

THE NEED FOR TOOLS TO CREATE AFFORDABLE HOUSING IN LA COUNTY

UCLA Lewis/Ziman Center Lunchtime Lecture

By Lisa Payne, SCANPH

October 29, 2015

Gap Between Income & Housing Costs

Basic Math

- To afford the average monthly rent of \$1796 for an apartment in LA County, need to earn:
 - **\$34 per hour**
 - **\$71,800 per year**
- Median renter household income is **\$39,000** per year. More than half of renter households can't afford the average rent.
- LA Co. is short **500,000** affordable homes for households making under \$43,000 per year.

Current Strong Urban Market Intensifies Need

- Rising cost of homes in urban center, particularly around Transit.
- Neighborhoods are unaffordable to long-term residents.
- Increasingly “drive til you qualify” for rental market.

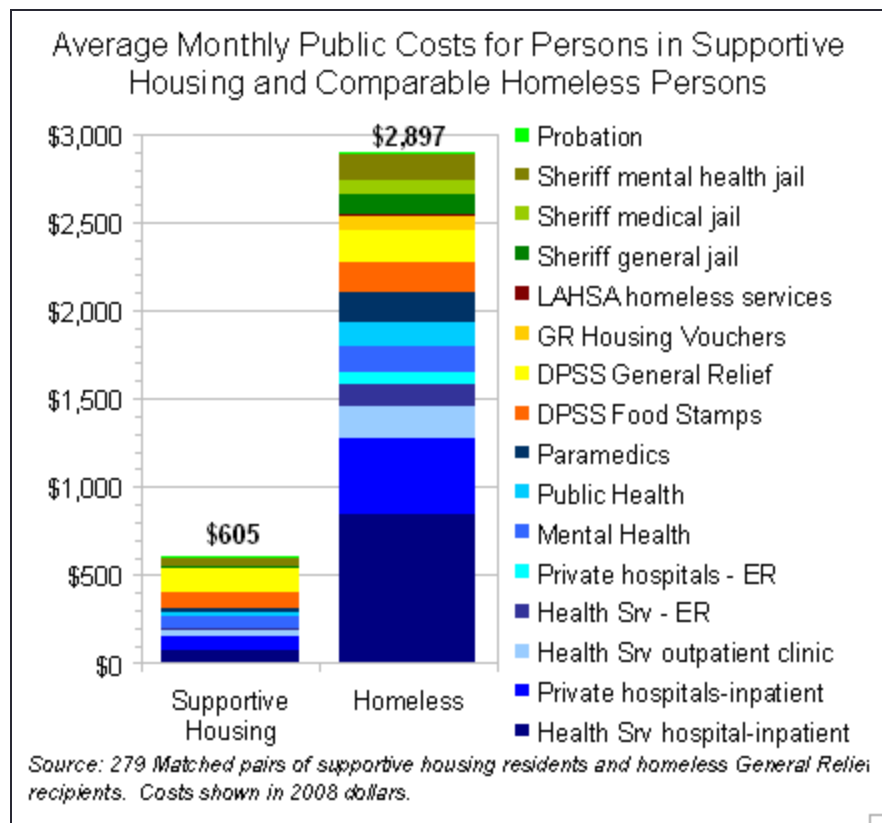
Results of Unaffordable Rents

- **LA is “Overcrowding Epicenter” of the Country**
 - Over 300,000 households with families living in overcrowded conditions.
 - Nearly 30% of the most crowded zip codes in the nation are in LA County.
- **Increasing Homelessness**
 - 44,000 homeless in LA County, up 12% from last year.
 - First big jump in homelessness came in 1980s after HUD budget cut by 77% between 1977 and 1983 and never restored.

Effects of Housing Crisis on Youth

- Children who experience homelessness have higher rates of chronic & acute illnesses & more emotional and learning difficulties.
- Children living in overcrowded homes are more likely to be held back a grade and suffer from reduced brain plasticity (important for learning & memory creation).
- Housing instability increases depression, teen pregnancy & drug use among adolescents.

Public Costs Go Down When Individuals Are No Longer Homeless



Source: Economic Roundtable, *Where We Sleep: Costs of Homelessness and Housed in LA County*.

Public costs go down when individuals are no longer homeless:

- **79%** for chronically homeless, disabled individuals in supportive housing
- **50%** for the entire population of homeless General Relief recipients when individuals move temporarily or permanently out of homelessness
- **19%** for individuals with serious problems – jail histories and substance abuse issues – who received only minimal assistance in the form of temporary housing

Need Robust Affordable Housing Tools

- **Rent-Controlled Apartments** – *no new rent-controlled apartments. In hot market, landlords try to get around. Need strong protections and strategies to expand.*
- **Public Housing Developments** – *no more currently being created. Provided homes for lowest income households on brink of homelessness.*
- **Tenant Vouchers** – *depend on landlords voluntarily taking them. Right now, 25% of LA City voucher recipients turn them back in because they can't find a landlord who will accept them.*

Need Better Affordable Housing Tools

Value Capture -- Harnessing the Private Housing Market to Build & Preserve Affordable Homes

- Legal issues with requiring mixed-income housing for apartments
- But a locality can provide building incentives to market-rate housing developers that agree to:
 - ✓ Create a substantial number of affordable homes and
 - ✓ Ensure No Net Loss of rent-controlled or other affordable apartments with development
- Important not to re-zone and give away incentives without capturing their value for public benefit.
- *Good tool in hot market with low starting densities (like job centers or areas around some transit stops in Los Angeles).*

Need Better Affordable Housing Tools

Placing Fee on Commercial & Market-rate Housing Development (“Impact Fee”)

- To compensate for future workers’ needs for homes they can afford. Fee goes into local housing trust fund.
- Cities that have include San Francisco, Santa Monica, and San Jose.
- Where fee is placed on market-rate housing development, may allow developer to build affordable homes on site instead of paying fee.

Need Better Affordable Housing Tools

- **Private Affordable Developments,** owned and operated by mission-driven developers



Affordable Developments Improve Neighborhoods



Tamara Leigh Photography



To Whom It May Concern,
 I live a block away from the Vendome Palms in Silverlake, which is owned by a Community of Friends.
 I have a local neighborhood watch group on my street and we were very concerned when we heard a center for the homeless was moving on to our street. We had fears and doubts, mostly due to our ignorance of exactly what it would be.

Although we were skeptical and not supportive of the endeavor at first, our fears were put to rest when they finally opened – on time as promised. They had an open house and introduced the residents and the facility to the community. It was hugely successful.

I was extremely impressed with the work they did in not only beautifying our street, but also providing a safe and welcoming environment for the residents who are now part of our community. The residents have been respectful, the upkeep of the building is good, and one would not at all know that formerly homeless people were living there since it seems like just another apartment building on the block – only nicer.

Santa Monica and Hollywood are two of the hottest housing markets in Southern California. Yet even these cities have vacant, blighted, and underutilized parcels, which developer Step Up on Second has replaced with beautiful modern architecture. Meanwhile, what happens inside the buildings—permanent supportive housing for the chronically homeless—is just as innovative and successful.

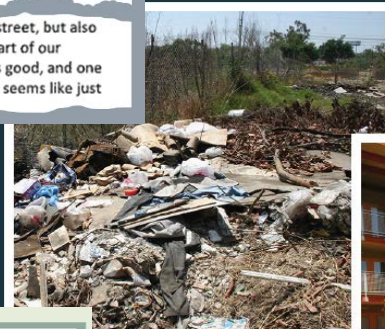
Step Up on Vine
 1057 Vine Street, Los Angeles
Step Up on Second/
 Hollywood Community Housing Corporation



Photo by Steven Spinberg courtesy of Step Up on Second



Photo courtesy of Latham Architectural



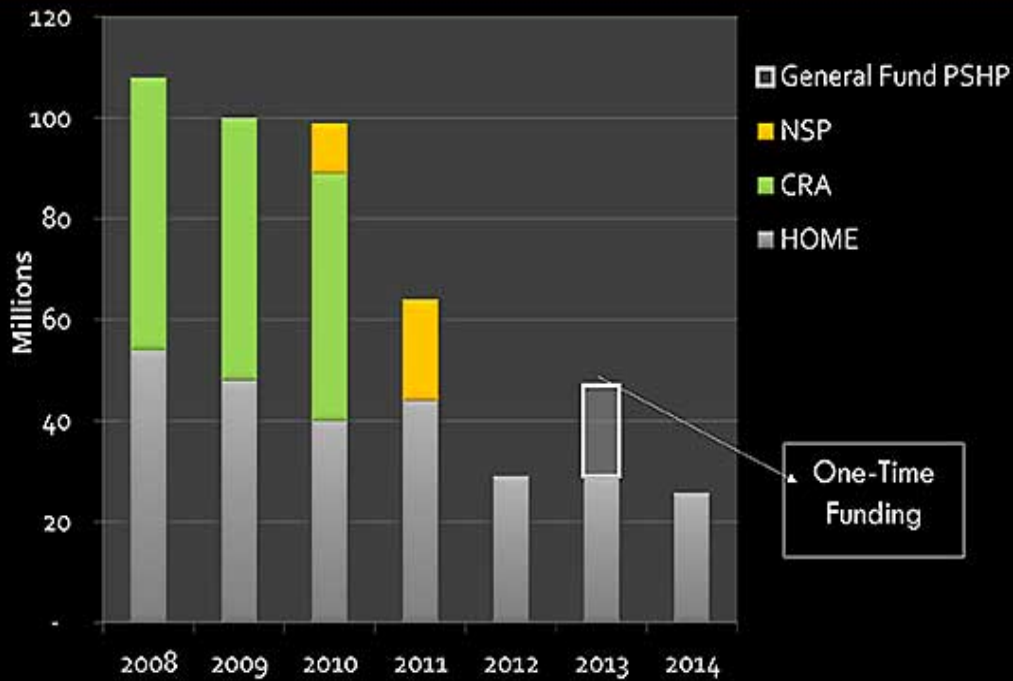
a vacant lot near a prominent intersection is a frequent site of illegal dumping. It is an environmentally friendly Leed residence for low-income seniors and is unofficially welcome to the city.

Seasons @ Compton
 15850 S. Fralley Ave, Compton
 Linc Housing Corporation



But Affordable Developments Need Public Funding -- LA City Funding Has Been Cut by 75%.

Affordable Housing Trust Fund



- From 2008 to 2014, annual funding in the Trust Fund fell from about \$108M to about \$26M.
- Senate Budget Bill would cut HOME by 90%, leaving \$3M in Trust Fund

Funds in LA County cut 80% at federal, state & local levels; \$250M lost annually due to loss of redevelopment.

TABLE 2 : CHANGE IN LA COUNTY'S MAJOR AFFORDABLE HOUSING FUNDING SOURCES FY 2007/08 TO 2012/13*

FUNDING SOURCES	FY 2007/2008	FY 2012/2013	% CHANGE
State Housing Bonds Prop. 46 and Prop. 1C*	\$247,070,862	\$10,000,000	-96%
Redevelopment Funds for Affordable Housing	\$251,148,877	\$0	-100%
Federal CDBG Funds	\$157,922,670	\$116,347,609	-26%
Federal HOME Funds	\$75,878,411	\$38,060,669	-50%
Total	\$732,020,820	\$164,408,278	-78%

SOURCES: CHPC tabulations of HCD's Redevelopment Housing Activities Report and HUD's CPD program formula allocations by fiscal year.

*Prop. 46 and Prop. 1C spending for FY 2007/2008 and 2012/2013 provided by HCD.

CORRECTION: A previous version of this report erroneously listed CDBG funds in 2007/2008 as \$158,341,789 and in 2012/13 as \$110,275,258 and HOME funds in 2007/08 \$75,878,400 and in 2012/13 as \$36,267,516. The amounts have been adjusted above.

Campaign to Allocate Former RDA Funds for Affordable Development

- SCANPH is a membership organization of developers – the campaigns we lead must have furthering affordable development as a major emphasis.
- In 2014-15, LA County received \$150 M that formerly went to Redevelopment Agencies (RDAs) throughout County.
- We wanted as much of these funds as possible to go to creating affordable homes.

Made Former Funds for Affordable Housing an Issue During Election of New Supervisor

- Formed coalition that hosted two candidates' forums in District 3 race.
- Candidate Kuehl promised to fight to dedicate a majority of the former RDA funds for affordable housing.
- As Supervisor, she hired a housing advocate and told her to make it happen.

THIS IS A NON-PARTISAN, COMMUNITY EVENT THAT DOES NOT ENDORSE OR SUPPORT CANDIDATES.

SHEILA KUEHL BOBBY SHRIVER



THE LA COUNTY BOARD SUPERVISOR
CANDIDATES'
FORUM
GET TO KNOW THE CANDIDATES IN THE
DISTRICT 3
NOVEMBER ELECTIONS

HEALTHY, SAFE, AND EQUITABLE NEIGHBORHOODS

REGISTER ONLINE!
www.scanph.org/register

OCTOBER 29, 2014 @ VALLEY BETH SHALOM
15739 VENTURA BLVD, ENCINO, 91436
7PM SHARP — ARRIVE BY 6:30 PM

Free parking in the Valley Beth Shalom Sinder Lot on Densmore, across from the synagogue.



MODERATOR: DR. RAPHAEL SONENSHEIN
Executive Director
Pat Brown Institute for Public Affairs
CA State University Los Angeles

LOS ANGELES COUNTY SUPERVISORS OVERSEE A BUDGET THAT FUNDS:

- Transportation
- Affordable Housing and Homeless Services
- Public and Mental Health & County Hospitals
- Jails, Courts, and the Sheriff's Department

District 3 includes the cities of Agoura Hills, Beverly Hills, Calabasas, Los Angeles, Malibu, San Fernando, Santa Monica, West Hollywood, Westlake Village and surrounding areas.

PARTICIPATING AND SPONSORING ORGANIZATIONS INCLUDE:



Won Historic County Investment In Affordable Housing

On Tuesday, County Board of Supervisors passed an historic affordable housing funding motion that:

- Allocates \$20 million in 2016-17 and incrementally increases the fund each year until it reaches \$100 million in 2020-21.
- Creates Affordable Housing Programs Budget Unit within the General Fund.
- Funding may or may not be tied to former RDA funds.

There is still a huge gap between what was available in 2008-09 and what is now but this goes a long way towards stopping the hemorrhaging.