

*To: Los Angeles City Council and Mayor Eric Garcetti*  
*Fr: Healthy LA Coalition*  
*Re: Housing Proposals for City of Los Angeles FY 2020-2021 Budget*  
*Dt: June 4, 2020*

The Healthy LA Coalition is a network of more than 320 advocacy organizations, worker centers, labor unions, service providers, religious congregations, community groups, affordable housing developers, public interest lawyers, public health and safety organizations, and many more uniting to propose concrete solutions to the many hardships caused by the COVID-19 pandemic.

Our coalition writes to inform the ongoing discussion regarding changes to the City of LA budget adopted on Monday, June 1. We appreciate the motion to Council that proposes reallocating between \$100 million and \$150 million from the police budget to be reinvested in communities of color impacted by policing. This is a good start but you must go further.

The City's budget should be a reflection of our collective priorities and values. If we want impactful outcomes that will address the needs of the most vulnerable Angelenos, we need deep and systemic change to how we approach the budget. We stand with our partners in the People's Budget LA coalition in demanding a drastic change in our city's priorities; divesting from the police and investing in human-centered services, particularly housing.

Our communities were already facing the nation's worst housing and homelessness crisis before the COVID-19 pandemic; 36,300 unhoused Angelenos within the City of LA, 57% of renters in the City of LA being rent burdened, with the median renter income in the City of LA at \$48,253 (2018 ACS Data). The subsequent Stay at Home order led to skyrocketing unemployment, job insecurity and financial disaster for countless Angelenos. We may now face evictions and homelessness on a scale we have never seen unless the City Council acts boldly and quickly for housing justice.

This crisis is deepening right as Los Angeles is drafting a new Housing Element to meet new Regional Housing Needs Assessment targets, and is also responsible for enacting our Affirmatively Furthering Fair Housing plan. The City of Los Angeles, under their latest draft Regional Housing Needs Assessment, must plan for 115,989 very-low income units and 68,257 low-income units over the next decade, starting in 2021. This amounts to 23,033 affordable units per year. The City is bound by legislation such as AB 686 and SB 35 to focus on providing hundreds of thousands of deeply affordable homes to Angelenos, and to take concrete, time-bound and measurable steps to enact fair housing. It is abundantly clear the only path forward is new, bold, well-funded, and well-staffed programs.

We must prepare for the inevitable threat of evictions and displacement that will happen once the tenant protections that apply only during the COVID-19 emergency order are lifted. We offer the following program and budget proposals to begin a conversation with LA City Council. Our vision is that we initiate new programs this year, aggressively advocate for more state and federal resources, make deeper cuts to the police budget and scale up to a greater number of homes in subsequent budgets.

**Fully fund and implement a Right to Counsel and Eviction Defense Program immediately.**

As tenants continue to call for a codified right to counsel, the City should invest in a fully-funded Eviction Defense Program that includes legal defense, tenant outreach and education and targeted rental assistance. Every tenant who faces the destabilizing threat of eviction should have the right to an attorney. Better yet, many evictions can be prevented when tenants know their rights and how to exercise them. Communities are strongest when families can remain in their homes without fear of displacement. And, often, the most affordable housing is the housing tenants already have. Investment in services to keep thousands in their homes each year will save the City far more than the cost to do so.

**Fully fund HCID and exempt from hiring freeze to ensure the enforcement of tenant protections.**

Making cuts to the Housing and Community Investment Department budget or staff time during a time when an unprecedented wave of evictions is being forecast would be disastrous. Instead, additional staff need to be hired to implement recent tenant protection policies such as AB1482, SB 330, SB 2 as well as manage current programs that enforce the Rent Stabilization Ordinance, the HHH program, and programs we anticipate such as the Tenant Anti-Harassment Ordinance and the Eviction Defense Program.

In order to make these necessary hires, HCID must be exempt from a hiring freeze, department cuts and furloughs. Additional staffing is necessary to ensure the City's commitment to protecting tenants does not fail due to a lack of resources.

**Acquire and rehabilitate 1,500 multi-family and 500 single family homes for affordable housing.**

As HHH and the subsequent production of permanent supportive housing has made clear, new housing is incredibly expensive to build, particularly in Los Angeles. Acquisition and rehabilitation of distressed properties that are then set aside for low-income families is far more cost effective than new construction and keeps communities from gentrifying and experiencing displacement. To meet the need, an aggressive program is a necessity. A clear target is housing which is not currently owned by a mission-driven housing non-profit whose affordability covenants under the Low-Income Housing Tax Credit or Project-Based Section 8 programs are expiring or set to expire in the City. Additionally, despite important actions that the City should take to stabilize lower-income homeowners and 'mom&pop' landlords, many privately-owned single family homes and small and medium multifamily rental properties will face financial distress: landlords exit the rental market due to default on their mortgages, shifts in their own economic situation that requires them to withdraw equity from their properties, or because they do not find their housing rental businesses to be profitable during the recovery period. We cannot afford a repeat of the mistakes of the 2008 foreclosure crisis, which robbed Black and Brown communities of wealth, contributed to steep increases in housing unaffordability, and spurred our current homelessness catastrophe. We must prevent a wave of acquisitions by speculative investors who will seek to benefit financially from the economic devastation to our County, its businesses and its residents precipitated by COVID-19.

Healthy LA has prepared and submitted to Council and Mayor Garcetti a detailed memo outlining a strategy to acquire and rehabilitate at risk “Naturally Occurring Affordable Housing” (NOAH) to ensure that these properties remain affordable and, where possible, are transitioned into permanent community ownership. [Please see this link to read our memo.](#)

The City should increase its funding to existing programs that will leverage affordable ownership by local low to moderate income residents and nonprofits, and seek to retain its investment for the benefit of both future and current households, which it can do by prioritizing or requiring permanent affordability. As part of this proposal, Los Angeles should budget to build the capacity of community-based organizations that are equipped to steward community ownership - via tenant associations, community land trusts (CLTs), and other mission-aligned housing organizations. There is already a growing movement for land trusts in the City, which can play a critical role in a robust City strategy to actively counter another wave of speculative corporate acquisitions like what we faced after 2008; these should be directly supported with capacity-building funding and partnerships. Homeownership programs tailored to low- and moderate-income buyers should be scaled up, with a plan to provide for asset-building while protecting against speculative and predatory practices.

The acquisition/rehab program should start immediately and be brought to scale. For the next fiscal year the City should aim to start and expand upon an aggressive and bold program and aim for 1500 multi-family units and 500 single family homes to be acquired and rehabilitated. The City can and should be the conduit for growing public/private partnerships with local lenders and employers who will have vested interest in growing this kind of programming.

### **Pilot a Social Housing Program**

Social housing provides publicly-financed healthy and affordable housing options in perpetuity. Various models from throughout the world include mixed-income housing built and operated through partnerships between public and non-profit agencies. Democratic governance by residents in social housing can provide a sustainable approach to fostering community leadership.

Councilmember Mike Bonin introduced two motions in early 2020 calling for a social housing pilot program. In FY 2020-2021, the City should budget for and initiate a social housing program that would grow over time. A strong ecosystem of organizational and institutional partners currently exist to support these goals. The City of LA should budget for this pilot, immediately convene these stakeholders and put immediate next steps in place to pilot a social housing program.

### **Meet meaningful goals to build more affordable housing during this fiscal year.**

New affordable housing construction, especially in historically exclusionary neighborhoods, serves as an important mechanism to house individuals and families experiencing homelessness as well increasing access to jobs and schools for families currently living in substandard housing. While new affordable housing is more expensive than the acquisition of existing properties, utilizing the 4% Low-Income Housing Tax Credit can reduce the cost of new construction. Funding the construction of new affordable housing units is essential to meet the City of Los Angeles’s housing need for very low income and

extremely low income households. By providing a subsidy of \$195,000 per unit, the City can spur the construction of 1,000 new affordable housing units for a total cost of \$292,500,000.

To the greatest degree possible, affordable and permanent supportive housing should be constructed under a Construction Careers Policy with a Community Workforce Agreement and Targeted Local Hire Programs, in order to create good quality jobs accessible to those who need them most.

**Fund services for supportive housing.**

The City should commit general funds dollars to pay for services in housing that will be acquired with federal money including funds dispersed through the CARES Act.

The City needs to create 10,000 units of supportive housing **in addition to** the HHH pipeline (approximately 8,700 units currently financed) in order to bring the entire chronically homeless population indoors. Los Angeles must use a combination CARES Act and general fund revenues to finance and operate these units.

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We look forward to hearing your feedback on this memo and the following appendices. Note that our Healthy LA partners in the worker rights movement will be following with a memo specific to needs regarding worker rights over the next weeks.

It is imperative to invest in the future of this city. Safety for the people we serve is not rooted in the number of police officers in the neighborhood; it is rooted in people's ability to have a roof over their head, food on the table, and access to the amenities that have been afforded to those not subject to systemic, racist policies such as redlining. The budget of the City we all care deeply about must prioritize the needs of its people, and we are calling for the investment of meaningful, sustainable, and affordable housing infrastructures for our most vulnerable Angelenos.

**Appendix A**

<b>Housing Proposals for City of Los Angeles FY 2020-2021 Budget</b>				
<b>Program</b>	<b>Description</b>	<b># Units</b>	<b>Cost per Unit</b>	<b>Amount Requesting</b>
Acquisition/Rehab (multi family)	Funds to acquire properties to be made permanently affordable	1,500	\$310,000.00	\$465,000,000.00
Acquisition/Rehab (single family)	Funds to acquire properties to be made permanently affordable	500	\$450,000.00	\$225,000,000.00
Social Housing	Pilot Program for publicly owned property	500	\$531,373.00	\$265,686,500.00
Affordable Housing	City subsidy for new construction to be managed by nonprofits	1000	\$195,000.00	\$195,000,000.00
Services for Supportive Housing	Services in the housing that will be acquired with federal money	10,000	n/a	\$50,000,000.00
Right to Counsel / Eviction Defense Program	Legal defense, tenant outreach and education and targeted rental assistance	n/a	n/a	\$70,000,000.00
CLT initial capacity building	Staffing and training for CLTs currently active in City of LA	n/a	n/a	\$1,250,000.00
	<b>Total</b>	<b>13,500</b>		<b>\$1,271,936,500.00</b>

**Appendix B**

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