

Summary | CCA White Paper

Building Affordable Housing at Scale: Delivering More Housing for Vulnerable Populations, Faster

OVERWHELMING DEMAND FOR AFFORDABLE HOUSING

Los Angeles grapples with serious, interconnected homelessness and housing crises. Home to the largest unsheltered population in the nation, LA's Regional Housing Needs Assessment (RHNA) highlights the magnitude of the challenge:

- Over 57,000 units of new housing are needed each year for the next eight years.
- Of that total, more than 23,000 affordable housing units each year are needed for the most economically vulnerable Angelenos, a target over five times the city's peak year for affordable unit approvals.

SYSTEMIC PROBLEMS OF SCALE AND INEFFICIENCY

Industry expertise and intensive research show numerous combined factors yield only approximately 65 units per each 100% affordable housing project, which will likely make up at least half of the 23,000 units annual target (assuming the other half will come from mixed-income programs). At the current scale of building, fulfilling LA's affordable housing deficit means that at least, but likely more than, 139 additional 100% affordable housing development projects would need to be built each year for the next eight years.

The layered systemic factors and barriers resulting in moderately scaled affordable housing and slower delivery include:

- Outdated, complex zoning and land use limitations
- Restrictions on construction materials like prohibiting mass timber in dense, vertical areas of the city
- Article 34 of California's constitution which requires voter approval to build publicly funded housing
- Development cost and risk drivers like the high cost of land in desirable LA, labor costs, community opposition to projects and public perception of large-scale affordable housing
- Limited, highly competitive public funding sources with disincentives for larger projects and requirements to obtain numerous funding sources

Modeling What's Possible

LA's Weingart Center – longtime homeless service provider committed to empowerment and transforming lives – will deliver three larger-scale affordable housing projects, totaling nearly 700 units, more than three times the amount of average scale affordable housing projects. These projects are the exceptions to the norm but emphasize dignified design and services while matching the magnitude of the need.



Rendering of Weingart Towers in Downtown Los Angeles. Image Source: Weingart Center Association

ENCOURAGING LARGER AFFORDABLE HOUSING PROJECTS AND UNLOCKING PRIVATE FUNDING TO HELP ALLEVIATE THE CRISIS

CCA recommends that policymakers and industry leaders work together to increase the pace and volume of affordable housing development, including encouraging larger scale affordable housing projects and greater leveraging of private-sector funding. Recommendations include:

Zoning, Land Use and Building Regulations

- Adopt an Affordable Housing Overlay which would create land use incentives for building larger affordable housing projects in accessible areas with transportation and community resources.
- Eliminate/reform Site Plan Review so that it does not disincentivize larger-scale infill projects.
- Allow 100% affordable projects on public and religious-owned land by-right.
- Update Fire District 1 to allow mass timber.

Cost Factors

- Work with labor unions to establish appropriate approaches to project labor agreements; identify opportunities to ensure living wage for construction workers while encouraging more units to be delivered per project.

Funding Sources

- Provide more opportunities for single-source funding or larger shares of project equity.
- Revise funding caps and developer fees to be more supportive of larger, denser projects.
- Enable more privately funded 100% affordable housing through partnerships with private developers and companies, philanthropic organizations and Community Development Financial Institutions, and by targeted measures like amending the California Property Tax Welfare Exemption.
- Expand local flexible housing voucher options, like LA County's Flexible Housing Subsidy Pool.

Summary of Recommendations by Funding Source

Publicly-Funded

- Support Statewide repeal of Article 34 of the California Constitution, and increase affordable housing capacity for City of LA as a backstop
- Work with labor unions to establish appropriate approaches to Project Labor Agreements
- Create and/or realign funding sources to provide single-source or larger shares of equity
- Revise funding caps and the structure of developer fees to reward larger, denser projects that more efficiently produce housing

Privately-Funded

- Adopt an Affordable Housing Overlay and ensure it exceeds Density Bonus and TOC program incentives and reconciles program differences
- Eliminate Site Plan Review thresholds or realign them with more appropriate environmental metrics like VMT instead of a hard unit count
- Allow 100% affordable on public and religious-owned land by-right
- Update Fire District 1 to allow mass timber
- Expand local flexible housing voucher options, like the County's Flexible Housing Subsidy Pool (FHSP)
- Work with the private sector, CDFIs and philanthropic organizations to create more innovation and opportunity for 100% affordable housing and PSH without public subsidy
- Amend the California Property Tax Welfare Exemption to no longer require affordable housing to obtain public subsidy, unlocking greater potential for privately financed affordable housing