

# Agenda Report

October 21, 2024

**TO:** Honorable Mayor and City Council

**THROUGH:** Legislative Policy Committee (October 1, 2024)

**FROM:** Department of Housing

**SUBJECT: SUPPORT FOR THE LOS ANGELES COUNTY AFFORDABLE HOUSING, HOMELESSNESS SOLUTIONS, AND PREVENTION NOW TRANSACTIONS AND TAX USE INITIATIVE ("MEASURE A") ON THE NOVEMBER 5, 2024 BALLOT**

## **RECOMMENDATION:**

It is recommended that the City Council:

- 1) Find that the action proposed herein is not a "project" subject to the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 21065 and within the meaning of Section 15378(b);
- 2) Support the Affordable Housing, Homelessness Solutions, and Prevention Now Transactions and Tax Use Initiative ("Measure A"), a half-cent sales tax that would fund homelessness services and affordable housing; and
- 3) Authorize the Mayor to send letters in support of Measure A, as appropriate.

## **BACKGROUND**

Countywide, the demand for housing and homelessness services outstrips the current capacity to provide both, a situation made more complex if Measure H, a major revenue for these services, expires in 2027.

### **Measure H**

On March 7, 2017, voters approved Measure H, a countywide quarter-cent sales tax to fund supportive services, housing, outreach, and prevention services for people experiencing homelessness.

Measure H began providing revenue in July 2017. Currently, Measure H produces between \$400 - \$600 million annually (countywide) to provide services and housing for

persons experiencing homelessness and those at-risk of homelessness. Based on local economic activity, Pasadena contributes approximately \$11 million on an annual basis to this effort. As a ten-year measure, Measure H is set to expire in 2027.

Since the passage of Measure H, the City has received \$8.86 million to date in Measure H funds. These funds have been used for Homeless Prevention for Single Adults, Rapid Rehousing, Emergency Shelter, some Bad Weather Shelter costs, and Housing Navigators. Other costs supported with Measure H funds include a Housing Retention Specialist staff position, the Housing Incentive Program which provides financial incentives to landlords who provide rental housing to voucher holders, and intensive case management services for residents in the City's five (5) permanent supportive housing projects. Finally, Pasadena residents participate in various Measure H-funded countywide programs.

### Measure A Overview

Measure A was developed as a Citizens' Initiative by the Our Future LA Coalition, a coalition of nonprofits, community advocates, and other members ("Coalition"), and as a Citizen's Initiative, Measure A requires a simple majority vote to pass. The Coalition drafted Measure A in preparation for the sunset of Measure H, recognizing the need for a long-term funding replacement. Measure A takes a regional approach to addressing homelessness, creates a dedicated source of long-term revenue, and emphasizes accountability and oversight. Unlike Measure H, Measure A will provide capital funding for affordable housing development, including both preservation and new construction. Measure A also emphasizes the need for homeless prevention funding, including tenant protection and support programs.

Measure A is a half-cent sales tax measure on the November 2024 General Election Ballot that, if passed, would repeal and replace the existing Measure H sales tax. Unlike Measure H, Measure A would have no sunset and would be repealable only by citizen vote. The Los Angeles County Auditor-Controller estimates that \$1.071 billion would be collected annually.

Funds generated from Measure A would be split between several County-affiliated entities. Funding would be allocated to the County directly for administration of "Comprehensive Homelessness Services" (60%) and accountability, data, and research activities (1.25%); to the Los Angeles Community Development Authority (LACDA) for "Local Housing Production" (3%); and to the newly formed Los Angeles County Affordable Housing Solutions Agency (LACAHS) for "Affordable Housing and Prevention" (35.75%) programs.

Under Measure A, funding will be allocated to cities and/or Councils of Government ("COGs") and the County (on behalf of unincorporated areas) through the Local Solutions Fund, which would be at least 15% of the Comprehensive Homelessness Services allocation (which is 60% of the overall revenue received). The County Board of Supervisors ("BOS") will ultimately determine the formula for allocating funding using

the Point-In-Time (“PIT”) count or another agreed-upon measure. Based on the Auditor-Controller’s revenue estimates, the Local Solutions Fund would receive approximately \$96.4 million on an annual basis.

LACHASA would be expected to allocate funds from their Affordable Housing and Prevention portion of collection revenue to COGs and/or eligible Regional Housing Trust Funds for eligible activities such as affordable housing production, affordable housing preservation, tenant protection and support programs, and planning and technical assistance activities related to affordable housing and land use.

#### Measure A Funding Allocations Overview

The Los Angeles County Auditor-Controller estimates that Measure A would generate approximately \$1.076 billion annually. Measure A allows for up to 0.5% of the annual gross tax collected (estimated to be approximately \$5 million in the first year) to be used for reasonable costs to collect and distribute the tax. This means that approximately \$1.071 billion would be available for programs. The San Gabriel Valley COG calculated the potential countywide allocation for each program, as reflected in Attachment B.

#### Comprehensive Homeless Services Overview (60%)

Funding allocated to this category shall be used to provide basic services to bring people inside and ensure that people have access to social services, medical care and behavioral/mental care, and homelessness prevention strategies. The City expects that it would be able to receive a direct allocation of the Core Homeless Services funding since it operates its own Continuum of Care (“CoC”). Under Measure H, Pasadena, along with the cities of Long Beach and Glendale, which also operate their own CoCs, was able to successfully negotiate its own direct allocation of Measure H funding. The City anticipates that it would be able to do so again for the Core Homeless Services Measure A funding (83.35% of the total funding). Furthermore, Measure A requires that the County allocate at least 15% of funds available for Comprehensive Homelessness Services to the Local Solutions Fund, which will be made available to cities, COGs, and/or the County on behalf of its unincorporated areas for comprehensive homelessness services. Funds will be allocated via a formula based on the annual PIT count and/or another agreed-upon measure of persons experiencing homelessness, as developed by the BOS in consultation with local jurisdictions. Assuming a straight PIT count allocation across the County, the City would receive an estimated \$713,000 on annual basis from the Local Solutions Fund.

#### Local Housing Production (3%)

LACDA would administer the Local Housing Production funds. These funds will be allocated for the development or preservation of affordable housing units. All units funded with Local Housing Production funds, exclusive of manager’s units, must be affordable to households earning less than 80% of Area Median Income (“AMI”).

Historically, LACDA releases an annual notice of funding availability (NOFA) for its programs and then manages a competitive process through which its housing assets are awarded to eligible projects.

#### Affordable Housing & Prevention (35.75%)

Funding for the Affordable Housing and Prevention tranche will be administered by LACASHA for activities including, but not limited to, the construction of affordable housing, affordable housing preservation, tenant protection and support programs, and planning and technical assistance related to affordable housing and land use.

#### *LACASHA*

LACASHA was established by legislation (SB 679) to increase the supply of affordable housing in the County by enhancing funding and technical assistance affordable housing preservation, affordable housing production, and for renter protections.

As part of its enabling legislation, LACASHA was given the ability to raise and allocate new revenue, incur and issue bonds, fund renter protection programs, and finance the new construction or preservation of affordable housing developments. SB 679 designates specific eligible jurisdictions that shall directly be allocated funds through LACASHA. These include the County's four largest cities (Los Angeles, Long Beach, Santa Clarita, and Glendale), the unincorporated areas of Los Angeles County, and the County's COGs. SB 679 establishes that each city within a COG may potentially have its own set-aside, based on pro-rata lower income housing need. Each COG and its members would need to develop policies to allocate set-aside funds. LACASHA's enabling legislation establishes that the funds allocated to COGs are primarily to be administered by LACASHA, in collaboration with the respective COGs.

#### *BGPRHT*

SB 679 does establish that Regional Housing Trusts, including the BGPRHT, are eligible for direct allocations of funding, which would then be administered by the recipient Trust.

Since the BGPRHT is a regional housing trust that does not correspond to an existing COG, per SB 679, the LACASHA Board has the discretion to determine the appropriate pro rata funding allocation to the BGPRHT.

The Coalition has provided the City with the BGPRHT's estimated pro rata funding allocation, which would result in a projected total annual allocation of \$13.2 million (which assumes that Glendale elects to have its funds flow through the BGPRHT, rather than to receive its funding directly). Of that amount, Pasadena would receive approximately \$4.38 million annually. Attachment C contains a detailed breakdown of both the BGPRHT's funding and the estimated funding that Pasadena could receive through the BGPRHT):

**COUNCIL POLICY CONSIDERATION:**

The proposed action is consistent with the City's General Plan – Housing Element and the Five-Year Consolidated Plan. It also supports and promotes the quality of life and the local economy – a goal of the City Council's Strategic Plan.

**ENVIRONMENTAL ANALYSIS:**

CEQA excludes, from environmental review, actions that are not "projects" as defined by CEQA Guidelines Section 21065 and within the meaning of Section 15378(b). Sections 21065 and 15378 define a project as an action which may cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. Section 15378 excludes from the definition of "project" organizational or administrative governmental activities that do not result in physical changes to the environment. The actions proposed herein, taking a position of support for a ballot measure and sending letters to that effect, are organizational or administrative governmental activities that do not result in physical changes to the environment, and therefore is not a "project" as defined by CEQA.

**FISCAL IMPACT:**

If Measure A passes, Los Angeles County Auditor-Controller estimates that Measure A would generate approximately \$1.076 billion annually for homelessness services and housing production. The City would receive an estimated \$4.38 million through the Local Solutions Fund and the BGPRHT, with the potential to receive additional funding as a COC through the Core Homeless Services allocation.

Respectfully submitted,



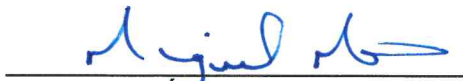
for WILLIAM K. HUANG  
Director of Housing

Prepared by:



Caroline Lockwood Nelson  
Program Coordinator

Approved by:



MIGUEL MARQUEZ  
City Manager

Attachment A: Full Text of Measure A  
Attachment B: Estimated Countywide Revenue  
Attachment C: BGPRHT & Pasadena Estimated Funding Breakdown