis and bridge housing, bridge housing for persons exiting institutions, rapid rehousing, countywide street outreach, enhanced services for homeless youth, and enhanced and strengthened coordination throughout the LA County Coordinated Entry System. The county has yet to release its funding recommendations for the 2020-2021 grant year, which are expected to continue the work of homelessness reduction and prevention through a network of organizations, including LAHSA.

## **PRIVATE FUNDING**

### University of Southern California (USC) Specific Plan Affordable Housing Preservation

USC committed \$20 million over 15 years to build and preserve affordable housing in the area surrounding the main campus. The guidelines for this program are being developed for review and approval by City Council and the Mayor.

### OneWest Bank Community Reinvestment Act Grant

Each year since 2017, HCIDLA has successfully applied for and received \$400,000 grants from CIT Bank/OneWest Bank for the Low-Income Purchase Assistance (LIPA) Program for first-time homebuyers, as part the Bank's Community Reinvestment plan. HCIDLA assisted 66 low-income families in purchasing their first homes and securing permanent housing with the grant funds, which are leveraged with HOME, and the California Debt Limit Allocation Committee's Single Family Home Mortgage Revenue Bond (State). HCIDLA is expected to apply for another \$400,000 from CIT Bank/OneWest Bank Grant in 2020.

### Lead Based Paint Hazards Settlement

In 2019 a settlement of landmark litigation was reached that will provide significant funding for the remediation of lead paint hazards in residential housing throughout Los Angeles County. Under the settlement agreement, Defendants, The Sherwin-Williams Company, ConAgra Grocery Products Company, and NL Industries, Inc., will pay \$305 million to seven counties and three cities in California to clean up the lead paint that poisons tens of thousands of children across California each year. LA County will receive \$134 million over the next seven years to address lead paint-related hazards in residential property. The County's Dept. of Public Health will partner with the Los Angeles County Development Authority (LACDA) to create the Lead Paint Hazard Mitigation Program. The Program will provide priority enrollment to Los Angeles County residential properties built before 1951 that house low-income families with children under 6 years of age or pregnant women. The services will include testing for and remediation of lead hazards in indoor and outdoor surfaces in homes and education on lead hazards and how to prevent childhood lead poisoning. Public Health and LACDA will partner with both State and local governments, including the City of Los Angeles, and local nonprofits to implement the Program. As many as 2,000 children are diagnosed with unsafe levels of lead in their blood each year in Los Angeles County; South LA is among the most affected areas.

### California Community Foundation

The California Community Foundation (CCF) granted \$30,000 to HCIDLA for staff development of its Housing Development and Finance team, to provide management skills and affordable housing financing skills. The skills training is expected to facilitate more effective and efficient processes for developing affordable housing.

## **If appropriate, describe publically owned land or property located within the jurisdiction that may be used to address the needs identified in the plan**

### Comprehensive Homeless Strategy

The Comprehensive Homeless Strategy adopted by the City Council and Mayor in 2016 includes a strategy to Identify Public Land for Homeless Facilities. A number of publicly-owned sites have been identified for the A Bridge Home program for temporary crisis housing for homeless persons, including sites owned by the local transit authority. A Bridge Home is discussed in more detail in the Executive Summary, Section AP-05.

### Affordable Housing

HCIDLA continues to work with various other City agencies in a coordinated effort for the evaluation, disposition, and development of City-owned properties for affordable housing. Assets include 56 sites acquired through the dissolution of the former Community Redevelopment Agency, City-owned parking lots, sites acquired through loan default, and other City assets. Since 2016, the City Council and Mayor have approved the release of several Requests for Proposals/Qualifications, and the selection of affordable housing developers for approximately 39 properties, including sixteen (16) Affordable Housing Opportunity Sites. These City-owned properties are located in various neighborhoods throughout the city, and include permanent supportive, multifamily, mixed use and homeownership developments.

### Economic Development

As part of the City's Jobs and Business Advancement Action Plan, in 2016, the City Council and Mayor approved the Asset Evaluation Framework, which established a process of evaluating and designating City-owned parcels to be sold or leased for economic development purposes. Local legislation created the Economic Development Trust Fund (EDTF) from the proceeds of those transactions. Up to 50% of the sale or lease proceeds from properties designated for economic development under the Asset Management Framework Policy may be used to encourage property development, business expansion, employment opportunities, economic development projects and programs, development subsidies and business technical assistance in areas with the greatest need. Currently there are nine (9) City-owned or City-optioned properties that have been designated for economic development.

## **Discussion**

Los Angeles continues to expand the number of local, state, federal, and private resources it taps into to address the expansive homelessness crisis and the needs of low-income families. Some grants awarded in prior years are still being utilized while the City continues to look for more opportunities to collaborate and leverage with other resources.