

# Los Angeles County Annual Affordable Housing Outcomes Report

April 2017



# EXECUTIVE SUMMARY

## Introduction

Los Angeles County's shortage of affordable and available homes to lower-income families continues to grow. With the elimination of redevelopment agencies in 2012, in addition to cuts to federal and State funding for affordable housing, Los Angeles County leaders have acted to stem the tide of the housing affordability crisis. This report is designed to help guide the County's allocation of resources across both new and previously existing affordable housing programs. The report compiles for the first time all of the information needed to systematically analyze and address the details of the affordable housing need with greater breadth and depth than the County has previously achieved.

## Background

The Los Angeles County Board of Supervisors ("Board") adopted a Motion on October 27, 2015, to create an Affordable Housing Programs budget unit and establish a multi-year plan to provide new funding for affordable housing not already allocated to existing County homelessness or housing programs. The Motion also established an Affordable Housing Coordinating Committee ("Committee") to oversee the creation of an annual Affordable Housing Outcomes Report ("Report").

The purpose of this Report is to assess the need for affordable homes, provide a baseline of existing affordable housing investments, and recommend how to guide future deployment of affordable housing resources. The California Housing Partnership (CHPC) and the Corporation for Supportive Housing (CSH) completed a Template for the Report that the Board adopted March 30, 2016. Since that time, CHPC and CSH have engaged County departments and stakeholder groups on a routine basis to gather information, inventory and assess current County programs, and ascertain potential gaps in service. Further, the Committee, in concert with community stakeholders, has facilitated robust policy discussions regarding recommendations for future allocation of County resources given the gap analysis and inventory contained in this report.

Completing each major section of the Report involved both data analysis and robust stakeholder engagement to "ground truth" key findings and ensure sensitivity to local context. The Committee reviewed each section of the Report and solicited feedback through a series of public meetings from January through April 2017. These meetings were attended by County agency heads and managers, Board of Supervisors staff, and community advocates. The meetings provided a productive forum for participants to scrutinize findings and recommendations. The input gathered in these meetings was invaluable in finalizing the first version of the annual Report, and in ensuring that the Report is as useful as possible to the

County in furthering its efforts to confront the local housing affordability and homelessness crisis.

## Report Structure

The Report is divided into five sections that cover the following core topics:

- Section 1. Los Angeles County Affordable Housing Need
- Section 2. Inventory of Affordable Rental Housing Properties and Rent and Operating Subsidy Programs
- Section 3. County Administered Affordable Rental Housing Resources
- Section 4. Neighborhood Accessibility and Vulnerability
- Section 5. Recommendations

As outlined above, the Report first establishes a baseline of existing affordable housing need and an inventory of affordable housing investments in the County by geographic area.<sup>1</sup> This baseline can be used as a benchmark upon which to track progress moving forward. The report then uses these findings as a basis for making recommendations for how the County should guide future affordable housing investments.

## Key Findings (Sections 1 - 4)

The County of Los Angeles and partner local jurisdictions have expended significant effort and resources working with developers and service providers to address the affordability and homelessness crisis over the years. By investing locally controlled funding into affordable housing production, preservation, and rental and operating subsidies, as well as promoting policies such as inclusionary zoning and density bonuses, the County has helped these housing providers leverage State and federal resources sufficient to create 109,000 affordable homes and to assist more than 107,000 households maintain affordable housing through various forms of rental assistance.

Unfortunately, although the existing inventory of affordable homes and rental assistance programs in the County are helping stem the tide of homelessness and address the affordability crisis, they are not commensurate with the need for affordable homes, which extends well beyond the 47,000 officially homeless. ***The Report finds that the County needs to add more than 550,000 affordable homes to meet current demand among renter households at or below 50 percent of Area Median Income (AMI).***

The report further finds that nearly all lower income renter households in the County are severely cost-burdened, meaning they spend more than half of their income on rent and are in

---

<sup>1</sup> The County directed the Authors to use Service Planning Areas (SPAs) as the geographic lens for assessing needs and resources.

danger of becoming homeless. This includes 92 percent of those who are Deeply Low Income (DLI), 73 percent of those who are Extremely Low Income (ELI) and 42% of those who are Very Low Income (VLI).<sup>2</sup> Meanwhile, virtually no higher-income households are severely cost-burdened and the vast majority—including 92 percent of renter households with incomes above 120 percent of AMI—spend less than 30 percent of their income on rent.

Affordable housing in Los Angeles County is created by combining local, state, and federal funding together in the same properties—by necessity to overcome the high costs involved—as well as through local policies, and rental and operating subsidy programs. The Report provides an inventory of current affordable housing resources and identifies rental properties at both the county and SPA level that are at ‘high’ or ‘very high’ risk of being converted to market rate units within the next five years, according to the California Housing Partnership’s latest assessment. The Report notes that a perfect storm of rising rents and expiring restrictions have put the County at risk of losing nearly 14,000 existing affordable homes if strong action is not taken, potentially worsening the current crisis.

The Report shows that the County’s existing inventory of affordable housing is almost entirely located within the transit-accessible neighborhoods—including in transit-rich areas where gentrification was most prominent from 2000 to 2013. The Report describes an innovative tool for evaluating and siting new and preserving existing housing – the Low-Wage Jobs-Housing Fit. The Low-Wage Job-Housing Fit is the ratio of low-wage jobs to affordable housing in an area. The County’s existing affordable housing stock is concentrated in areas with relatively good jobs-housing fit. The County’s investments to date, while achieving the important goal of helping to address regional supply issues, may not have helped expand housing options for low-income households into areas with poor fit that are relatively inaccessible to them.

New resources—some of them locally generated, such as the County’s Measure H funds and the City of Los Angeles’s Measure HHH funds—present a critical opportunity to create tens of thousands of new affordable homes. However, the Report’s findings and recommendations underscore the urgency for further affordable housing investment, as well as the imperative to target housing resources to the County’s most vulnerable populations in greatest need given the limited affordable housing resources available.

## Recommendations (Section 5)

The recommendations included in the Report are grounded in the detailed needs analysis and assessment of the existing inventory referenced above, and are aligned with the Board directive to support the production and preservation of affordable homes, including workforce housing and permanent supportive housing, for very low and extremely low-income or homeless households. The recommendations are also intended to complement current County affordable

---

<sup>2</sup> DLI is Deeply Low Income or 0-15% of Area Median Income; ELI is Extremely Low Income or 16-30% of AMI; VLI is Very Low Income or 31-50% of AMI.

housing initiatives, and maximize the efficiency of the County's new investments to meet the need for additional priority populations who are under-served relative to their need for affordable homes.

Multiple recommendations relate to the need to develop and preserve affordable housing that serves the lowest income households in the County, who have the highest need for affordable homes. They also urge the County to balance its existing priority to serve homeless and other special needs populations with a new commitment to serve the lowest income households who do not have special needs and are likely underserved relative to their need for affordable homes. Additional recommendations relate to the need to preserve affordable housing properties that are at high risk of converting to market rate in the next five years—a strategy that can cost half to two-thirds as much as new construction. Still other recommendations discuss the need to geographically target affordable housing investments and to maximize leverage and alignment with local, State, and federal low-income housing programs to increase affordable housing resources.

The recommendations are summarized as follows:

1. Income and Population Targeting
  - a. Focus New Funding on the Lowest Income Households
  - b. Focus New Funding on Non-Special Needs DLI, ELI, and VLI Households
2. Shallow Project-Based Operating Subsidy for Non-Special Needs DLI and ELI Households
3. Preservation of Existing Affordable Housing Resources
  - a. Provide Gap Funding to Preserve At-Risk Properties
  - b. Actively Track Preservation Risks
  - c. Provide Preservation Technical Assistance
4. Leverage Local, State and Federal Resources
  - a. Create a 1-Stop Application for Permanent Supportive Housing
  - b. Maximize Use of Federal Low-Income Housing Tax Credits
  - c. Increase Competitiveness for the Affordable Housing and Sustainable Communities Program
  - d. Increase Competitiveness for the Veterans Housing and Homeless Prevention Program
5. Geographic Targeting
  - a. Expand Choices and Access to Opportunities for Families with Children
  - b. Use Best Practices in Siting Permanent Supportive Housing
  - c. Prioritize Sites Accessible to Transit and Key Amenities
6. CDC Notice of Funding Availability (NOFA) Changes
  - a. Avoid Imposing Additional Requirements
  - b. Make Creation and Preservation of Affordable Housing for Non-Special Needs DLI, ELI, VLI, and LI Households Eligible for NOFA Funding

Taken together, the recommendation in this Report represent a subtle but important shift in the County's focus and resource investments. The two largest proposed new initiatives are the creation of the Shallow Project Based Operating Subsidy and the Preservation of Existing Affordable Housing. The timely and successful implementation of these two initiatives in particular will require the commitment and cooperation of multiple departments.

The County has indicated that it will work with stakeholders to discuss, evaluate, and prioritize the recommendations included in this Report. In addition, the Board and the Committee will use this first annual Report as a baseline against which to measure progress and revise its analysis through future versions of the Report in subsequent years.

## Dashboard: Countywide Snapshot

<b>County Profile + Affordable Housing Need</b>	
<b>Total Population in Occupied Housing Units (2015 ACS 1-Yr Estimate, Total Population in Occupied Housing Units by Tenure)</b>	9,995,860
<b>Total Population in Owner-Occupied Housing (2015 ACS 1-Yr Estimate, Total Population in Occupied Housing Units by Tenure)</b>	4,779,808
<b>Total Population in Renter-Occupied Housing (2015 ACS 1-Yr Estimate, Total Population in Occupied Housing Units by Tenure)</b>	5,216,052
<b>Affordable Home Deficit for Deeply Low-Income (DLI) Households</b>	-148,960
<b>Affordable Home Deficit for Extremely Low-Income (ELI) Households</b>	-225,887
<b>Affordable Home Deficit for Very Low-Income (VLI) Households</b>	-176,960
<b>Cumulative Deficit of Affordable Rental Homes for DLI, ELI, and VLI Households</b>	-551,807
<b>% of DLI Households that are Severely Rent-Burdened</b>	92%
<b>% of ELI Households that are Severely Rent-Burdened</b>	73%
<b>% of VLI Households that are Severely Rent-Burdened</b>	41%
<b>Total Homeless Population (2016)</b>	46,874

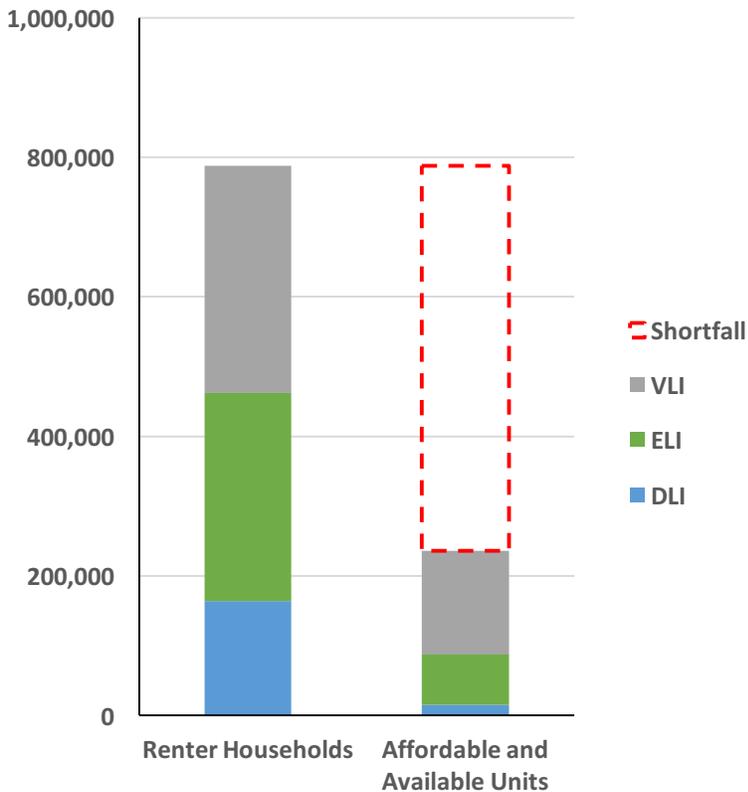
<b>Affordable Housing and Rental Assistance in the County</b>	
<b>Affordable Housing Properties (2016)</b>	2,275
<b>Affordable Homes (2016)</b>	107,638
<b>At-Risk Affordable Housing Properties (2016)</b>	232
<b>At-Risk Affordable Homes (2016)</b>	13,883
<b>Public Housing Units (2016)</b>	10,129
<b>Households receiving Rental Assistance (2016)</b>	107,092

<b>County Capital Funding for Affordable Housing Development and Preservation</b>	
<b>County Community Development Commission (CDC) Capital Budget for Affordable Housing in FY 2016-2017</b>	\$27,186,500
<b>County Department of Mental Health (DMH) Capital Investments committed in CY 2016</b>	\$14,162,397

<b>Regional Housing Needs Allocation (RHNA) Production Versus Goal (County)</b>	
<b>2014-2021 RHNA Goal for ELI/VLI Households</b>	7,655
<b>Production to Date of Affordable Homes for ELI/VLI Households</b>	226
<b>2016 Production for ELI/VLI Households</b>	35

State Capital Funding Available to County Developments in CY 2016	Awarded Statewide	\$ Awarded in LA County <sup>3</sup>	% Awarded in LA County
9% Federal Tax Credits awarded <sup>4</sup>	\$98,884,477	\$29,458,711	29.79%
4% Federal Tax Credits	\$229,615,414	\$40,622,045	17.69%
State Tax Credits	\$94,072,754	\$27,226,965	29.94%
Affordable Housing and Sustainable Communities (AHSC)	\$295,252,840	\$64,572,388 <sup>5</sup>	21.87%
Veterans Housing and Homeless Prevention (VHHP)	\$116,102,795	\$56,291,020	48.48% <sup>6</sup>
No Place Like Home (NPLH)	\$0 <sup>7</sup>	\$0	0%
National Housing Trust Fund (NHTF)	\$0 <sup>7</sup>	\$0	0%

### Affordable Home Shortfall in Los Angeles County (2016)



<sup>3</sup> Include awards to incorporated areas including the City of Los Angeles.

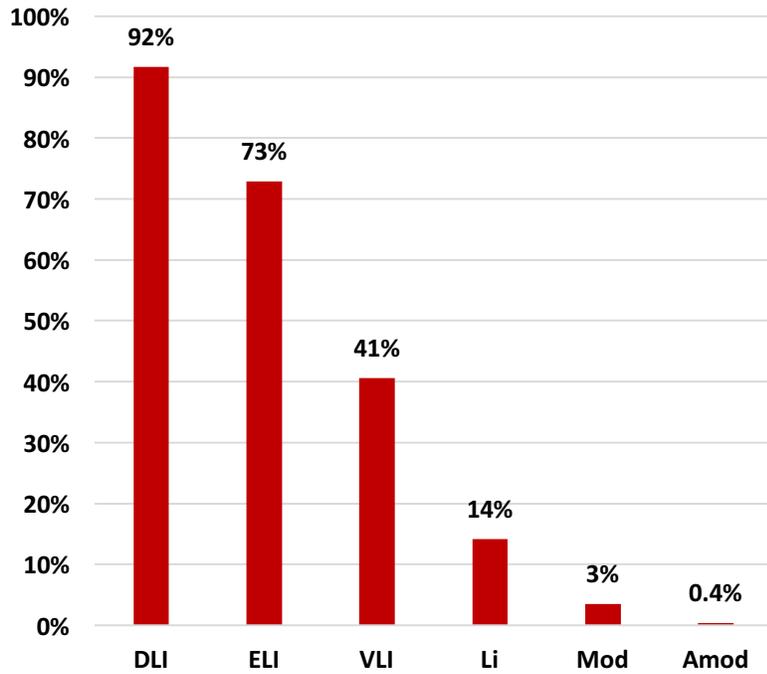
<sup>4</sup> Net value of 9% Tax Credits awarded is approximately ten times the annual award.

<sup>5</sup> All AHSC funds were awarded within the City of Los Angeles.

<sup>6</sup> State target for Los Angeles County in 2016 was 31%.

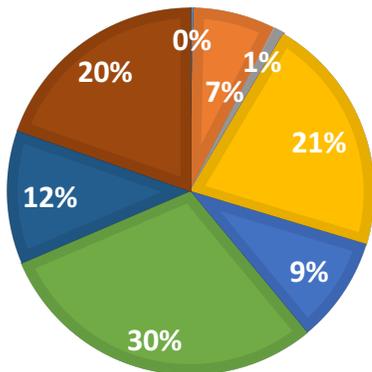
<sup>7</sup> No funds were available in 2016; funds expected to be awarded in 2017.

**Severe Rent Burden (Paying >50% Income on Rent) in Los Angeles County (2016)**



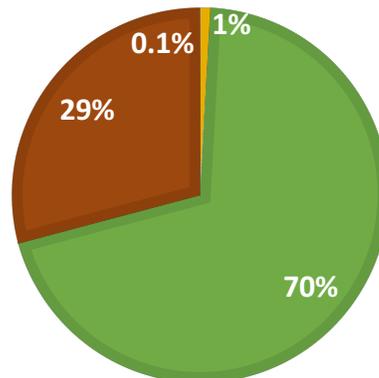
**Public Housing Dwelling by SPA**  
10,129 Homes

- SPA 1    SPA 2    SPA 3    SPA 4
- SPA 5    SPA 6    SPA 7    SPA 8

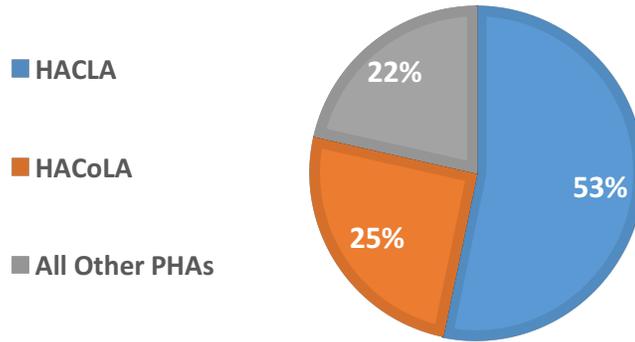


**Public Housing Dwellings by PHA**  
10,129 homes

- Baldwin Park    Lomita
- HACLA    HACoLA



**Total Housing Choice Vouchers allocated (2015)**



**Individuals Housed by HACOLA Programs (2016)**

92,996 Individuals

- Housing Choice Voucher Program
- Project Based Voucher Program
- Veteran Affairs Supportive Housing Program
- Shelter Plus Care/Continuum of Care (S+C/CoC)
- Section 8 Family Unification Program (DCFS)

