

# **EXHIBIT B.7: Downtown Affordable Housing Trust Fund Establishing Ordinance**

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CPC-2017-432-CPU, CPC-2014-1582-CA  
For consideration by the City Planning Commission

June 17, 2021

**ORDINANCE NO. \_\_\_\_\_**

An ordinance adding Section X.XXX to Chapter 176 to the Los Angeles Administrative Code to create the Downtown Affordable Housing Trust Fund for the receipt and use of Affordable Housing in-lieu monies.

**THE PEOPLE OF THE CITY OF LOS ANGELES  
DO ORDAIN AS FOLLOWS:**

Sec. 1. Chapter 176 of the Administrative Code is added to read as follows:

**CHAPTER 176**

**CITY OF LOS ANGELES DOWNTOWN AFFORDABLE HOUSING TRUST FUND**

**Sec. X.XXX. Creation and Administration of the Downtown Affordable Housing Trust Fund.**

a) There is hereby created and established within the Treasury of the City of Los Angeles a special fund to be known as the **City of Los Angeles Downtown Affordable Housing Trust Fund** (the **Fund**) for the purposes of receiving and disbursing monies to address the affordable housing needs of Downtown Los Angeles. The purpose of the Fund shall be the receipt, retention and disbursement of monies constituting Downtown Community Benefits Program (CBP) affordable housing in lieu-fee as defined in the Downtown Community Plan Implementation Overlay District (CPIO) Chapter II, Section II-IID. The total in-lieu payment revenues received by the City pursuant to the CPIO shall be placed in the City of Los Angeles Downtown Affordable Housing Trust Fund. The Community Benefits Program established in the CPIO acts as the revenue source for deposit in the Fund. The Fund shall be administered by the Housing and Community Investment Department (HCID).

(b) The monies from the Fund shall only be expended for the purpose of assisting in providing affordable housing within the boundaries of the Downtown Community Plan Area

(c) Money in this account shall be used exclusively for the housing needs within the Downtown Community Plan Area, for the development and preservation of affordable housing. Such activities shall include loans and grants, including but not limited to:

- (1) Activities by qualified entities to provide affordable housing;
- (2) Predevelopment activities, acquisition, development, new construction, rehabilitation and/or restoration of rental and/or ownership of affordable housing in the City of Los Angeles;
- (3) Any other activity that contributes to an increased supply of decent, safe and sanitary affordable housing in the City of Los Angeles.

(d) All monies in the Fund shall be held separately from all other funds expended

by the HCID.

(e) The Fund shall be interest bearing. Interest and any other earnings attributable to monies in the Fund shall be credited to the Fund and devoted to the purposes of the Fund.

(f) All monies loaned from the Fund shall be repaid to the Fund in accordance with the terms of the loan. The repaid principal and interest shall be placed in the Fund.

(g) Any gifts, contributions or other money received for the stated purposes of the Fund and accepted by the City in accordance with the Charter and Codes shall be placed in the Fund. All interest earnings accruing on money in the Fund shall become part of the Fund. Monies not expended from the Fund at the close of any fiscal year shall not revert to the Reserve Fund or General Fund of the City, but shall remain in the Fund.

(h) The General Manager of HCID or his or her designee shall make recommendations to the City Council for expenditures from the Fund. No expenditure may be made from the Fund without the prior approval of the Mayor and the City Council.

(i) The General Manager of HCID (General Manager) shall prepare and present to the City Council an annual report identifying all receipts into and all expenditures out of the Fund, as well as the purpose for which each expenditure was made pursuant to the Downtown Community Plan Implementation Overlay District (CPIO). Each report shall cover a fiscal year and shall be submitted within 90 days after the close of that fiscal year.

(k) All building and construction work on a development, rehabilitation, or restoration project that is the recipient of a disbursement from the Fund, to extent allowed by the law, will be performed at all tiers by contractors that (a) are licensed by the State of California and the City of Los Angeles; (b) shall make a good-faith effort to ensure that at least 30% of all their respective workforces' construction workers' hours of Project Work shall be performed by permanent residents of the City of Los Angeles of which at least 10% of all their respective workforces' construction workers' hours of Project Work shall be performed by Transitional Workers whose primary place of residence is within a 5-mile radius of the covered project; (c) employ only construction workers which possess all licenses and certifications required by the State of California and the City of Los Angeles; (d) pay their construction workers performing project work the wages prevailing in the project area determined pursuant to California Labor Code § 1770; and (e) have at least 60% of their respective construction workforces on the project from: (1) workers who have graduated from a Joint Labor Management apprenticeship training program approved by the State of California, or have at least as many hours of on-the-job experience in the applicable craft which would be required to graduate from such a state approved apprenticeship training program, and (2) registered apprentices in an apprenticeship training program approved by the State of California or an out-of-state, federally-approved apprenticeship program. For the purposes of this subsection the following terms have the meaning shown:

**"Transitional Worker"** means an individual who, at the time of commencing work on the project, resides in an Economically Disadvantaged Area or Extremely Economically Disadvantaged Area and faces at least two of the following barriers to employment: (1) being homeless; (2) being a custodial single parent; (3) receiving public assistance; (4) lacking a GED or high school diploma; (5) having a criminal record or other involvement with the criminal justice system; (6) suffering from chronic unemployment; (7) emancipated from the foster care system; (8) being a veteran; or (9) being an apprentice with less than 15% of the apprenticeship hours required to graduate to journey level in a program.

**"Economically Disadvantaged Area"** means a zip code that includes a census tract or portion thereof in which the median annual household income is less than \$40,000 per year, as measured and reported by the U.S. Census Bureau in the 2010 U.S. Census and as updated by the parties upon the U.S. Census Bureau issuing updated Median Annual Household Income data by census tract in the American Community Survey.

**"Extremely Economically Disadvantaged Area"** means a zip code that includes a census tract or portion thereof in which the median annual household income is less than \$32,000 per year, as measured and reported by the U.S. Census Bureau in the 2010 U.S. Census and as updated by the parties upon the U.S. Census Bureau issuing updated Median Annual Household Income data by census tract in the American Community Survey.

The Department of Public Works, Bureau of Contract Administration, shall bear administrative responsibilities for the labor standards required by this subsection. The requirements of this subsection, except clause (d) concerning wages, shall not apply to affordable housing developments of 25 units or less in which all units in the development except for managers' units will be affordable to and occupied by Lower Income households (as defined in Section 50079.5 of the Health and Safety Code). The requirements of this subsection, except clause (d) concerning wages, shall not apply to developments that have been issued award letters for state and/or local funding, which must include City of Los Angeles Affordable Housing Trust Fund award letters issued, prior to November 30, 2016.

On an annual basis, the Housing and Community Investment Department shall collect data, including but not limited to the number and size of affordable housing developments and number of affordable units produced. The City may, by majority vote of City Council, adjust the labor standards required by this subsection, except clause (d) concerning wages, for affordable housing developments between 26 to 50 units in which all units in the development except for managers' units will be affordable to and occupied by Lower Income households (as defined in Section 50079.5 of the Health and Safety Code), if at all, during the calendar year beginning on January 1, 2020, only upon a showing of substantial evidence, which shall include technical documentation and a detailed factual or legal basis, that such adjustments are necessary to maximize production of affordable housing with good, construction jobs that pay wages in accordance with clause (d).

Sec. 2. Severability. If any provision of this ordinance is found to be

unconstitutional or otherwise invalid by any court of competent jurisdiction, that invalidity shall not affect the remaining provisions of this ordinance, which can be implemented without the invalid provisions and, to this end, the provisions of this ordinance are declared to be severable. The City Council hereby declares that it would have adopted each and every provision and portion thereof not declared invalid or unconstitutional, without regard to whether any portion of the ordinance would be subsequently declared invalid or unconstitutional.

Sec. 3. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

Approved as to Form and Legality

MICHAEL N. FEUER, City Attorney

By \_\_\_\_\_

Date \_\_\_\_\_

File No. \_\_\_\_\_

Pursuant to Charter Section 559, I  
approve this ordinance on behalf of the  
City Planning Commission and  
recommend that it be adopted.

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VINCENT P. Bertoni, AICP  
Director of Planning

Date \_\_\_\_\_

The Clerk of the City of Los Angeles  
hereby certifies that the foregoing  
ordinance was passed by the Council of  
the City of Los Angeles.

CITY CLERK

MAYOR

\_\_\_\_\_

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Ordinance Passed \_\_\_\_\_

Approved \_\_\_\_\_