

Housing Authority of the City of Los Angeles

Year 2024 Agency Plan

SIGNIFICANT AMENDMENT



February 26, 2024

Attachment R – Rental Assistance Demonstration (RAD)

The Housing Authority of the City of Los Angeles (“HACLA”) is amending its FY2024 Annual and/or 5-year PHA Plan (“Plan”). HACLA intends to apply to the U.S. Department of Housing and Urban Development (HUD) for the conversion of forty-eight (48) public housing units at New Dana Strand Phase I also-known-as Harbor View (CA004000225) and forty-six (46) public housing units at New Dana Strand Phase II also-known-as Wilmington Townhomes (CA004000228) to Project Based Voucher (PBV) assisted units under the Rental Assistance Demonstration Program (RAD) in accordance with the guidelines of PIH Notice H 2019-09/PIH 2019-23, REV-4, as amended (RAD Notice), and any successor notices. HACLA intends to dispose of a portion of the RAD converting projects through RAD/Section 18 blend under the guidelines of PIH Notice 2021-07 and any successor notices. The benefits of using the blend authority, specifically the addition of Section 18 disposition, include the availability of Tenant-Protection Vouchers for disposed units with subsidy required to be project-based at the development up to the maximum voucher payment amounts (subject to rent reasonableness) instead of the lower RAD contract rents. All units proposed for removal via Section 18 and RAD will comprise a project, as defined in RAD Notice equating to a single transaction.

To facilitate the uniform treatment of residents, households living in either RAD PBV units or “Section 18” non-RAD PBV units at Harbor View or Wilmington Townhomes will be entitled to the same resident rights, participation, waiting list and grievance procedures listed within the RAD Notice, and Joint Housing Notice H 2016-17/PIH 2016-17. These resident rights, participation, waiting list and grievance procedures are listed in Attachment 5: Residents Rights Under Rental Assistance Demonstration (RAD) of the FY2024 Agency Plan.

Under the RAD Notice, HACLA will seek a reduction of five (5) assisted units in Harbor View and six (6) assisted unit in Wilmington Townhomes under the De Minimis Reduction allowed under the RAD program, which is less than five percent of the number of units converted across portfolio, based on the RAD conversions closed prior to or simultaneous with the respective conversions. HACLA intends to add regular Section 8 PBV overlay to these units after de minimis reduction. Tenants living in these units will not be displaced and will continue to pay 30% of their adjusted income towards rent under the PBV program. These tenants will also be entitled to the same resident rights, participation, waiting list and grievance procedures as households living in either RAD PBV units or “Section 18” non-RAD PBV units at Harbor View or Wilmington Townhomes respectively.

HACLA is currently not under a Voluntary Compliance Agreement. The proposed RAD/Section 18 conversions will comply with American Disabilities Act, Title 24 and Section 504 requirements and with all applicable site and neighborhood standards, and the site will be in full compliance with applicable provisions of Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, Executive Order 11063, and HUD regulations.

Upon conversion, HACLA’s Capital Fund Budget will be reduced by the pro rata share of public housing developments converted as part of the RAD conversion.

Additionally, HACLA is proposing to amend the Plan to set forth its intent to fully utilize its authority to develop or create new public housing units as described in Section 9(g)(3) of the United States Housing Act of 1937, as amended, which is commonly known as the “Faircloth Limit.” HACLA intends to use all of its Faircloth Limit authority to cause the creation of new public housing units in multiple projects, and to convert the capital and operating fund assistance from HUD for those units to long-term, project-based Section 8 rental assistance contracts through the Rental Assistance Demonstration, known as the “Faircloth-to-RAD” process. HACLA also intends to exercise its rent setting authorities set forth in Section 1.6.B.5.f. of HUD’s Notice H-2019-09 PIH-2019-23 (HA) to set the initial contract rents of the Faircloth-to-RAD units within each project higher than the contract rent that is set forth in the Notice of Anticipated RAD Rents (“NARR”) for that project, up to the contract rent that would be allowed pursuant to the Voucher Payment Standard for the unit based on its bedroom count and location within the City of Los Angeles. HACLA intends to submit a NARR for each project to HUD on or before September 29, 2024. HACLA is amending the Plan because each project is required to be included within the Plan as a condition of approval of a Mixed Finance Development Proposal by HUD as part of the Faircloth-to-RAD process. Certain of the Faircloth-to-RAD projects were already included in the Plan in the section with the heading “Mixed Finance Modernization or Development.” The amendment will remove all language pertaining to Faircloth-to-RAD from that section and add new language pertaining to Faircloth-to-RAD to a section with the heading “Conversion of Public Housing to Project-Based Rental Assistance or Project-Based Vouchers under RAD.”

Conversion of Public Housing to Project-Based Rental Assistance or Project-Based Vouchers under RAD:

Below, please find specific information related to the Public Housing Development(s) selected for RAD/Section 18 Construction Blend:

Name of Public Housing Development: Harbor View	PIC Development ID: CA004000225	Conversion Type: RAD PBV /Section 18 TPV Blend	Transfer of Assistance: No
Total Units: 48	Pre-RAD Unit Type: Family	Post-RAD Unit Type if different: Same	Capital Fund allocation of Development: (Annual Capital Fund Grant for Harbor View multiplied by total number of units in project) $\$1,933 * 43 = \$83,119$

Bedroom Type	Number of Units Pre-Conversion	Number of Units Post-Conversion	Change in Number of Units per Bedroom Type and Why: (De Minimis Reduction, Transfer of assistance, Unit Reconfigurations, etc.)
One Bedroom	5	5	0 units will be converted to Section 8 PBV under the De Minimis Reduction
Two Bedroom	13	11	2 units will be converted to Section 8 PBV under the De Minimis Reduction
Three Bedroom	24	21	3 units will be converted to Section 8 PBV under the De Minimis Reduction
Four Bedroom	6	6	0 unit will be converted to Section 8 PBV under the De Minimis Reduction
If performing a Transfer of Assistance:		NA	

Name of Public Housing Development: Wilmington Townhomes	PIC Development ID: CA004000228	Conversion Type: RAD PBV /Section 18 TPV Blend	Transfer of Assistance: No
Total Units: 46	Pre-RAD Unit Type: Family	Post-RAD Unit Type if different: Same	Capital Fund allocation of Development: (Annual Capital Fund Grant for Pueblo Del Sol II multiplied by total number of units in project) \$2,194* 40 = \$87,760
Bedroom Type	Number of Units Pre-Conversion	Number of Units Post-Conversion	Change in Number of Units per Bedroom Type and Why: (De Minimis Reduction, Transfer of assistance, Unit Reconfigurations, etc.)
Two Bedroom	4	2	2 units will be converted to Section 8 PBV under the De Minimis Reduction
Three Bedroom	32	29	3 units will be converted to Section 8 PBV under the De Minimis Reduction

Four Bedroom	10	9	1 units will be converted to Section 8 PBV under the De Minimis Reduction
If performing a Transfer of Assistance:		NA	

Faircloth to RAD Conversion

In accordance with guidance from HUD under 24 CFR 905.604 subpart F and pursuant to Section 9(g)(3) of the United States Housing Act of 1937, as amended, and HUD Notice H-2023-08 PIH-2023-19 (HA), HACL A currently has authority to develop or create approximately 1,965 public housing units, described by HUD as the “Faircloth Limit,” and to subsequently convert those units to a long-term Section 8 contract through the process defined by HUD as “Faircloth-to-RAD.” HACL A is planning to fully utilize this authority in order to further affordable housing opportunities in the City of Los Angeles through a variety of projects, described more fully below:

Alveare Parkview and Alveare Terrace Developments. As part of its Innovative Partnership solicitation, HACL A’s Board of Commissioners will consider using Faircloth-to-RAD authority to create units in a partnership with a third-party development team comprised of Related California, or its subsidiary and Weingart, or its subsidiary, for the development of new housing units on a state-owned parcel of land at 1405 S. Broadway in Los Angeles. The RAD Section 8 contract will provide rental assistance for a minimum of one hundred (100) Faircloth-to-RAD units between the two communities at the 1405 S. Broadway site. The Alveare Parkview project will have a total of 105 housing units, with a mix of studio, one-bedroom, two-bedroom, and three-bedroom units for households with incomes not exceeding 30% to 60% of area median income for Los Angeles County (“AMI”), with a total of 62 Faircloth-to-RAD units. The Alveare Terrace project will have a total of 100 units, with a mix of studio, one-bedroom, and two-bedroom units for households with incomes not exceeding 20% to 60% of AMI, with a total of 38 Faircloth-to-RAD units. Each project will have one unrestricted manager’s unit. The Alveare Parkview project partnership is expected to apply for financing from the State of California in August 2024, and to initiate a Mixed Finance Development Proposal in late 2024. The Alveare Terrace project partnership is expected to apply for financing from the State of California in April 2026, and to initiate a Mixed Finance Development Proposal in late 2026. HACL A obtained approval from the State of California for infrastructure and other capital improvements for the Alveare Parkview project, together with six other HACL A projects, through the Infill Infrastructure Grant Catalytic Qualifying Infill Area program in 2023. HACL A has obtained Notices of Anticipated RAD Rents for both projects from HUD in 2022, and will be applying in 2024 to change the names of the projects and to increase the RAD rents using the rent setting authority provided by HUD through Notice H-23-08 PIH 2023-19(HA).

Victory Boulevard Permanent Supportive Housing. In response to a proposal received through its Solicitation for Innovative Partnerships from Linc Housing, HACL A’s Board has authorized entering into a partnership to develop a property located along Victory Boulevard

between Louise Avenue and Balboa Boulevard with up to two hundred (200) multifamily housing units and related uses. As part of this project, HACLA will apply for approval from HUD to enter into a RAD PBV contract for one hundred (100) units using HACLA's Faircloth Limit. The partnership is expected to apply for financing from the State of California in 2024, and to initiate a RAD Mixed Finance transaction in 2025. The current unit mix includes 44 studios, 52 one-bedrooms, 50 two-bedrooms and 48 three-bedrooms.

Caltrans Scattered Site Acquisition & ADU Program. HACLA is currently under contract to purchase fifteen (15) properties from the State of California in the El Sereno neighborhood of Los Angeles. These homes are the first in a series of dispositions of State-owned residential properties in the same neighborhood anticipated over the next five years. The properties were originally purchased by the State for the construction of a freeway extension, but that project has been officially terminated. The majority of these sites consist of single-family homes and HACLA expects to purchase the properties, rehabilitate the vacant homes, and add Accessory Dwelling Units ("ADUs") as well as Junior Accessory Dwelling Units ("JADUs"). In anticipation of the current purchases and future opportunities, HACLA intends to dedicate 50 Faircloth to RAD vouchers for these properties in one or more contracts, and anticipates the unit mixes to include 14 three-bedrooms, 12 two-bedrooms, and 24 one-bedrooms.

The Chadwick Acquisition Project. HACLA is in contract negotiations to acquire a property at 209 S. Westmoreland, Los Angeles CA. The property has 687 units, which include 257 studios, 266 one-bedroom, 115 two-bedrooms and three (3) manager's units. The property is occupied, however, it currently has about fifty units that are vacant due to regular tenant attrition. HACLA intends to record a covenant on the property to ensure long-term affordability on the majority of units; including at least 5% for households with incomes not exceeding 30% of AMI. HACLA will dedicate up to 100 units from its Faircloth Limit to the project. HACLA anticipates submitting a Mixed Finance Development Proposal to HUD in or around May of 2024 and to close on the RAD Section 8 contract in or around July 2024.

William Mead Public Housing Redevelopment. The proposed redevelopment of William Mead Homes, located at 1300 Cardinal Street in Los Angeles, intends to create additional affordability by building back into the property up to three times the number of units that exist on site today. In order to ensure the long-term deep affordability across all buildings within the property, HACLA is proposing to utilize up to 310 units of its Faircloth Limit. The current unit mix for the up to 1,600 units in the adopted Choice Neighborhood Transformation Plan includes 495 one-bedroom, 646 two-bedroom, 407 three-bedroom units, 36 four-bedroom units, and 16 five-bedroom units.

Rancho San Pedro Redevelopment. The proposed redevelopment of Rancho San Pedro, located at 275 W. 1st Street in the neighborhood of San Pedro in the City of Los Angeles, will begin in 2024 with the construction of HACLA's first off-site phase. As redevelopment moves onsite and the existing public housing buildings are replaced, HACLA and its partners in One San Pedro intend to create additional affordability by building back into the property up to three times the number of units that exist on site today. In order to ensure the long-term deep affordability across all buildings within the property, HACLA is proposing to utilize up to 345 units of its Faircloth Limit. The current unit mix for the up to 1,600 units proposed in the Rancho San Pedro Specific Plan includes 156 studios, 488 one-bedroom, 510 two-bedroom, 390 three-bedroom units, 40 four-bedroom units, and 16 five-bedroom units.

Innovative Partnerships Program. HACLA expects to receive proposals for the construction or creation of Faircloth-to-RAD units in various unique acquisition, repositioning or new construction opportunities throughout the City of Los Angeles. The focus of the Innovative Partnerships Program is sensitive to producing additional units in Areas of Opportunity but is flexible enough to help solve for new and deeper affordability throughout the City of Los Angeles. HACLA intends to reserve up to 478 units of Faircloth-to-RAD authority for these projects with the hope to reach the following household sizes: 5 studios, 165 one-bedroom, 205 two-bedroom, 125 three-bedroom, and 5 four-bedroom. All such partnerships will require the approval of the HACLA Board of Commissioners and will be done in accordance with HUD regulations.

Social Housing Acquisition Program. This active program will add public housing units through the acquisition of market rate multifamily units. HACLA intends to focus purchasing in Areas of Opportunity within the boundaries of the City of Los Angeles and is looking for larger acquisition opportunities to covenant units in currently market rate properties for future deep affordability. Allocating up to 482 Faircloth-to-RAD units for this initiative will allow HACLA to increase its purchasing power in markets where affordable housing is most needed. The goal of the Acquisition Program is to produce units in sizes that align with the needs of the City projected in the Housing Element. Therefore, the Authority expects the composition of these units to include approximately 30 studios, 188 one-bedroom units, 164 two-bedrooms, 90 three-bedrooms, and 10 four-bedrooms.

Pursuant to HUD's Rental Assistance Demonstration – Supplemental Notice 4B (Notice H-2023-08 / PIH-2023-10 (HA)) ("FTR Notice"), HACLA intends to set the initial contract rents for each of the Faircloth-to-RAD units in the projects set forth above equal to the contract rent for that unit's bedroom size and location in accordance with HACLA's Voucher Payment Standards, including any such Small Area Fair Market Rent Voucher Payment Standard for the zip code in which the unit is located. HACLA intends to submit applications for Notices of Anticipated RAD Rents ("NARR"s) to HUD for each Faircloth Project in accordance with the table above on or before September 29, 2024.

Project-Based Vouchers:

HACLA, subject to approval by its Board of Commissioners, may project-base a portion of its tenant-based vouchers over the next five years. The location of project-based assistance will be consistent with the goals of deconcentrating poverty and expanding housing and economic opportunities in accordance with HUD regulations and the Section 8 Administrative Plan.

Harbor View /Wilmington Townhomes

HACLA intends to converted up to forty-eight (48) public housing units in Harbor View and forty-six (46) public housing units in Wilmington Townhomes to the RAD/PBV platform.

5 units with eligible families in Harbor View and 6 units with eligible families in Wilmington Townhomes will be converted to non-RAD PBVs under the allowable de minimis reduction. The de minimis reduction will allow HACLA to apply rents in accordance with the Section 8 Voucher Payment Standard (“VPS”) without adversely affecting the resident’s portion of the rent.

As a part of the RAD/Section 18 Blend process, HACLA will seek eight (8) tenant-protection vouchers from HUD for eligible “Section 18” non-RAD PBV units in Harbor View and eight (8) tenant-protection vouchers from HUD for eligible “Section 18” non-RAD PBV units in Wilmington Townhomes. If successful, units converting to RAD PBV will be reduce to thirty-five (35) units in Harbor View and thirty-two (32) public housing units in Wilmington Townhomes.

HACLA intends to add Section 8 PBV overlay to sixty-five (65) Low-Income Housing Tax Credit only units (“Tax credit only”) in Harbor View and sixty-two (62) Tax Credit only units in Wilmington Townhomes. HACLA will initially attach PBVs only to units that house families who are income-qualified, eligible for PBV assistance and right-sized. Upon tenant turnover or changes to the existing tenant’s circumstance and eligibility for PBV assistance, HACLA will attach PBVs to the remaining Tax Credit only units.

Therefore, in addition to the tenant-protection vouchers that HACLA will seek under the RAD/Section 18 Blend, HACLA will dedicate up to seventy (70) non- RAD Section 8 PBVs for Harbor View and up to sixty-eight (68) non-RAD Section 8 PBVs for Wilmington Townhomes for a total of one hundred thirty-eight (138) non-RAD Section 8 PBVs.