

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

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June 17, 2025

Jenny Scanlin, Chief Development Officer
Housing Authority of the City of Los Angeles
2600 Wilshire Blvd., 4th Floor
Los Angeles, CA 90057

Dear Jenny Scanlin,

RE: Jefferson Villas, Simpson-Saticoy, Independent Square and California Apartments – Letter of Technical Assistance

The California Department of Housing Development (HCD) received a letter from the Housing Authority of the City of Los Angeles (HACLA) to exempt a number of properties from the Preservation Notice Law (PNL) requirements. This technical assistance letter is in response to HACLA's letter dated April 18, 2025, regarding Jefferson Villas (1286 W. Jefferson Blvd., Los Angeles), Simpson-Saticoy (7541 Simpson Ave., Los Angeles), Independent Square (2455 S. St. Andres Pl., Los Angeles) and California Apartments (609 California Ave., Venice) ("Properties").

Background

According to HCD's records, the Properties may be reaching the end of their affordability term in 2027. Between February 27 and March 20, 2025, HCD issued Letters of Inquiry to each of the Properties, to understand the affordability status and remind owners' responsibilities under the PNL. Since that time, HCD has been in communication with HACLA regarding the Properties' ownership structure. HCD understands that Jefferson Villas is owned by Los Angeles Section 8 Jefferson LOMOD Corporation (Jefferson LOMOD) and Simpson-Saticoy, Independent Square and California Apartments are owned by Los Angeles LOMOD South (LOMOD South) which are non-profit public benefit corporations and controlled by the Housing Authority of the City of Los Angeles.

After review of HACLA letter's requesting the Properties be exempt from the notice requirements of Government Code sections 65863.10 and 65863.11, HCD finds that both Jefferson LOMOD and LOMOD South are "owners" as defined in PNL and subject to annual owner certification and the noticing requirements.

Analysis

HACLA's letter states that because Jefferson LOMOD and LOMOD South are "nonprofit public benefit corporation[s]... deemed to be controlled by a housing authority"¹ as contemplated by the Health and Safety Code and subdivisions (a) and (b) of Section 3 of Article XIII of the California Constitution, they are exempt from PNL.

HCD does not agree with this conclusion. Health and Safety Code section 34400(c) and the California Constitution do not create a general exemption to all oversight laws for nonprofits controlled by housing authorities, nor do they create a specific exemption to PNL. The exemption created by the California Constitution and the Health and Safety Code applies specifically and narrowly to exemption from property taxes. Moreover, any definition HACLA cites describing the relationship between itself and nonprofit corporations it controls applies narrowly to this section and this exemption. Nothing about the specific language or structure of Health and Safety Code section 34400 or Section 3 of Article XIII of the California Constitution contemplates any carveout from oversight for these entities beyond an exemption from property taxes.

PNL itself also does not create exemptions from oversight for housing authority controlled nonprofit entities. Government Code section 65863.13 provides the conditions under which an owner is exempt from the notice requirements outlined in Government Code section 65863.10. Eligible exemptions under this section arise pursuant to regulatory agreements recorded against the property that preserve affordable housing, using various methods. Nothing in this section broadly exempts nonprofits controlled by housing authorities, nor does the statute contemplate, extend, or extrapolate the exemption from property tax in Health and Safety Codes section 34400(c) and the California Constitution in any way.

HCD does not believe that the Health and Safety Code and California Constitution create exemptions from PNL for nonprofit corporations owned by housing authorities. On the contrary, the exemption created by these sections applies strictly to property taxes, and the definitions appurtenant to that section are also construed narrowly. For these reasons, HCD determines that both Jefferson LOMOD and LOMOD South meet the definition of "Owner" as defined in Government Code section 65863.10(a)(7). As a result, the Owners of the Properties are required to follow all steps listed below.

Next Steps

HCD is aware of HACLA's intent to renew the Mark-Up-to-Market contract for the Properties to maintain current rents. It is HCD's hope that the contracts get renewed. However, in the event that the funding program is not renewed, the affordability under the current contracts cannot end until the requirements of Government Code sections

¹ Cal. Health & Safety Code section 34400(c) (West)

65863.10 - 65863.13 are met. These requirements include but are not limited to the following:

- ☑ Three-Year Notices to Affected Public Entities and Affected Tenants, Government Code section 65863.10, subdivision (e)(2). The restrictions will not expire until three years from the issuance of this notice.
- ☑ Twelve-Month Notices to Affected Public Entities and Affected Tenants, Government Code section 65863.10, subdivision (b). The Twelve-Month Notices along with the Notice of Opportunity to Submit an Offer to Purchase (NOSOP), Government Code section 65863.11, must be issued at the appropriate time once the three-year notice has been properly issued.
- ☑ Six-Month Notices to Affected Public Entities and Affected Tenants, Government Code section 65863.10, subdivision (c)(1), must be issued at the appropriate time once the Three-year, Twelve-month and NOSOP have been properly issued.
- ☑ Registering and certifying the Properties with the [California Housing Preservation Portal \(CaHPP\)](#), Government Code section 65863.11, subdivision (n)(3)(B). Once registered, the Properties will need to complete an annual certification of compliance with affordable housing preservation laws.

If the Properties funding is renewed, noticing would not be required; however please provide us with a copy of the new regulatory agreement or contract for our records.

Failure to comply with the PNL may be grounds for enforcement action by the state (Gov. Code, § 65863.11, subd. (o)(4)). HCD provides the Owner until July 17, 2025 to provide a written response to this notice, including a proposed timeline for registering the Properties in the CaHPP portal.

HCD is here to assist you through this process. If you have questions or need technical assistance, please contact Leslie Woodman, Housing Policy Analyst, at preservation@hcd.ca.gov.

Sincerely,



Melinda Coy
Proactive Housing Accountability Chief