Affordable Housing in L.A.

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Affordable v. Market-Rate

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Affordability crisis

- 43,000,000 renters
  - 21,000,000 pay 30% of income to rent
- 1,300,000 homeless students
- Poverty rate: 23% in Calif. (highest in USA)
  - Los Angeles: 50%
  - Median income: $58,000 family of four

Affordability funding

- Ownership: No active, substantial programs
  - Calif. BEGIN: Lower interest rates
- Rental: HUD vouchers
  - Rental assistance
- Rental: No subsidy for 10% affordable projects (higher rents on market-rate units)
- Rental: Tax credits - 1986 established by IRS
  - Equity source for developers (banks, companies)

Tax credits

- Funded 1/3 of all apartments since 1986 on $100,000,000 total investment
  - Annual: $6,000,000,000 in funding > 100,000+ units
- – California Tax Credit Allocation Committee (9%)
  - More difficult to get, needs less subsidy, lower rents
- – California Debt Limit Allocation Committee (4%)
  - Easier to get, needs more subsidy, higher rents.
- L.A. builds 8-10 projects (750 units) annually
  - – Requires local funding “match” = $80,000+ / unit

Tenants

- Families, seniors, special needs (veterans, homeless, mental illness)
- Family of 4 rent for 2-bedroom apartment:
  - <30% AMI: $25,500 income - $575 rent
    - Require HUD / County vouchers
  - 45% AMI: $38,500 income - $865 rent
  - 60% AMI: $51,250 income - $1,150 rent
- Jobs: Healthcare workers, cashiers, busboys, laborers, janitors, stockboy

Where is it built

- 9%: Nearby site amenities
  - Rapid Bus/ subway/ light-rail
  - School
  - Park
  - Library
  - Market
  - Senior center
  - Hospital
- 4%: Fewer amenities, no services required

Funding

- $30,000,000 budget (development & construction)
- 100 units
- Capital stack/ funding structure
  - $16,000,000 tax credit equity
  - $ 9,000,000 City "match" (HCID)
  - $ 4,000,000 Calif. TOD/urban infill funds

Costs

- Just as expensive as market-rate
- 100 units = $30,000,000
- Underground parking ($25,000 / space)
  - 100 spaces = $2,500,000
  - 200 spaces = $5,000,000 (need more subsidy)
- LEED/green: +3% construction
- Land: $7,000,000 / ac.
  - No discount for affordable (need more subsidy)
- Social services budget

Benefits "Doing it Right"

- Award-winning architects
- Established developers (TCAC requirement)
  - Market-rate experience
  - Strong company finances - no foreclosures
- Non-profit development partner
- LEED certification required
- Reduce commute for low-wage workers
- Prevailing wage for construction labor

Benefits “Doing it Right”

- Tough tenant qualification
  - Criminal and credit background checks
  - Required to work (not vouchers)
- Onsite manager
- Active eviction policies
- Social services / case management
- Computer, finance, nutrition classes
  - Goal is to move out into market-rate housing

Benefits “Doing it Right”

- New housing for existing residents
  - Reduce overcrowding, unsafe garages
- Move up to market-rate/ home ownership
  - Reduce public assistance
- More units vs. more parking

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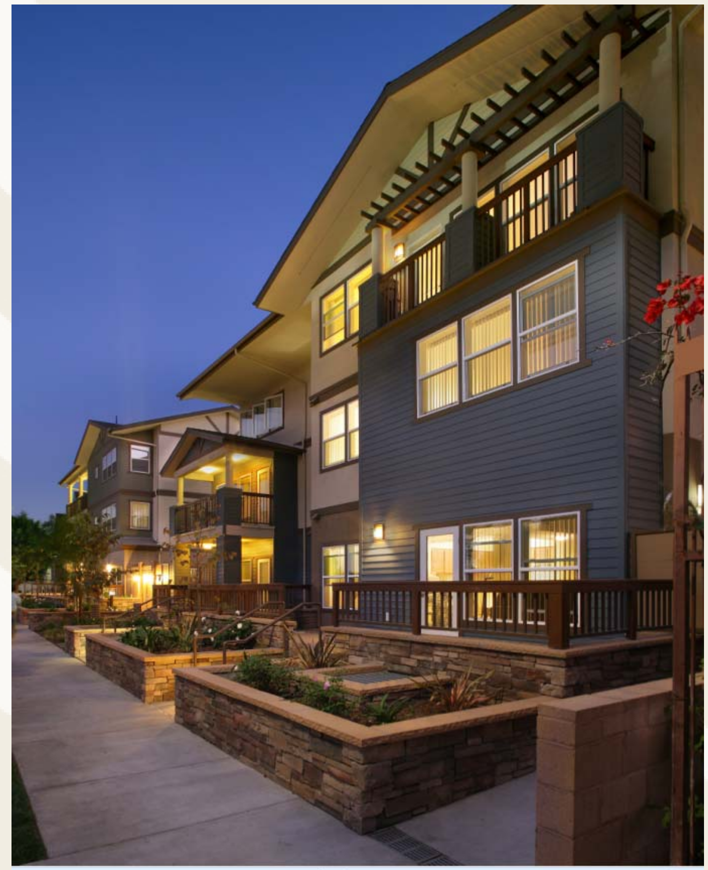

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