

CRA HOUSING POLICY

**THE COMMUNITY REDEVELOPMENT AGENCY OF
THE CITY OF LOS ANGELES, CALIFORNIA**

AUGUST 4, 2005

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CRA/LA HOUSING POLICY

Section 1.0 TITLE

This Policy shall be known as the Housing Policy of the Community Redevelopment Agency of the City of Los Angeles, California (“CRA/LA Housing Policy” or “Policy”).

Section 2.0 LEGISLATIVE BACKGROUND

The State Legislature has found and declared that the provision of housing is a fundamental purpose of the Community Redevelopment Law (the “Law”)¹ and that a generally inadequate statewide supply of decent, safe, and sanitary housing affordable to persons and families of low- or moderate-income threatens the accomplishment of the primary purposes of the Community Redevelopment Law, including job creation, attracting new private investments, and creating physical, economic, social, and environmental conditions to remove and prevent the recurrence of blight.²

Section 3.0 CRA/LA’S ROLE

As an entity established pursuant to the Law, CRA/LA is responsible for implementing the Legislature’s intent to supply decent, safe and sanitary housing affordable to persons and families of low- or moderate-income.

Sec. 3.01 Role of the CRA in Housing Production

The Community Redevelopment Agency of the City of Los Angeles, California (“CRA/LA” or “Agency”) undertakes a variety of housing programs designed to effectuate the housing component of its revitalization and redevelopment efforts within and outside its various redevelopment project areas to meet its obligations under State law and to help alleviate the severe shortage of affordable and workforce housing in the City of Los Angeles. These programs are based on California redevelopment law, the objectives of the Agency's adopted redevelopment project plans, and the housing policies of the City, including the Housing Element of the City’s General Plan.

The CRA/LA Housing Policy (the "Policy") is intended to serve as the framework for the development and implementation of all housing in which the CRA/LA is involved. The Policy identifies appropriate sections of redevelopment law, the overall housing goals of the CRA/LA, general production policies, as well as monitoring and reporting requirements, along with other various standards and guidelines.

¹ California Health and Safety Code Section 33000 *et Seq.*

² California Health and Safety Code Section 33334.6(a).

Section 4.0 DEFINITIONS

“Affordable Housing Cost” shall mean:

For any rental housing development which receives Agency assistance after January 1, 1991, "affordable rental" including a reasonable utility allowance, shall be defined as follows:

- a. For extremely low-income households, 30% of 30% of Area Median Income, adjusted for family size appropriate for the unit, or the operating cost of the unit.
- b. For very low-income households, 30% of 50% of the Area Median Income adjusted for family size appropriate for the unit.
- c. For low-income households, 30% of 60% of Area Median Income adjusted for family size appropriate for the unit. In addition, for low-income households whose incomes exceed 60% of Area Median Income, the Agency may require that affordable rent be set at a level not to exceed 30% of the actual gross income of the household.
- d. For moderate-income households, 30% of 110% of Area Median Income adjusted for family size appropriate for the unit. In addition, for households whose incomes exceed 110% of area median income, the Agency may require that affordable rent be set at a level not to exceed 30% of the actual gross income of the household.

For any owner-occupied housing which receives Agency assistance on or after January 1, 1991:

- a. For very low-income households, 30% of 50% of Area Median Income adjusted for family size appropriate for the unit.
- b. For low-income households, 30% of 70% of Area Median Income adjusted for family size appropriate for the unit. In addition, for any household whose gross income equals or exceeds 70% of Area Median Income, adjusted for family size, the Agency may require that affordable housing cost not exceed 30% of the actual gross income of the household.
- c. For moderate-income households, not less than 28% of the gross income of the household but not to exceed 35% of 110% of Area Median Income. In addition, for households whose incomes exceed 110% of Area Median Income, adjusted for family size, the Agency may require that affordable housing cost not exceed 35% of the actual gross income of the household.

“Agency” or **“CRA/LA”** shall mean The Community Redevelopment Agency of the City of Los Angeles, California.

”Agreement” shall mean any disposition and development agreement, owner participation agreement, development agreement, loan agreement, rehabilitation agreement, agreement for the sale of land or any other agreement to which the

Agency is a party, regardless of form or title, whereby a developer or owners of property in the City of Los Angeles agree to develop or cause the development of such property and where financial assistance is provided. An agreement in which the CRA/LA agrees to subsidize or guarantee a rehabilitation loan to be made to a developer or owner by a lending institution shall be deemed an Agreement with the Agency for purposes of this Policy.

“Area Median Income” shall mean the median income for Los Angeles County as published from time to time by the United States Department of Housing and Urban Development (“HUD”) or the California Housing and Community Development Department (“HCD”).

“Assisted Units” shall mean housing that receives financial assistance from the Agency.

“Board” shall mean the Board of Commissioners of the Agency.

“California Community Redevelopment Law” or **“Law”** shall mean Sections 33000 *et Seq.* of the California Health and Safety Code, as they may be from time to time amended.

“Chronically Homeless” person shall mean an unaccompanied adult with a disabling condition who has been homeless continually for a year or episodically homeless at least four times in the preceding three years.

“City” shall mean the City of Los Angeles, California.

“City Council” shall mean the Los Angeles City Council.

“Code” shall mean the California Health and Safety Code, and references to Code section shall denote the California Health and Safety Code unless otherwise noted.

“Congregate Housing” shall mean dwelling units where eating, cooking and/or sanitation facilities are used by more than one family or unrelated individual.

“Development of Property” means any demolition, construction, rehabilitation, reconstruction or other work or improvement to be performed by or on behalf of an owner or developer in accordance with an Agreement with the Agency, so long as the Agreement provides financial assistance to the project.

“Dormitory” shall mean a residential facility providing sleeping accommodations for a number of people in one or more common rooms.

“Dwelling Unit” shall mean any building or portion thereof which contains living facilities for not more than one household, including provisions for sleeping, eating, cooking and sanitation, as defined by the Los Angeles City Building Code.

“Extremely Low-Income” shall mean persons or families whose income, adjusted for family size, does not exceed 30% of Area Median Income

“Family” shall mean an individual or two or more persons related by blood or marriage or a group of not more than five persons who need not be related by blood or marriage living together in a dwelling unit.

“Financial Assistance” shall mean any loan, grant, subsidy, or similar participation in the cost of development of a project, provided by the Agency irrespective of source, as contrasted with generalized financial relief such as through tax legislation. Categories of such assistance shall include, but are not limited to:

Agency approved bond financing; Agency planning assistance which results in a discrete monetary benefit to the developer such as a fee reduction or fee waiver; tax increment financing; construction of off-site public improvements by the Agency that would otherwise be the responsibility of the developer; land write-downs and tax credits.

A market rate loan shall not be regarded as Financial Assistance, however, the forgiveness of the loan shall be regarded as Financial Assistance as shall a loan at a reduced or preferential interest rate, or a loan for which repayment is deferred or relieved. A residual receipts loan shall be considered Financial Assistance.

“Five-Year Implementation Plan” shall mean that document required pursuant to Section 33490 of the Code.

“General Plan” shall mean the General Plan of the City of Los Angeles, California, as it may be from time to time amended.

“Handicapped Household” shall mean a person or family group that includes a person having a physical or mental impairment that substantially limits one or more of major life activities (i.e. seeing, walking, working, self-care, etc.).

“HCD” shall mean the Housing and Community Development Department of the State of California.

“Housing Policy” or **“Policy”** shall mean this Housing Policy, adopted by the Agency, as it may be from time to time amended.

“HUD” shall mean the United States Department of Housing and Urban Development.

“Identified Housing Funds” shall mean Bunker Hill and Central Business District (CBD) Housing Trust Funds and required 20% Tax Increment Set-Asides (that is, funds deposited into various redevelopment project Low and Moderate Income Housing Funds).

“LAHD” shall mean the Los Angeles Housing Department.

“Large Family” shall mean a household of individuals related by blood or marriage or a group with five or more members, or three or more children, living together in a dwelling unit.

“Large Family Housing” shall mean a housing unit containing three or more bedrooms.

“Low-Income” shall mean persons or families whose income, adjusted for family size, is above 50% of Area Median Income but does not exceed 80% of Area Median Income.

“Moderate-Income” shall mean persons or families whose income, adjusted for family size, is above 80% of Area Median Income but does not exceed 120% of Area Median Income.

“Participant” shall mean a party who has entered into, or plans to enter into, an Agreement with the Agency.

“Residential Hotel” shall mean any apartment building, hotel or other structure containing six or more guest rooms, and which may also contain dwelling units, intended or designed to be used, or which are used, rented or hired out to be occupied, or which are occupied, for sleeping purposes, which is also the primary residence of the occupant.

“Residential Hotel Dwelling Unit” shall mean a dwelling unit or guest room in an apartment building, hotel or other structure containing six or more guest rooms, and which may also contain dwelling units, in which 30% or more of the dwelling units or guest rooms contain private baths and toilet facilities within the dwelling unit or guest room.

“Senior Citizen Household” shall mean a person 62 years of age or older, or a family group headed by a person 62 years of age or older.

“Shelter” shall mean a facility providing overnight sleeping accommodations on a night-by-night basis.

“Single Room Occupancy Dwelling Unit” shall mean a dwelling unit or guest room in an apartment building, hotel or other structure containing six or more guest rooms, and which may also contain dwelling units, in which 30% or more of the dwelling units or guest rooms do not contain private baths and toilet facilities within the dwelling unit or guest room.

“Special Needs Population” shall mean low-income or indigent persons and, where applicable, their dependents who, by virtue of disability or personal factors, face serious impediments to independent living and who require special assistance and services in order to sustain appropriate housing on a permanent long-term basis, e.g. alcohol and substance abusers, mentally ill, developmentally disabled, runaways and homeless youth, frail elderly, physically disabled and people with AIDS/ARC.

“Transitional Housing” shall mean a residential facility providing short-term (usually 90-120 days) housing and social services to bridge the period between homelessness and permanent housing.

“Very Low-Income” shall mean persons or families whose income, adjusted for family size, is not more than 50% of the Area Median Income.

“Workforce” shall mean persons or families whose income, adjusted for family size, is above 120% of median income but does not exceed 175% of the Area Median Income. Workforce housing, since it is above 120% of AMI, is not eligible for use of low and moderate income housing funds.

Section 5.0 GOALS

The Agency's housing programs are designed to achieve the following goals:

A. Expansion of the Affordable Housing Supply

1. Target Agency assistance to persons and families whose housing needs are not being met by the private, unassisted housing market, i.e. large families; extremely low- and very low-income households; residents of Single Room Occupancy Dwelling Units; seniors and those with special housing needs such as the chemically dependent; the mentally, physically or developmentally disabled; frail elderly; and persons with AIDS.
2. Assist in reducing the homeless population through balancing the production of permanent affordable housing with appropriate support services and transitional housing for homeless and potentially homeless persons and families. Priorities for both permanent and transitional housing assistance shall be given to serving Chronically Homeless individuals; families with children; women; youth; the physically or developmentally disabled; and the chemically dependent.

B. Neighborhood Preservation and Improvement

1. Maintain and upgrade the residential character of neighborhoods targeted for Agency involvement, particularly redevelopment project and revitalization areas.
2. Provide rehabilitation resources and affordable infill housing opportunities to maintain the residential character and income mix of neighborhoods targeted for Agency involvement, particularly redevelopment project and revitalization areas.
3. Provide additional housing opportunities within Agency assisted neighborhoods, especially for extremely low-, very low-, low- and moderate-income persons and families consistent with the City's housing needs assessment and the housing needs of individual redevelopment project areas.
4. Provide quality of design, appropriate amenities and housing which is compatible with the neighborhood in which it is located.
5. Make available decent, safe and sanitary housing for those persons and families displaced as a result of redevelopment or other Agency activities with an emphasis, where possible, on relocating such households within the community from which they are displaced.
6. Minimize the adverse impacts of gentrification and the effect of redevelopment activities on the supply of affordable housing within project areas.
7. Provide incentives for the preservation of historic residential structures and discourage the removal of such structures by designing the project evaluation process to penalize any such proposals.
8. Balance design and quality of life objectives with cost effectiveness for all residential projects seeking financial and/or discretionary action from the Agency.

C. Preservation of Existing Affordable Housing

1. Assist in preserving the existing housing supply, particularly those structures housing extremely low-, very low- and low-income persons and families.

2. Preserve and maintain the affordability of residential hotels and brick apartment buildings cited under the City's Earthquake Hazard Reduction Ordinance.
3. Recycle existing housing through such programs as the HUD Repossessed Housing and Move-On Housing Program to preserve the affordable housing supply which, without Agency assistance, would be lost.
4. To the greatest extent possible replace, or cause to be replaced, any very low-, low- or moderate-income housing units removed as a result of the redevelopment process.
5. Enforce owner-occupancy restrictions on Agency assisted homeownership projects.
6. In evaluating proposals for Agency assistance, give positive consideration to projects that will increase the number of deed restricted affordable housing units.
7. Cooperate with other City housing agencies in addressing the reduction in the supply of affordable housing resulting from loss of federally insured housing projects and take lead responsibility for preserving affordability in units subject to expiration of the Agency's use restrictions.
8. Encourage projects which propose the acquisition, or the acquisition and rehabilitation, of existing housing which is voluntarily offered for sale by owners, particularly properties which are owned by the Resolution Trust Corporation ("RTC") or public or private financial institutions ("REOs"). In the case of projects with smaller units, i.e. singles and one-bedrooms, priority should be given to projects with sufficient vacancies to enable consolidation of units into family and large family housing without displacement of existing residents.

D. Community Empowerment

1. Encourage the empowerment of community residents and organizations through capacity building programs which target community-based non-profit housing development corporations and Citywide non-profit housing development corporations which have demonstrated a commitment to community empowerment.
2. Encourage resident ownership through Agency support of limited equity cooperatives and resident participation in the management of rental properties.

E. Affirmative Action/Equal Opportunity

1. Promote involvement in the development, design, construction, ownership and management of Agency-assisted housing of entities which are owned by minorities, women, or persons with disabilities.
2. Enforce compliance with the Agency's affirmative marketing and fair housing practices in the operation of all Agency-assisted housing.

F. Coordination with Other City Housing Policies

1. Encourage the achievement of jobs/housing balance through the selection of development sites which are within three miles of an employment center or rapid transit station, or which are well served by public transit.
2. Cooperate with other city housing agencies in housing Policy and program development.
3. Expedite the processing of affordable housing projects.
4. Maximize the production and rehabilitation of affordable housing by leveraging Agency housing funds with State and Federal housing resources.

Section 6.0 FUNDING REQUIREMENTS

The state legislature has granted redevelopment agencies the authority to construct, rehabilitate, and acquire housing for low- and moderate-income persons and families; the legislature has also imposed funding requirements for such housing.

Sec. 6.01 Funding

Sec. 6.01.1 Mandatory Funding for Affordable Housing

Except when certain findings can be made and documented that such a need does not exist, not less than 20% of all taxes that are allocated to the Agency pursuant to section 33670 shall be used by the Agency for the purposes of increasing, improving, and preserving the community's supply of low- and moderate-income housing available at affordable housing cost to persons and families of low- or moderate-income.³ In carrying out this obligation, the Agency may exercise any or all of its powers for the construction, rehabilitation, or preservation of affordable housing for extremely low-, very low, low-, and moderate-income persons or families.

³ California Health and Safety Code Section 33334.2(a).

These funds shall be held in a separate Low and Moderate Income Housing Fund until used.⁴ Any interest earned by the Low and Moderate Income Housing Fund and any repayments or other income to the Agency for loans, advances, or grants of any kind from the Low and Moderate Income Housing Fund shall accrue to and be deposited in, and any such income may only be used in the manner prescribed for the Low and Moderate Income Housing Fund.⁵

Sec. 6.01.2 Additional Funding for Affordable Housing

Nothing in the statutes precludes the Agency from expending additional dollars increasing, improving, and preserving the community's supply of low- and moderate-income housing available at affordable housing cost to persons and families of low- or moderate-income, nor for the purpose of increasing, improving and preserving the community's overall housing supply, so long as the expenditure is in furtherance of the goals of an adopted redevelopment plan and is otherwise legally permitted.

Beginning in Fiscal Year 2003 the Agency has determined that an amount equal to an additional 5% of all taxes that are allocated to the Agency pursuant to section 33670 shall be made available annually and credited to the City's Affordable Housing Trust Fund.⁶

Sec 6.01.3 Geographic Areas in Which Funds can be Expended

The Agency may use the funds in the Low and Moderate Income Housing Fund, as well as any other funds it may legally expend, inside or outside a redevelopment project area for the purposes of increasing, improving, and preserving the community's supply of low- and moderate-income housing available at affordable housing cost to persons and families of low- or moderate-income. The Agency may only use these funds outside a project area upon a resolution of the Agency and the legislative body (the Los Angeles City Council) that the use will be of benefit to the project. (The Legislature has found and declared that the provision of replacement housing pursuant to section 33413 is always of benefit to a project.)

Sec. 6.01.4 Prohibition on Use of Low and Moderate Income Housing Funds

Funds from the Low and Moderate Income Housing Fund shall not be used to the extent that other reasonable means of private or commercial financing of the new or substantially rehabilitated units at the same level of affordability and quantity are reasonably available to the Agency or to the owner of the units. Prior to the expenditure of funds from the Low and Moderate Income Housing Fund for new

⁴ California Health and Safety Code Section 33334.3(a).

⁵ California Health and Safety Code Section 33334.3(b).

⁶ Los Angeles City Council File No. 01-1458.

or substantially rehabilitated housing units where those funds will exceed 50 % of the cost of producing the units, the Agency shall find, based on substantial evidence, that the use of the funds is necessary because the Agency or owner of the units has made a good faith attempt, but has been unable to obtain commercial or private means of financing the units at the same level of affordability and quantity.⁷

Sec. 6.02 **Time Limits for the Expenditure of Low and Moderate Income Housing Funds**

The Agency shall expend over each 10-year period of the appropriate Five-Year Implementation Plan the moneys in the Low and Moderate Income Housing Fund to assist housing for persons of very low- and low-income in at least the same proportion as the total number of housing units needed for each of those income groups bears to the total number of units needed for persons of very low-, low- and moderate-income within the community. The Agency shall expend over the duration of each implementation plan the moneys in the Low and Moderate Income Housing Fund to assist housing that is available to all persons regardless of age in at least the same proportion as the population under age 65 years bears to the total population of the community as reported in the most recent census of the United States Census Bureau.⁸

Sec. 6.03 **Inclusionary Housing**

Sec. 6.03.1 **Inclusionary Housing Requirements – Basic Obligations**

In the aggregate, at least 30% of all new and substantially rehabilitated housing units developed by the t Agency, that is, where the Agency physically constructs the units as a developer, within each redevelopment project area must be for low- or moderate-income households, and not less than 50% of that 30% must be for very low-income households.⁹ At least 15% of all new and substantially rehabilitated housing units developed within a redevelopment project area by public or private entities other than the Agency (including units for which the Agency provides financial or other assistance but is not actually the developer which is the most common case for the Agency) must be for low- or moderate-income households, and not less than 40% of this 15% must be for very low-income households.

As part of the implementation plan required by Section 33490 of the Code, the Agency shall adopt a plan to comply with these inclusionary requirements for each project area. The plan shall be reviewed and, if necessary, amended at least every five years. The plan shall ensure that the inclusionary requirements of this Section 6.03.1 are met every 10 years. If the requirements of this Section

⁷ California Health and Safety Code Section 33334.3(j).

⁸ California Health and Safety Code Section 33334.4.

⁹ California Health and Safety Code Section 33413 (b) (1) and (2).

are not met by the end of each 10-year period, the Agency shall meet these goals on an annual basis until the requirements for the 10-year period are met. If the Agency has exceeded the requirements within the 10-year period, the Agency may count the units that exceed the requirement in order to meet the requirements during the next 10-year period.¹⁰

Sec. 6.03.2 Inclusionary Housing Requirements – Alternative Methods of Meeting Obligations

To satisfy both the 30% requirement and the 15% requirement set forth in Section 6.03.1, the Agency may, in lieu of developing the units within the project area, in the alternative elect either or both of the following two options: (i) causing the development of twice as many low- and moderate-income housing units outside the project area as would be required within the project area itself; and/or (ii) causing the development of these required low- and moderate-income housing units in another project area provided that the Agency finds, based on substantial evidence and after a public hearing, that such development will not cause or exacerbate racial, ethnic or economic segregation..

The Agency also may assist the acquisition of existing multi-family housing units that either (i) are not presently available at affordable housing cost to very low- and low-income households; or (ii) are units that are presently available at affordable cost to very low- and low-income households, but are units that the Agency finds, based upon substantial evidence and after a public hearing, cannot reasonably be expected to remain affordable to households in these two income groups. The affordability covenants on any such properties shall be for a term of not less than 30 years¹¹, and not less than 50% of any such units must be affordable to very low-income households.¹²

Sec. 6.04 Replacement Housing

Sec. 6.04.1 Replacement Housing – Basic Obligations

Whenever dwelling units housing persons and families of low- or moderate-income are destroyed or removed from the low- and moderate-income housing market as part of a redevelopment project that is subject to a written agreement with the Agency or where Financial Assistance has been provided by the Agency, the Agency shall, within four years of the destruction or removal, rehabilitate, develop, or construct, or cause to be rehabilitated, developed, or constructed, for rental or sale to persons and families of low- or moderate-income, an equal number of replacement dwelling units that have an equal or greater number of bedrooms as those destroyed or removed units at affordable

¹⁰ Health and Safety Code Section 33413(b)(2)(C)(4).

¹¹ Typically CRA/LA requires a 55 year minimum term of affordability for rental housing, and 45 years for ownership housing, the terms set forth in the Code for replacement housing. See Section 6.04 of this Policy.

¹² California Health and Safety Code Section 33413 (b)(2).

housing costs within the territorial jurisdiction of the Agency. When dwelling units are destroyed or removed after September 1, 1989, but prior to January 1, 2002, 75% of the replacement dwelling units shall replace dwelling units available at affordable housing cost in the same or lower income level of very low income-households, lower income households, and persons and families of low- and moderate-income, as the persons or households displaced from those destroyed or removed units. When dwelling units are destroyed or removed on or after January 1, 2002, 100% of the replacement dwelling units shall be available at affordable housing cost to persons or households in the same or lower income category (very low-, low-, or moderate-) as the persons displaced from those destroyed or removed units.¹³

Sec. 6.04.2 Additional Requirements – Central Business District Redevelopment Project Area

In the Central Business District (CBD) Redevelopment Project Area, at least 30% of the dwelling units removed must be replaced within the CBD Project Area and the remaining 70% may be within the Project Area and/or City. Of these units, not less than one-third of the units must be made available and affordable to very low-income households; not less than one-third must be available and affordable to low-income households; and not more than one-third may be available and affordable to moderate-income households, subject to the more stringent requirements of State law set forth in Section 6.04.1. The CBD Redevelopment Plan requires that 100% of the CBD replacement units produced outside the CBD area must be available and affordable to households within the same income categories as those displaced.

Elderly units removed as a result of Agency action within the CBD Project Area shall be replaced by development or construction within the CBD Project Area, the Bunker Hill Urban Renewal Project Area or Little Tokyo Redevelopment Project Area.

In cases of removal by entities other than the Agency, of the units occupied by persons of low- or moderate-income, or by elderly persons within the CBD Project Area, the Agency is authorized to establish rules and regulations which will compel others to build or rehabilitate replacement units.¹⁴ The CBD Redevelopment Plan limits the rules and regulations to apply “to the extent feasible.” Rules were adopted by the Agency in 1990; a copy of the CBD replacement housing rules is attached to this document as Attachment A.

Sec. 6.04.3 Additional Requirements – Hollywood Redevelopment Project Area

¹³ California Health and Safety Code Section 33334.5 and 33413(a).

¹⁴ Central Business District Redevelopment Plan (July 1975) Section 1201.

Whenever dwelling units housing persons and families of low- or moderate-income are destroyed or removed from the low- and moderate-income housing market as part of a redevelopment project that is subject to a written agreement with the Agency or where financial assistance has been provided by the Agency, the Agency shall, within four years of the destruction or removal, rehabilitate, develop, or construct, or cause to be rehabilitated, developed, or constructed, for rental or sale to persons and families of low- or moderate-income, 1.25 replacement dwelling units that have an equal or greater number of bedrooms as those destroyed or removed units at affordable housing costs within the territorial jurisdiction of the Agency for each unit destroyed or removed.¹⁵

Sec. 6.04.4 Additional Requirements – Little Tokyo Redevelopment Project Area

Replacement housing produced for persons of low- and moderate-income in the Little Tokyo Redevelopment Project Area shall meet the 75% rule of replacement within the Little Tokyo project area, but the Agency requires that 100% of Little Tokyo replacement units produced outside the project area be made available and affordable to households within the same income categories as those displaced.¹⁶ (This rule is only operative for units removed after September 1, 1989 through December 31, 2001, since State law requires 100% replacement for units removed on or after January 1, 2002.)

Sec. 6.04.5 Replacement Housing Plans

The Agency is required to adopt a replacement housing plan at least 30 days prior to entering into any Agreement which results in the removal of low- and moderate-income housing. The plan must specify by location and funding source how the Agency will develop or cause to be developed sufficient replacement housing within four years of the removal. Replacement units which are developed outside a project area may be developed with a finding of benefit, but require production at a ratio of two to one.¹⁷ However, the Agency may, by resolution, elect to produce replacement units at a ratio of up to three to one.¹⁸ The Agency has elected to do so in the case of the Bunker Hill Redevelopment Project.

The Agency shall draft and adopt a Replacement Housing Plan in the following situations:

- a. **Owner Participation Agreements (OPAs), loan agreements, or other agreements not involving the acquisition/disposition of land** – the developer will be responsible for providing the information necessary to

¹⁵ Hollywood Redevelopment Plan (May 1986) Section 410.2.

¹⁶ Little Tokyo Redevelopment Plan (February 1970) Section 604.

¹⁷ California Health and Safety Code Section 33413(a)(2)(A)(ii).

¹⁸ California Health and Safety Code Section 33413(d)(2).

complete the Plan at least 60 days prior to the estimated date for Agency consideration of the OPA or loan agreement. The Replacement Housing Plan must be publicly available for review and must be adopted not less than 30 days prior to action by the Agency on a project which will result in the removal or destruction of housing occupied by low- or moderate-income persons or households.

- b. **Agency acquisition and clearance on an Agency initiated project** – the Agency shall be responsible for preparation of the Replacement Housing Plan and shall adopt the Plan at least 30 days prior to making offers to acquire property or approving the DDA, whichever occurs first.

The requirement for a Replacement Housing Plan is applicable to all projects, which will result in the loss of affordable housing including Citywide projects.¹⁹ Ordinarily, Citywide new construction housing projects shall not be recommended for approval by the Agency Chief Executive Officer unless the project provides at least twice as many low- or moderate-income units as are removed, including at least as many very low-income units as are removed.

Sec. 6.04.5.1 *Timing Requirements for Replacement Housing Plans*

The replacement housing requirements of this Section 6.04 shall apply to all properties on which low- or moderate-income housing is located at the earliest of whichever of the following dates is applicable:

- a. 60 days prior to Agency approval of any action relating to the approval of the project for which replacement housing is needed; or
- b. Agency determination to acquire.

The determination of the number of units on a site which are occupied by very low-, low- or moderate-income households shall be made by Agency staff based on a survey of the occupants. Owners shall be expected to cooperate with the Agency staff in providing access to the units and to the tenants.

The Agency shall assume that vacant units were last occupied by very low-income households unless the property owner or developer can demonstrate otherwise. In cases where a unit is occupied by more than one low- or moderate-income household, the lowest income level among these households shall dictate the income level to be served by the replacement housing unit. For example, if a very low-income household and a low-income household share a unit proposed for removal, the replacement housing obligation shall consist of the development of one very low-income housing unit.

¹⁹ Housing projects not located within an adopted redevelopment project area.

Sec. 6.04.5.2 *Responsibility for Replacement Housing*

For projects initiated by the Agency where the Agency is to acquire a site from which low- or moderate-income units are to be removed, the Agency shall be responsible for providing, or causing the provision of, replacement housing.

The developer of any project on land owned or controlled by that developer and to be developed subject to an Agency agreement shall be responsible for providing replacement housing in accordance with the stricter of the requirements of State law, the applicable redevelopment plan or this Policy.

Sec. 6.04.5.3 *Financing Replacement Housing*

The Agency's Identified Housing Funds shall not be used to finance the 1:1 replacement of housing units except in cases where the on-site replacement of low- and moderate-income housing units would result in a net increase in the number of low- and moderate-income housing units. However, Identified Housing Funds may be used for the replacement of units in excess of the minimum 1:1 requirement but not to exceed the 2:1 replacement level.

Sec. 6.04.5.4 *Characteristics of Replacement Units*

Replacement units shall have at least as many bedrooms and other living spaces as the units removed. Moreover, 100% of the replacement units shall be made available and affordable to households in the same or a lower income category as those displaced, (except that at least 75% of the replacement units produced within the Little Tokyo or CBD project areas for units removed after September 1, 1989 and prior to January 1, 2002, shall be available and affordable to households in the same income categories as those displaced). However, in no event shall less than one-third of the replacement units be designated for very low-income households and no more than one-third shall be targeted for moderate-income households.

Replacement may mean the new construction or rehabilitation of units. However, rehabilitated units may only qualify if the units were vacant or did not house persons or families of low- or moderate- income for a period of at least three years prior to their rehabilitation, unless such units would otherwise have been subject to demolition. "Subject to demolition" must be demonstrated by all of the following conditions: (1) noncompliance with seismic, building, fire, housing or other codes of the City of Los Angeles; (2) orders by the City for removal of the units for such noncompliance; and (3) evidence of lack of availability of rehabilitation funding from public and private sources (such as evidence of the application for and denial of such funding), so as to demonstrate that the units are in imminent danger of removal.

All replacement housing units shall be deed restricted for very low-, low- or moderate-income affordability and occupancy for a period of not less than the term of the applicable redevelopment plan or fifty-five years, whichever is longer.

Sec. 6.04.5.5 *Location of Replacement Housing*

The developer of any project on land owned or controlled by that developer and to be developed subject to an Agency agreement shall be responsible for providing replacement housing in accordance with the stricter of the requirements of State law, the applicable redevelopment plan or this Policy. The priorities for siting replacement housing projects shall be as follows:

- **FIRST PRIORITY:** Within the redevelopment project area in which the units to be replaced are being removed or destroyed.
- **SECOND PRIORITY:** Within a three-mile radius of the redevelopment area boundary, with a particular focus on sites within ¼ mile of a rapid transit station, a rapid bus station or a concentration of transit lines.
- **THIRD PRIORITY:** Another location within the City, with preference for sites close to the affected redevelopment project area, with a particular focus on sites within ¼ mile of a rapid transit station, a rapid bus station or a concentration of transit lines.

If the developer elects to provide replacement housing in either the second or third priority area, the Replacement Housing Plan for the project must demonstrate why the replacement housing cannot be provided within the boundaries of the redevelopment area from which the low- and moderate-income units are being removed. As noted in Section 6.04.5, replacement housing must be produced at a ratio of two to one when produced outside the project area from which they are removed.

Sec. 6.04.6 **Relocation Obligations**

A household displaced as a result of redevelopment action must be relocated into decent, safe and sanitary housing of sufficient size for the subject household, which housing is affordable, and which is in a location not less desirable than the unit from which the household is being displaced.²⁰ Although this requirement does not directly impose an obligation to construct housing, it may result in a need to assist certain types of housing development to assure sufficient relocation resources to enable the Agency's other activities to proceed.

Displaced households are entitled to priority in Agency-assisted housing. The Agency shall keep a list of those persons displaced by Agency actions and those

²⁰ California Health and Safety Code Section 33415.

who are to be given priority for replacement units. The Agency shall develop rules to determine such priority.²¹

Sec. 6.05 Low-Income Housing Projects

Article 34 of the California Constitution prohibits the development of “low-income housing” projects without the passage of a referendum by the voters of the jurisdiction. “Low-income housing” is defined for the purpose of this Section 6.05 as a housing project which involves long-term financing from the State or a local agency, and in which 50% or more of the housing units are restricted by the State or the local financing agency for low-income occupancy.²²

The City of Los Angeles' Article 34 referendum authority, which is applicable to Agency-assisted projects, allows the development of up to 2,500 low-income housing units per Councilmanic District, which totals 37,500 housing units Citywide. (This number represents the maximum number of units which can be developed in projects that are subject to Article 34, i.e. projects in which 50% or more of the units are restricted for low-income occupancy.)

Five hundred of the 2,500 units allocated to each Councilmanic District shall be used for elderly housing of any size or for projects with no more than five non-elderly housing units. The remaining 2,000-unit allocation may be used for elderly projects of any scale or to non-elderly projects of thirty or fewer units and no more than two residential stories. (Copies of the voter-approved Article 34 referenda are attached to this Policy as Attachment B.)

Sec. 6.06 [Reserved]

Sec. 6.07 Consistency with the Housing Element of the General Plan

Although the CRA/LA Housing Policy and the City of Los Angeles Housing Element are functionally distinct in their purposes, State law requires that the two policies be “consistent with” each other.²³

The Board has made the finding that the CRA/LA Housing Policy is “consistent with” the City of Los Angeles Housing Element, which was most recently revised in 2002. Both policies call for an increased quality of life in communities, an expansion of the housing supply and equal housing opportunity. Also, both policies similarly approach housing through the objective of decreasing constraints and increasing incentives for developers.

²¹ California Health and Safety Code Section 33411.5.

²² California Constitution, Article 34 Section 1.

²³ California Health and Safety Code Section 33367(d)(4).

Sec. 6.08 **Additional Requirements with the Use of Federal or State Funds**

When Federal or State housing funds are used, further requirements generally apply to the specific project being funded. Additional requirements may also result from use of tax allocation bonds and/or housing revenue bonds to finance or assist housing projects. When such funds are used, the conditions associated with those funds must be followed, in addition to the conditions set forth herein for the use of redevelopment funds for the development of housing under agreements with the CRA/LA.

Section 7.0 **CRA/LA PRODUCTION TARGETS**

In addition to legal requirements, the individual redevelopment plans and work programs adopted by the CRA/LA and approved by the City Council establish specific goals with respect to housing development and rehabilitation, including tenure and income mix, location, and replacement housing requirements.

These policies and goals are intended to further the objectives of the Agency's individual redevelopment plans and budgetary constraints and limitations. These general policies and goals apply, unless specified otherwise, in the aggregate and to the Agency as a whole.

Sec. 7.01 **Housing Development Type**

The CRA/LA annual housing development shall be divided approximately as follows: 40% for new construction, 40% for rehabilitation and 20% for new construction, rehabilitation or the conversion of non-residential structures or market rate housing into low- and moderate-income housing.

Sec. 7.02 **Location of Housing**

Within the general parameters of developing housing where the greatest need exists, CRA/LA housing funds shall be used to assist housing development and rehabilitation in the areas described below, which are listed in priority order. In all cases, priority shall be given to sites that are within reasonable proximity to employment centers and/or major transportation corridors.

1. Adopted Redevelopment Project and Revitalization Areas.
2. Proposed Redevelopment Project Areas and Disaster Areas within the City which are declared by the Governor of California or the President of the United States.
3. Identified Housing Emphasis Areas as they may be from time to time established by the Agency, including South Los Angeles, East

Side and Family/Large Family Notice of Program Availability (NOPA) areas (See map attached as Attachment C).

4. Citywide projects that serve special-needs populations or offer special leverage funding.
5. Special target areas selected on a case by case basis for the purpose of meeting replacement housing requirements when opportunities to meet these requirements within the above areas have been exhausted.
6. Other Citywide projects, with emphasis on areas adjacent to project areas.

Sec. 7.03 Income Targets

In order to address legal requirements, redevelopment plan objectives and relocation needs, the following mix of occupancy and affordability shall be the goals of the Agency's housing production programs. Achieving these goals is also contingent on the Agency's ability to assist housing within the parameters of the City's Article 34 authority (see Section 6.05 of this Policy).

The assisted units may be within newly constructed or rehabilitated developments that also include middle-income or market rate units; however, the Agency's Identified Housing Funds may only be used to assist the extremely low-, very low-, low- and moderate-income units in the development. Further, Identified Housing Funds shall in general not be used for projects in which the only affordable units are moderate-income units. Identified Housing Funds shall be used to assist moderate-income units only in the following cases: (i) the economic feasibility of the proposed project requires such assistance; and/or (ii) compliance with the City's Article 34 authority requires such assistance.

Where other programs with specific requirements are used in conjunction with Agency funds, the more restrictive requirements shall prevail (e.g. the density bonus program may require specific percentages of income groups to be served.)

Table 1 on page 25 summarizes the aggregated affordability goals.

Sec. 7.03.1 Annual Aggregate of Income Mix in Agency Housing Production

a. New Construction Rental (including Adaptive Reuse)

For all units in new developments assisted with Identified Housing Funds:

- A minimum of 30% of all Assisted Units shall be for very low-income households of which at least 50% shall be for extremely low-income households.
- No more than 30% of all Assisted Units shall be for moderate-income households.
- The remaining Assisted Units shall be distributed among extremely low-, very low- and low-income households.

For all new units assisted with other CRA/LA funds (e.g. non-housing tax increment, Community Development Block Grant (CDBG) funds, mortgage revenue bonds, proceeds from conveyance of land purchased with other than housing trust funds):

- At least 10% of all Assisted Units shall be for very low-income households.
- At least 10% of all Assisted Units shall be for low-income households.

b. Rehabilitation Rental (including acquired properties)

For all units in rehabilitation projects assisted with Identified Housing Funds:

- A minimum of 40% of all Assisted Units shall be for very low-income households of which at least 50% shall be for extremely low-income households.
- No more than 20% of all Assisted Units shall be for moderate-income households.
- The balance of the Assisted Units shall be distributed among extremely low, very low- and low-income households.

For all units assisted with other CRA/LA funds:

- At least 10% of all Assisted Units shall be for very low-income households.
- At least 10% of all Assisted Units shall be for low-income households.

c. New Construction Ownership (including adaptive reuse)

For all new units assisted with Identified Housing Funds:

- A minimum of 20% of all Assisted Units shall be for low-income households.
- The balance of the Assisted Units shall be distributed among low-income and moderate-income households.

For all new units assisted with other CRA/LA funds, at least 10% of the Assisted Units shall be restricted to moderate-income households.

a. Rehabilitation Ownership (including acquired properties)

For all new units assisted with Identified Housing Funds:

- A minimum of 20% of all Assisted Units shall be for low-income households.
- the balance of the Assisted Units shall be distributed among low-income and moderate-income households.

For all new units assisted with other CRA/LA funds, at least 10% of the Assisted Units shall be restricted to moderate-income households.

**TABLE 1
 PERCENTAGE OF PROJECT/DWELLING UNITS BY
 INCOME CATEGORY
 ANNUAL AGGREGATE AFFORDABILITY
 GOALS FOR ASSISTED UNITS BY SOURCE OF FUNDS**

		Extremely Low (30% of AMI)	Very Low (31-50% of AMI)	Low (51-80% of AMI)	Moderate (81-120% of AMI)	Other
Identified Housing Funds (a)	New Construction	15% (min)+	15% (min)		30% (max)	40%*
	Rehabilitation	20% (min)+	20% (min)		20% (max)	40%*
	New Construction Ownership			20% (min)		80%**
Other CRA/LA Funds (b)	New Construction		10% (min)(d)	10% (min)(d)	(d)	
	Rehabilitation		10% (min)(d)	10% (min)(d)	(d)	
	New Construction Ownership				10% (min)(d)	
No CRA/LA Funds (c)	New Construction	As required by applicable Housing Program No special CRA/LA Requirements unless specified in Redevelopment Plan.				
	Rehabilitation					
	New Construction Ownership					

(a) Bunker Hill and CBD Housing Trust Funds and 20% Tax Increment Set-Aside

(b) Non-Housing Tax Increment, CDBG, conveyance, etc.

(c) E.g., density bonus

(d) Where other programs with specific requirements are used in conjunction with other CRA/LA funding the more restrictive requirement shall prevail (e.g. density bonus program may require specific percentage of income groups to be served.

* Distributed among extremely low-, very low- and low-income households

** Distributed among low- and moderate-income households

+ The number of extremely low-income units shall be 50% of the combined number of extremely low- and low-income units

Sec. 7.04 Household Type

The general goal of the Agency's housing programs will be to target the types of households which are least served by the private, unassisted housing market. Since targeting may differ according to the documented housing needs of individual redevelopment project areas, these goals represent Agency-wide aggregates. These goals may be adjusted periodically to address particular relocation resource needs and other serious gaps in the housing provided by the private market place.

Sec. 7.04.1 New Construction

- 15% of all Assisted Units shall be for senior citizens.
- 20% of all Assisted Units shall be for large families.
- 5% of all Assisted Units shall be for permanent housing with supportive services for homeless individuals and families.
- the remaining 60% of the Assisted Units shall be for traditional tenancy or special needs households or the homeless.

To achieve these aggregate new construction goals, the following program requirements shall apply to each housing development in which the Agency is financially involved. These percentages shall apply to the income restricted units as well as the overall development.

A maximum of 30% of the Assisted Units shall have 0 or 1 bedroom except in projects specifically designed for senior citizens or special needs households, in which case this limit shall not apply.

A minimum of 30% of all Assisted Units shall have 3 or more bedrooms except in projects specifically designed for senior citizens or special needs households or where site constraints or marketing considerations make this infeasible, except that in projects specifically identified as large family housing projects, at least 50% of the units shall be designed for large family (3 or more bedrooms) occupancy.

Sec. 7.04.2 Rehabilitation

The type of housing produced through the Agency's rehabilitation programs is constrained by the supply of buildings available.

Consequently, rehabilitation goals vary from new construction goals. Since some of the household types to be served overlap, e.g. a building may be a seismic rehabilitation for senior citizens, the percentages total more than 100%.

- 10% of all Assisted Units shall be for senior citizens.
- To the greatest extent feasible, up to 60% of the Agency's rehabilitation program funds shall be used to upgrade and preserve Single Room Occupancy buildings, with a priority for those within redevelopment project areas, and to correct seismic and other code deficient conditions in older residential buildings.
- 20% of the housing produced using the Agency's rehabilitation program funds shall be transitional and special needs housing, with a priority for projects located within redevelopment project areas and for projects, which disperse high risk persons and families (e.g., homeless families, single homeless women, mentally handicapped, or chronically ill persons) from Central City East to other areas throughout the City.
- 15% of the Assisted Units shall be single-family owner-occupied housing in need of rehabilitation.
- The Agency shall continue its housing preservation efforts through its move-on and HUD Repossessed Housing Program, where appropriate, to meet the above goals. (Under the move-on program, funds are provided for the relocation and rehabilitation of residential buildings for use as low- and moderate-income housing. Under the Repossessed Housing Program, vacant units are purchased by the Agency, rehabilitated and marketed for sale to low- and moderate-income families, relocatees or non-profit organizations serving the homeless or other households in need of affordable housing.)

Sec. 7.05 Tenure Type

The Agency recognizes that the provision of homeownership opportunities is an important component of a comprehensive housing program aimed at stabilizing residential communities. Another important program activity is assisting the development of affordable rental housing by community-based developers which have a commitment to the revitalization and long-term viability of their neighborhoods.

The Agency's objective of stabilizing neighborhoods is accomplished by ensuring that an appropriate balance of homeownership and rental housing opportunities is made available. The relative proportion of Agency resources directed to homeownership and rental programs should be based on an assessment of the housing needs of the existing population of the targeted community.

The following guidelines are designed to achieve a balance between financial assistance allocated by the Agency to homeownership opportunities and Agency assistance provided for rental housing development.

1. Homeownership projects which propose the use of Identified Housing Funds shall be considered according to the following criteria:
 - a. Projects which offer exceptional affordability through the leverage of public and private resources.
 - b. Projects which offer flexible underwriting standards designed to overcome conventional lending barriers which prevent low- and moderate-income households from purchasing a home.
 - c. Small-scale single-family infill developments where no other funding source is available.
 - d. Communities where substantial Agency assistance has been directed to the production of rental housing and where few, if any, homeownership opportunities exist.
 - e. Projects which further the objectives of the Federal Community Reinvestment Act, i.e. projects that are located in areas with inadequate public or private mortgage credit resources and where such resources will be made available with Agency assistance.
2. Housing developments funded with other CRA/LA Funds should include market rate homeownership projects as well as rental developments, depending upon the needs of the particular redevelopment area, existing availability of homeownership housing and other housing activities in progress.
3. Depending upon the availability of resources, the CRA/LA shall maintain a program of rehabilitation loans for single-family dwellings (1-4 units) within redevelopment and revitalization project areas.

Section 8.0 AGENCY FUNDING

A condition for receiving Agency funds shall be that the developer/owner provide evidence of best faith efforts to leverage the Agency's funds by securing financing assistance or subsidies from other sources.

Sec. 8.01 Loans

Direct financing assistance from the Agency shall generally be in the form of loans and shall, to the extent legally possible, be secured by recorded deeds of trust in order to protect the Agency's investment and to provide a means of monitoring and ensuring compliance with both monetary and non-monetary requirements. All deeds of trust and accompanying promissory notes shall adequately define the conditions of default and shall clearly describe the Agency's foreclosure remedies, consistent with the CRA/LA Multifamily Housing Loan Underwriting Guidelines, as they may be from time to time amended.

Agency assistance may be in the form of both construction and permanent loans. Grants may be made to a developer offering a type of housing that is not income-producing and not otherwise readily available. Grants may also be made when required by a particular source of funding being used for the project. Any grant agreement may contain conditions regarding the continued use of the site and recycling any profits into the production of additional low-income housing.

Generally, long-term operating subsidies will not be provided by the Agency and will only be considered when proposed by non-profit developers/owners under special circumstances that warrant such subsidies.

Sec. 8.02 Equity

Generally, developer/owner equity equal to at least 15% of the total development cost shall be required as a condition of receiving CRA/LA financial assistance. The purpose of this equity requirement is to ensure that the developer/owner has sufficient private investment in the project to maintain an interest in its ongoing operation and viability. The ability to make this up-front capital investment also demonstrates the financial capacity of the developer/owner, which is an important criterion in the Agency's developer selection process. However, the Agency is also committed to the encouragement of non-profit housing development and recognizes the difficulty of non-profits in raising equity capital. Therefore, the Agency may consider on a case-by-case basis a relaxation of the equity requirement for non-profit developers.

Lower equity requirements will be considered by the Agency in cases where the developer is offering a special service or housing type, not otherwise readily available, and which type of housing effectively precludes raising a 15% equity

contribution. Examples of such housing include transitional and special needs housing. Reduced equity requirements will also be considered on a case-by-case basis for developments using State or Federal programs which do not require an equity contribution.

A reduction in the up front equity requirement shall also be considered for non-profit developers who demonstrate to the Agency Chief Executive Officer that they are unable to raise equity capital either through the syndication of their projects or from other sources. In order for the cash equity requirement to be reduced, the following findings must be made by the Chief Executive Officer or designee:

1. The non-profit developer has the capacity to develop, own and operate the proposed project, as demonstrated by the successful completion and 3-5 years of ownership and operation of similar projects; or
2. The developer consists of a joint venture in which the managing partner is a non-profit developer with demonstrated capacity as described in (1) above; and
3. The non-profit developer or the joint venture entity has a full-time staff with demonstrated experience of at least 3-5 years in the development and operation of similar projects; and
4. The non-profit developer has made best efforts to secure the 15% cash equity contribution from public or private sources, e.g. the developer has applied for and actively sought an allocation of Low Income Tax Credits and has also actively sought the necessary approvals for receiving Historic Tax Credits in the case of eligible structures.

If the non-profit developer can successfully demonstrate its inability to raise the 15% equity capital, then a cash-equivalent equity contribution may be considered, e.g. in-kind services or materials provided by the non-profit developer or foregone payments or fees for which the development entity might be eligible. If the up-front equity requirement is reduced or waived, then the Agency may make an equity loan to the non-profit developer in an amount not to exceed the difference between 15% of the total development cost and the cash or cash-equivalent equity contribution actually made by the non-profit developer. This equity loan shall be secured by the property itself or by other assets of the development entity. The Agency shall then be entitled to up to 100% of the residual receipts or any other revenues accruing to the project until the equity loan is repaid.

In the case of a reduced equity project, the recorded covenant containing the affordability restrictions shall be for a period of not less than 65 years.

Sec. 8.03 **Completion Assurance**

For all CRA/LA assisted developments and whenever land is conveyed, the development or loan agreement shall require a 100% payment and performance bond, a Letter of Credit in an amount equal to 15% of the project cost, or equivalent completion assurance for the construction of the project and/or any other requirements set forth by the CRA/LA Multifamily Housing Loan Underwriting Guidelines, as they may be from time to time amended.

This requirement shall apply to all new construction and to all rehabilitation projects with contracts of more than \$250,000.

Sec. 8.04 **Predevelopment and Land Loans**

The Agency recognizes that, given the often lengthy time required for Agency and City review of plans, it may be necessary to provide loan funds to certain developers for the purposes of covering site acquisition and pre-construction costs. Generally, eligibility for acquisition and predevelopment loans shall be limited to non-profit developers. However, acquisition and predevelopment loans may be made available on a case-by-case basis to for-profit developers, but the total amount of any such loans made to a for-profit developer shall generally not exceed seventy percent (70%) of the appraised value of the development site. In all cases, acquisition and predevelopment loans shall be secured by a first deed of trust lien on the property and a conditional assignment of all work produced with the predevelopment loan funds.

Sec. 8.05 **Development Fees**

Generally, the Agency's underwriting standards make no provision for development fees in a project budget. However, in the case of a project which receives and sells Federal and/or State Tax Credits, a portion of the syndication proceeds may be retained by the developer as a development fee. In these cases, the application of the syndication proceeds shall generally be in the following order:

1. To fulfill the Agency's 15% equity requirement;
2. Additional equity as required to reduce the project's primary debt to a level supportable by the rent levels required as a condition of Tax Credit approval;
3. A development fee not to exceed 15% of total development cost on a Qualified Basis as defined by the Tax Credit Program; and

4. The balance to be divided equally between the developer and the Agency to reduce the amount of the Agency loan.

For projects that do not receive and sell Federal and/or State Tax Credits, the Agency shall allow a developer fee in an amount generally not to exceed 5% of total development cost or a developer fee to be taken over time as a share of residual receipts. The form of the developer fee, i.e. upfront or over time, shall be determined on a case-by-case basis.

Sec. 8.06 Consultant Fees

For purposes of underwriting proposals for construction and/or permanent Agency financing, the Agency will recognize a consultant fee in the project budget in an amount not to exceed the lesser of 5% of total development cost or \$100,000. This does not preclude a consultant fee in excess of this amount if the excess is paid from funds other than any of the project's loans.

Section 9.0 DEVELOPMENT STANDARDS AND REGULATIONS

Sec. 9.01 Approval Processes

Residential projects that are consistent with the applicable redevelopment plan and its use designations and do not seek CRA/LA financial assistance do not require any Agency discretionary action and are subject only to routine City permitting processes..

All residential projects seeking financial assistance from the CRA/LA, with the exception of rehabilitation projects of less than \$250,000, are subject to approval by the CRA/LA Board of Commissioners.

When the applicable redevelopment plan allows for it, residential projects may be permitted in areas designated for commercial use, subject to approval by the CRA/LA Board of Commissioners or designee(s). Variation from the uses permitted by the redevelopment plan may also be requested, subject to approval by the Board or designee(s).

Sec. 9.02 Density Bonuses

Sec. 9.02.1 State Density Bonus Program

Pursuant to the density bonus program established by California state law ²⁴ and amended by Senate Bill 1818, developers who set aside a certain percentage of units for affordable housing are entitled to a 20% by-right density bonus:

²⁴ California Government Code Section 65915.

- Very Low-Income units: a minimum of 5% of the maximum allowable units permitted by the zoning before the density bonus.
- Low-Income units: a minimum of 10% of the maximum allowable units permitted by the zoning before the density bonus

However, developers may increase the bonus to a maximum of 35% as they increase the number of set-aside affordable units.

- For each 1% increase in the percentage of Very Low-Income affordable units, a developer will receive an additional 2.5% density bonus up to a maximum of 35%.
- For each 1% increase in the percentage of Low-Income affordable units, a developer will receive an additional 1.5% density bonus up to a maximum of 35%.

Affordable housing projects are also entitled to one, two or three incentives beyond the density bonus depending upon the percentage of units set aside as affordable.

100% senior buildings are entitled to a 20% density bonus. There are no income restrictions for this bonus.

For-sale projects are entitled to receive a 5% density bonus for moderate-income units, provided that the number of set-aside units is 10% of the maximum allowable density. For each additional 1% set-aside, the developer can receive an additional 1% bonus.

State law requires all density bonus and set-aside calculations resulting in a fractional number to be rounded up to the next whole number.

Sec. 9.02.2 City of Los Angeles Affordable Housing Incentive Program

Pending amendments to the City of Los Angeles Zoning Code and Affordable Housing Incentive Program Guidelines, if approved, will provide additional density bonuses above the requirements established by State law.

Until the Zone Code is amended, projects meeting the City's requirements for a 35% density bonus near transit corridors and large employment centers will continue to receive that bonus, as long as the minimum number of affordable units are set aside (5% for very low-income households; 10% for low-income households).

Sec. 9.02.3 Agency Discretion Over Density Bonuses

If an applicant requests a by-right density bonus and the density then exceeds the amount otherwise permitted by the applicable redevelopment plan,

discretionary approval from the CRA/LA Board of Commissioners shall not be required.

Individual redevelopment plans may also provide for density increases on a bonus or discretionary basis.

Sec. 9.02.4 Amendment to this Section

As there are several pending changes that materially affect the City's density bonus program and incentives for affordable housing, this Section will be subject to amendment after the approval of the relevant ordinances and amendments.

Sec. 9.03 Agency-Assisted Housing

Requirements as discussed by this Section are mandated whenever the housing is to be developed under an Agreement with the CRA/LA that provides financial assistance to a project that includes housing as a use.

In order to achieve the Agency's aggregated income targeting goals, the following minimum requirements shall apply on a project-by-project basis. These minimum project requirements are shown on Table 2 on page 37.

Sec. 9.03.1 Limits on Requirements for Affordable Housing

Except as otherwise stated in this Policy, or when provided for in the applicable redevelopment plan, i.e., as permitted by Section 1201 of the Central Business District Redevelopment Plan and Section 604 of the Little Tokyo Redevelopment Plan, the Agency's requirements for affordable housing are limited to projects in which the Agency is a financial participant.²⁵

Sec. 9.03.2 Covenants

The Agency shall require the recording in the office of the county recorder of covenants or restrictions implementing the following requirements for each parcel or unit of real property subject to them. Notwithstanding any other provision of law, the covenants or restrictions shall run with the land and shall be enforceable against the original owner and successors in interest by the Agency or the community.²⁶ As of September 15, 2005, all covenants shall include a third

²⁵ Section 1201 of the Central Business District Redevelopment Plan authorizes the Agency to establish rules and regulations which to the extent feasible, will compel others to build or rehabilitate replacement units. Section 604 of the Little Tokyo Redevelopment Plan requires that the majority of new residential shall be of low and moderate cost, and that at least 20% of such units shall be of low-income families and individuals. The section further authorizes the Agency to establish Standards and procedures to insure that the low and moderate cost housing shall be available only for persons and families of moderate means or less.

²⁶ California Health and Safety Code Section 33334.3(f)(2).

party beneficiary clause giving tenants the additional right to enforce the terms and conditions of those covenants.

Sec. 9.03.3 Affordable Housing Requirements

The sections below refer to specific on-site inclusionary requirements for housing projects that receive financial assistance from the Agency. They are different from the general inclusionary requirements set forth in Section 6.03, replacement housing requirements set forth in Section 6.04, and general aggregate CRA/LA production targets set forth in Section 7.0.

Sec. 9.03.3.1 *Rental Projects Financed with Identified Housing Funds*

Each rental project for which the sole source of Agency financial assistance is Identified Housing Funds shall have the following minimum income requirements:

- 1) For projects without Article 34 authority, 49% of the Assisted Units shall be available at affordable cost to extremely low-, very low- and low-income households. Of these, not less than 30% shall be affordable to extremely low- income households and very low-income households. The remainder shall be allotted to moderate-income units.
- 2) For projects with Article 34 authority, not less than 30% of the Assisted Units shall be extremely low- and very low- income, and whenever feasible the goal should be that not less than 50% of those Units shall be affordable at the extremely low-income level. No more than 30% shall be moderate income, and the balance shall be extremely low-, very low- and low- income levels.
- 3) No projects shall be assisted in which the only affordable units are moderate-income units.

Sec. 9.03.3.2 *Rental Projects Financed with Other CRA/LA Funds*

Each rental project for which the sole source of Agency financial assistance is Other CRA/LA Funds (i.e. other than Identified Housing Funds) shall have the following minimum income requirements:

- 1) No less than 10% of the Assisted Units shall be for extremely low and very low-income, and not less than 10% of the Assisted Units shall be low-income units.

Sec. 9.03.3.3 *Rental Projects with Combined Sources of Funding*

Each rental project for which Agency financial assistance is provided by Identified Housing Funds and Other CRA/LA Funds shall be handled on a case-by-case basis, but there shall never be fewer than the 20% extremely low- very low- and low-income Assisted Units.

Sec. 9.03.3.4 ***Homeownership Projects***

Regardless of funding source, a homeownership (condominium) project with Agency financial assistance shall never have less than 5% of its Assisted Units targeted to low-income households nor more than 15% of its Assisted Units designated for moderate-income households.

TABLE 2
 PERCENTAGE OF PROJECT/DWELLING UNITS BY
 INCOME CATEGORY
 SITE SPECIFIC AFFORDABILITY REQUIREMENTS
 BY SOURCE OF FUNDS

Assisted Units – Rental Projects						
Identified Housing Funds		Extremely Low (30% of AMI)	Very Low (31-50% of AMI)	Low (51-80% of AMI)	Moderate (81-120% of AMI)	Other
	Without Article 34 Authority	30% (min)*		19% (max)	51%	
	With Article 34 Authority	30% (min)***			30% (max)	40%**
Other CRA/LA Funds		10% (min)***		10% (min)		
Combined Sources of Financing		20% (min)***				
Assisted Units – Ownership Projects						
Any Funding Source				5% (min)	15% (max)	

* Of the 49% not less than 15% shall be for extremely low- and not less than 15% shall be for very low-income households.

** Distributed among extremely low-, very low- and low-income households.

*** The Agency goal is to produce extremely low-income units whenever feasible.
 (a) No projects shall be funded in which the only assisted units are for moderate-income households.

Sec. 9.03.4 Time Limits on Affordability

Sec. 9.03.4.1 Required Minimum Time Limits on Affordability

Since the purpose of Agency assistance is to provide extremely low-, very low-, low- or moderate-income housing for the longest feasible time, covenants shall be recorded on all new construction projects and, to the extent feasible, on all rehabilitation projects receiving Agency assistance. These covenants shall restrict the occupancy and affordability of assisted units within the projects for a period of not less than 55 years for rental projects or 45 years for owner-occupied units, shall be subordinated to the project's primary mortgage only if

specific findings can be made,²⁷ As of September 15, 2005, all covenants shall include a third party beneficiary clause giving tenants the additional right to enforce the terms and conditions of those covenants (see Section 9.03.2).

Modifications to this restriction will be permitted for rental projects after 40 years only if the owner either a) demonstrates to the Agency that the project is no longer feasible at the restricted rents; or b) provides an equal number of equivalent housing units off-site with no public financial assistance. If the owner demonstrates to the CRA/LA that it is no longer feasible to maintain the project at the restricted rents, the CRA/LA will either i) agree to remove or modify all or part of the restrictions, or ii) offer additional financial assistance or subsidy to the project in an amount which will ensure the continued economic feasibility of the project and the continuation of the income and rent restrictions. Feasibility is defined as having income sufficient to maintain the building in safe and sanitary condition. For the purpose of this finding, it does not include any profit to the owner.

In cases where the Agency has approved reduced equity participation (less than 15%) by the developer of an assisted project, the affordability restrictions on that project shall be for a period of not less than 65 years.

Sec. 9.03.4.2 *Optional Treatment of Owner Occupied Units*

The Agency may permit sales of owner-occupied units prior to the expiration of the 45-year period for a price in excess of that otherwise set forth in the Code for eligible households pursuant to an adopted program which protects the agency's investment of moneys from the Low and Moderate Income Housing Fund, including, but not limited to, an equity sharing program which establishes a schedule of equity sharing that permits retention by the seller of a portion of those excess proceeds based on the length of occupancy. The remainder of the excess proceeds of the sale shall be allocated to the Agency and deposited in the Low and Moderate Income Housing Fund.²⁸

Sec. 9.03.5 **Occupancy Standards**

The CRA/LA shall use the following standards to guide the development and occupancy of CRA/LA assisted housing. These guidelines shall apply to new and rehabilitated housing and shall apply only upon initial occupancy. These standards parallel those used by the State Department of Housing and Community Development for its new construction housing programs. To the extent these standards vary from those of State and Federal relocation guidelines, the stricter standards shall apply.

²⁷ California Health and Safety Code Section 33334.14(a)(2) and (4)

²⁸ California Health and Safety Code Section 33334.3(f)(1).

Number of Bedrooms	Minimum Number of Persons	Maximum Number of Persons
SRO/O	1	2
1	1	3
2	2	5
3	4	7
4	6	9
5	8	11

The maximum number of persons per unit is included in order to avoid overcrowded housing and overuse of public facilities. However, existing residents of CRA/LA assisted rehabilitation projects shall not be required to relocate unless the household is overcrowded as defined by the City Building and Safety Code. If the household's occupancy does not constitute a Code violation, then the residents shall be "grandfathered", and, upon their vacating the unit, the Agency occupancy standards shall apply.

The minimum number of persons per unit is intended to apply only to low- and moderate-income housing to ensure that units subsidized with CRA/LA funds are leased to the size of families for whom they were intended and do not become a "windfall" for smaller households. Flexibility for assignment to different sized units will be permitted both for projects overall and for individual tenants if special circumstances (e.g. pregnancy, handicap, extended family) and/or applicable relocation guidelines so warrant.

Sec. 9.03.6 Priorities for Occupancy of Agency Assisted Housing

Each of the assisted units in any housing project involving any kind of CRA/LA assistance shall be made available to persons who are displaced as the result of CRA/LA actions on a first priority basis. Among displacees, the first priority shall be given to persons or families who are displaced as a result of Agency action within the project area in which the assisted housing project is located.

Priority must be given to CRA/LA displacees who meet the approved tenant selection criteria for the respective project. The owner /management agent must accept any CRA/LA displacee who meets the tenant selection criteria. If a CRA displacee is rejected for tenancy, the owner /management agent must provide a written notice to CRA/LA specifying which of the selection criteria the tenant failed to meet.

After displacees, the households in any one or more of the following categories shall be given priority in selection for occupancy of Agency-assisted units: (i) those paying more than 50% of their income for housing; (ii) those living in overcrowded or seriously substandard conditions, especially housing which has

been cited by the City for health and safety code violations; (iii) those in danger of imminent displacement as a result of Agency action in cases where the property owners agree not to re-rent the unit; and (iv) homeless households. Thereafter, occupancy shall be provided as set forth in an Affirmative Marketing Plan required for each project.

Sec. 9.03.7 Design Guidelines

Design guidelines shall be applied to all Agency assisted housing projects within redevelopment project areas. Projects located within redevelopment project areas may also be presented as appropriate to a Community Advisory Committee or Project Area Committee for their review.

Review of projects in redevelopment areas shall be based on any and all regulations stipulated in the applicable Community Plan, applicable specific plans, appropriate Redevelopment Plan and/or any adopted Designs for Development. It is the goal of the Agency to enhance the existing context of any given community while at the same time achieving cost-effective, functional designs utilizing durable low-maintenance construction, sustainable building materials and design concepts, and long-term sustainability and livability. The Agency shall particularly seek innovative design solutions to urban infill situations, mixed-use development solutions and housing solutions that incorporate supportive services including but not limited to child care, family care, language and job skill development, domestic violence prevention and similar needs.

The Housing Development Guidelines in effect shall serve as criteria for evaluating proposed housing projects and are incorporated herein by reference (Attachment E).

Sec. 9.03.8 Prevailing Wage Requirements

For projects undertaken in conformance with the requirements of the Agency's Prevailing Wage Policy, the developer shall pay or cause to be paid to all workers employed in connection with the development of the property, not less than the prevailing rates of wages, as provided in the statutes applicable to Agency public works contracts, including without limitation to sections 33423-33426 of the California Health and Safety Code and sections 1770-1780 of the California Labor Code. The Agency's "Policy on Payment of Prevailing Wages by Private Redevelopers or Owner Participants" is incorporated herein by reference (See Attachment D).

Sec. 9.03.9 Equal Opportunity/Affirmative Action Requirements

Developers of Agency-assisted projects are required to complete an affirmative action program which complies with Agency Policy for involvement of racial and ethnic minorities and women as employees, contractors, subcontractors, joint

ventures and equity owners as developers, contractors and subcontractors, including, without limitation, an Equal Opportunity/Affirmative Action Plan as set forth in the Agency's Equal Opportunity/Affirmative Action Policies (see Attachment I).

Sec. 9.03.10 Management Plan

Since long term management and maintenance of housing developments is key to both the success of the development and the achievement of redevelopment goals, there must be ongoing monitoring and enforcement of management requirements and property conditions. Each Agency-assisted housing development (with the exception of rehabilitation projects containing 8 or fewer units) must have a management plan approved by CRA/LA staff before conveyance of land or disbursement of any CRA/LA funds for the project. The management plan shall include the following components:

1. Affirmative Marketing Plan - on a form provided by the CRA/LA and to include the affirmative marketing requirements discussed below.
2. Resident Selection Criteria - the plan shall outline the procedures and standards for selecting tenants/buyers. These standards may not include any discriminatory factors but may contain rental history, credit history and other relevant information. The resident selection criteria must include the income restrictions imposed by the CRA/LA on the project. Any minimum income guidelines set by the management company must be low enough to include the majority of the group to be served by the project.
3. A sample lease must be provided for CRA/LA staff review for rental projects. Homeowners' association by-laws must be reviewed for condominium projects.
4. Grounds for eviction, eviction procedures and grievance procedures must be detailed.
5. Any fees and charges (including parking fees) that may be imposed in addition to rent must be approved by the CRA staff.
6. The annual operating budget must be determined by CRA/LA staff to be reasonable.
7. The qualifications and experience of the management agent must be submitted and the management agent and management contract must be approved by the CRA/LA staff.

8. A five-year strategy for increasing tenant involvement in management decisions must be included.

All contracts shall specify that the CRA/LA staff has the right to require changes in any management practices which violate the developer's agreements with the CRA/LA. The CRA/LA shall also have the right to require a change of management agent for failure to comply with the approved management plan or the development agreement.

Noncompliance with the approved management plan shall constitute grounds for foreclosure on the Agency's loan and language to this effect shall be included in all deeds of trust securing Agency loans.

Sec. 9.03.10.1 *Affirmative Marketing Requirements*

In selecting purchasers or tenants, the developer shall promote equal housing choice for all prospective purchasers or tenants regardless of residence, race, color, religion, creed, national origin, ancestry, disability, medical condition, age, marital status, domestic partner status, sex, sexual preference/orientation, Acquired Immune Deficiency Syndrome (AIDS) – acquired or perceived or retaliation for having filed a discrimination complaint. Within the above guidelines, preference shall be given to qualified Agency displacees.

In recognition of the City's cultural diversity the Agency requires each project to have an Affirmative Marketing Plan designed to attract tenants from those racial and ethnic groups who would be least likely to reside in the development without affirmative outreach efforts. The minimum marketing requirements to be included in the Plan shall include:

1. Advertising in English, Spanish and a third language to be designated by the Agency. The Agency will be responsible for insuring that the greatest possible number of non-English speaking minorities are reached by the selected third language, i.e. the third language shall be selected on the basis of furthering the Agency's outreach objective. There shall be no restriction on the developer which would preclude advertisement in additional languages.
2. Advertising in media or through contact with community groups, which reach a significant number of the ethnic and minority communities throughout the City. This requirement is in addition to the above multilingual advertising requirement.
3. An application period of sufficient duration to ensure that various ethnic, racial and language groups have sufficient time to learn about the availability of the project and complete the required preliminary application process. All persons who respond during

this period are to have an equal opportunity to be selected for occupancy. A method of random selection must be used to establish relative priority among those who respond during this period.

4. The Agency shall not allow an application system whereby preliminary applications can only be personally picked up or dropped off at one location because such a system is unduly burdensome in a city the size of Los Angeles. Instead, a developer may institute a pick up/drop off system in tandem with a mail in system.
5. These requirements are designed to promote outreach in the application process and are not intended to preclude reasonable screening of applicants on the basis of clearly established and legal selection criteria. Once an applicant's priority has been established through these procedures, a person-to-person interview at the site or some other location designated by the owner or manager is permissible, provided that sufficient scheduling flexibility is provided to meet the legitimate needs of the applicant.
6. The Agency shall have the flexibility to modify these requirements for projects of not more than 20 units. However, such modification shall not violate the general intent of the Agency's affirmative marketing Policy.

Section 10.0 MONITORING AND REPORTING

Sec. 10.01 Reporting to City and State Entities

In addition to meeting the annual State reporting requirements of the Department of Housing and Community Development, housing production goals, construction starts, contracts executed and units placed in service shall be reported to the Agency Board of Commissioners and City Council annually. Reports shall measure performance in terms of production, denoted by the issuance of at least a temporary certificate of occupancy, in the categories identified below:

1. Bedroom Count: Number of Bedrooms: Single room occupancy, 0, 1, 2, 3, 4+, or the number of beds if in a dormitory setting.
2. Occupancy: Number of units serving: 1) elderly and handicapped; 2) large family (3 or more bedrooms); 3) homeless; 4) special needs groups; and 5) other (the remaining number available to the general public).
3. Income: Each unit/bed shall be reported by income group, serving very very low-income, very low-income, low-income, moderate-

income, as well as the number of workforce, middle-income and market rate units.

4. Tenure: Ownership, rental or homeless/transitional housing, as well as term of income restriction.

Sec. 10.02 Owner Self-Reporting Requirements

Sec. 10.02.1 New Tenant Reporting

Owners of properties in which the Agency is a financial participant will be required to complete and return a New Tenant Form (see Attachment F) for each new tenant in order to verify their compliance with Agency requirements. The Form will be signed under penalty of perjury and returned to the Agency with all required attachments prior to signing the lease agreement. The New Tenant Form shall verify:

1. Occupancy standards: Owners shall verify that the number of occupants in the unit is within the minimum and maximum established by this Policy.
2. Income restrictions: Owners shall verify that occupants are within the income limits established by this Policy.
3. Affordability: Owners shall verify that rents charged for affordable units are within the limits established by this Policy.
4. Tenant Complaint Rights: Owners shall verify that the tenant has been advised of the Tenant Complaint Reporting opportunity provided for in Section 10.03 below.

This Section shall apply both to initial and to subsequent leasing of any affordable unit.

Sec. 10.02.2 Annual Reporting

Owners of properties in which the Agency is a financial participant will also be required to complete and return standardized Self-Monitoring Form (See Attachment G) to verify their compliance with Agency requirements. The Form will be signed under penalty of perjury and returned to the Agency with all required attachments within 30 days of the anniversary of the date on which the housing project was first placed in service, until the expiration of the covenant on the property. The Annual Self-Monitoring Form shall measure performance in the categories identified below:

1. Income restrictions: Owners shall verify that occupants are within the income limits established by this Policy, and that the percentages of tenants in each income category are consistent with the requirements established by this Policy.
3. Affordability: Owners shall verify that rents charged for affordable units are within the limits established by this Policy, and that the percentages of units set aside for each income category are consistent with the requirements established by this Policy.

Sec. 10.03 **Tenant Complaint Reporting**

During any time period, a tenant of a project may aid in monitoring the project by submitting a standard Tenant Complaint Form to the CRA/LA (See Attachment H). The owner must inform all new tenants of the opportunity to submit a Tenant Complaint Form upon signing of the lease, and provide the Tenant Complaint Form to tenants upon request. This will afford the tenant an opportunity to report any violation of this Policy to the Agency. If more than two Tenant Complaint Forms are submitted on a given project, in any twelve month period the Agency shall require the owner to immediately provide a Self-Monitoring Form and its proper attachments documentation as discussed above.

Sec. 10.04 **Monitoring of Physical Conditions**

If a complaint about the physical conditions of a property in which the Agency is a financial participant, or which has been developed pursuant to an Agreement with the Agency, or which is subject to a covenant recorded by the Agency, is submitted to the Agency or to the Los Angeles Housing Department, or if that department finds through a site inspection that physical conditions of such property are below the standards set by City codes, and so notifies the Agency, then the Agency will follow up through site visits and/or communication with the property owner until resolution of the conditions reported is achieved.

Section 11.0 **ENFORCEMENT AND PENALTIES**

Compliance with this Policy shall be required in all Agency Agreements to which it applies, and such Agreements shall provide that (i) the contract is subject to the provisions of this Policy and (ii) violation of this Policy shall entitle the Agency to terminate the Agreement and otherwise pursue legal remedies that may be available Beginning September 15, 2005 all covenants shall include third party beneficiary clauses giving tenants the additional right to enforce the terms and conditions of those covenants.

Any party claiming violation of this Policy, including officials or staff of other City departments; residents of residential projects funded, assisted or approved under an Agreement with the Agency, or their representatives; may report such claimed

violation to the Agency staff, which shall investigate such complaint. After conducting an investigation of such complaint, Agency staff shall issue a written determination as to whether or not this Policy has been violated. Staff shall also inform the Agency Board, the complainant and the Participant of its determination. The complainant may appeal the decision of the Agency staff to the Agency Board in writing within ten days of being informed of the determination.

Whether based upon such a complaint or otherwise, where the Agency staff has determined that a Participant to which this Policy applies has violated this Policy, the Agency shall issue a written notice to the Participant that the violation is to be corrected within ten (10) days. In the event that the Participant has not demonstrated to the Agency staff within such period that it is no longer in such violation, the Agency staff shall then:

- (1) Request the Agency Board at its next regularly scheduled meeting to declare a material breach of the Agreement and exercise its contractual remedies thereunder, which are to include, but not be limited to, termination of the Agreement and the return of monies paid by the Agency for services not yet rendered.
- (2) Request the City Council to debar the Participant from future City Agreements, contracts, leases, and licenses for three (3) years or until all penalties and restitution have been fully paid, whichever occurs last. Such debarment shall be to the extent permitted by, and under whatever procedures may be required by, law.
- (3) Request the Agency Board to debar the Participant from future Agency Agreements, contracts, leases, and licenses for three (3) years or until all penalties and restitution have been fully paid, whichever occurs last. Such debarment shall be to the extent permitted by, and under whatever procedures may be required by, law.
- (4) Request the City Attorney to bring a civil action against the Participant seeking a fine payable to the Agency in the amount of up to one hundred dollars (\$100.00) for each violation for each day the violation remains uncured.

In the event the Agency Board or City Council declines to declare a material breach or to debar the Participant from Agency or City Agreements as set forth above, the Agency Board or City Council, as appropriate, shall make written findings as to why the penalties were not imposed. Notwithstanding any provision of this Policy or any law or ordinance to the contrary, no criminal penalties shall attach for any violation of this Policy.

Section 12.0 SEVERABILITY

If any provision of this Policy is declared legally invalid by the court of competent jurisdiction, such invalidity shall not affect other provisions or applications of the Policy that can be given effect notwithstanding such invalidity.

Section 13.0 AMENDMENT

In order to assure consistency with changes in Federal, State and local laws, regulations and policies, as well as to reflect revisions to CRA/LA objectives and procedures, this Policy may be amended as needed.

Amendments can be proposed at any time by Agency staff. Proposed amendments shall be publicly noticed in a newspaper of general circulation, posted on the Agency web site and made available for public inspection for at least two weeks before the first meeting of the Agency Board's Policy Review Committee at which the amendment will be considered, and be approved by the Policy Review Committee before appearing on the Agency Board agenda. It shall be placed on the agenda of the Board not less than two weeks following approval by the Board Policy Review Committee, and shall be noticed in the same manner as any other item being placed before the Board. If the Agency Board rejects the proposed amendment, the proposal will be revised and brought again to the Policy Review Committee for approval and consideration by the Agency Board. Once the Policy Review Committee, the Board and the City Council have approved a proposed amendment, it shall take effect 31 days following the date of City Council approval.