HOMELESSNESS WHITE PAPER

HOUSING NOW!
COST-EFFECTIVE, RAPIDLY DEPLOYABLE, AND SERVICE-INTEGRATED HOUSING SOLUTIONS

JANUARY 2023
EXECUTIVE SUMMARY
EXECUTIVE SUMMARY: DEFINING HOUSING NOW

In Summer 2022, the Urban Land Institute-Los Angeles convened a regional summit to address the unprecedented homelessness crisis in Southern California and discuss immediate housing solutions. With more than 69,000 individuals experiencing homelessness in Los Angeles County according to the Los Angeles Homeless Services Authority (LAHSA) 2022 Homeless County, the crisis demands Housing Now! Immediate housing solutions are needed along with systemic changes and continued development of rent-stabilized affordable housing. While the causes of individual homelessness vary, compelling studies by University of Washington Professor Gregg Colburn confirm that high levels of regional homelessness in Southern California spring from two factors: high rents and low housing vacancies.

Housing Now can be defined as housing that is cost-effective, rapidly deployable, and integrated with services. Housing Now encapsulates a full continuum of options including shorter-term congregate opportunities, intermediate dwellings, and long-term housing solutions.

Rapidly deployable

1. **Speed saves lives.** Traditional permanent supportive housing projects are taking three to six years to complete today. Municipal planning departments can approve templates for emergency, bridge, and interim building models to assist with rapid deployment.

2. **Portable projects to meet changing needs.** Projects should be portable to evolve as populations change, in addition to using recycled materials and modular construction.

3. **Ensuring quality, compassion, and habitability in all projects.** Municipal building and safety departments and project developers need to work together to expedite reviews and approvals to meet the urgency of the crisis.

Integrated with services

1. **The right care at the right time.** Projects need to integrate roles for service providers, case managers, hospitals or street medicine units, pet service organizations, and other wellness organizations to ensure trust is built and kept with individuals accepting housing.

2. **Defining the effect of no-effect.** Most unhoused individuals are already suffering from trauma, and that trauma is exacerbated daily by the impacts of being unsheltered. While housing only cannot address all of society’s systemic failures, policymakers need to reassess the impact of letting indigent individuals languish outside.

3. **Eliminating silos in public-private partnership models.** Foundations, nonprofits, and contractor organizations are the frontlines of working with unhoused individuals. While ensuring accountability and standards of care, agencies need to reduce barriers for public organizations to partner with private sector funders.

Cost-effective

1. **Appropriate design to drive down per-unit costs.** Housing Now solutions need to regain public confidence and trust by bringing down the cost per bed in Southern California.

2. **Reducing predevelopment costs.** Predevelopment activities include site control, site acquisition, engineering studies, architectural plans, permits, and site preparation. It is critical to streamline permitting for infrastructure or adaptive reuse rehabilitation.

3. **Reducing construction and building materials costs.** Modular, human-centered designs can help streamline construction timelines. Using parts that can be assembled to form different configurations can reduce costs and allow for recycling of materials.
**Top Summit Recommendations**

**CITY PRIORITIES**
- Create an LA County entity that can eliminate silos
- Declare a citywide state of emergency
- Move away from a council district-by-council district approach to homelessness
- Maximize Section 8 voucher opportunities

**FINANCING SOLUTIONS**
- Look to mission-driven organizations to move from tax credit reliance
- Leverage local, state, & federal funding
- Activate funding from healthcare community
- Crowdfunding for smaller projects

**PROJECT APPROVAL**
- Create a one-stop-shop for predevelopment to support city departments
- Waive all permit fees; parking requirements; & project labor agreements
- Help houses of worship get permitted for housing

**SERVICE INTEGRATION AND DELIVERY**
- Change LAHSA criteria to prioritize housing placements
- Get the right solutions to the right populations
- Reinvest in mental health facilities for the next generation

**DESIGN AND PHYSICAL INFRASTRUCTURE**
- Develop modular & prefabricated templates for expedited approval
- Allow height flexibility
- Repurpose existing commercial storefront and office space through adaptive reuse
An Honest Assessment: The Need for a Regional Response

As the largest city in the county, the City of Los Angeles has an outsized role in addressing homelessness. However, most cities in the County are not carrying their weight. A regional response is needed, especially as the City and County determine the next phase of Project Roomkey. As the master leases and hotel contracts end, there needs to be a plan that allows participants to remain housed and remediate any loss of trust. Beyond current Project Roomkey residents, there is a lack of housing for unhoused community members to access. Today, outreach workers can connect with individuals living on the street but can rarely offer timely housing. With too little supply coming online, interim shelter and bridge housing is becoming permanent, further eradicating trust with individuals. Without abundant Housing Now solutions rapidly coming online, the region will be forced to have a frank conversation about whether “tiny home” Pallet shelters are viable long-term housing situations.

Addressing Black Homelessness

Summit participants supported targeted efforts and increased resources to address the racial inequity facing the Black community. Black unhoused people are one of the largest groups facing homelessness. Black people are less than 8% of Los Angeles County’s population, but represent 34% of people experiencing homelessness according to Los Angeles Homeless Services Authority (LAHSA). While state, city and county agencies might be limited in combating Black homelessness specifically due to Proposition 209 (affirmative action), the private sector and non-profit sector needs to marshal resources to redouble targeted efforts in Skid Row, South Los Angeles, and other areas of high concentration of unhoused Black Angelenos.

Building Trust with Unhoused Neighbors

Housing Now will only find success if decision-makers make room at the table for critical voices that have not received adequate attention for their expertise and experience. Two communities need greater decision-making authority and influence in government decisions: (1) outreach workers and case managers who understand the needs of their unhoused clients, and (2) those with lived experience.
As part of the ULI-LA regional summit, more than 200 individuals came together for a half day of working groups and thought leadership to work towards critical, actionable, and innovative Housing Now solutions. The plenary panels focused on successful case studies in other jurisdictions and new models to expedite Housing Now.

Additionally, five breakout groups were created to organize attendees. The groups were:

I. City Priorities
II. Financing Solutions and Public-Private Partnerships
III. Site Assembly and Project Approval
IV. Design and Physical Infrastructure
V. Service Integration and Delivery

All groups were posed with three questions to discuss:
1. Immediate steps to expedite Housing Now
2. Structural changes needed to move to Housing Now
3. Issues that need further discussion

The following provides an excerpt and compilation of notes from the conversation.

I. CITY PRIORITIES

Immediate steps to expedite Housing Now:

Creating a centralized LA County entity. This new entity should identify a leader that can unify the work product of various agencies and eliminate existing silos to create a more transparent and effective response that fully incorporates mainstream systems. The creation of the Los Angeles County Affordable Housing Solutions Agency provides a new opportunity. The LA County Blue Ribbon Commission on Homelessness Governance Report provides a comprehensive, holistic view of how to improve outcomes. Creating a central municipal department or entity within the county that can unify the work of various agencies and eliminate silos to create a transparent response is perhaps the most important governance step available. Houston, Texas has reduced homelessness by 64% largely by creating a central public-private Housing Acquisition Unit that serves the entire system. Houston has moved more than 25,000 unhoused residents directly into apartments and houses, and the overwhelming majority have remained housed after two years. Today, Houston employs a streamlined process that touts a 32-day wait time before housing. LA's process can take months or years. When there is no central agency, there is no accountability.

Declaring a citywide state of emergency. The need for emergency action on the homelessness crisis resonated through the Summit. A state of emergency was previously declared in 2015 and was a topic of discussion in the LA Alliance for Human Rights, et al v. City of Los Angeles court battle. A mayoral declaration needs the City Council's approval within seven days and would require reauthorization every 30 days. An emergency declaration could empower city departments to expedite processes, utilize city-owned buildings, and unlock certain funding
for shelter solutions. However, the declaration would offer no greater authority over LAHSA or LA County, nor would it create new state or federal funding opportunities. While creating a state of emergency may be an important step, it is an insufficient solution alone.

**Structural changes needed to move to Housing Now:**

- **Moving away from a district-by-district approach to homelessness.** The City of LA needs to move away from its district-by-district approach. The approach is ineffective for moving people out of homelessness. Instead, local solutions could include organizations that have built up trust with the local unhoused community, the local housed community, service providers, housing providers, and other organizations. The City can lead these efforts by leveraging relationships.

- **City needs to support Section 8 vouchers.** Participants noted the differences in project-based issues vs. tenant-based issues with the federal Housing and Urban Development (HUD) Section 8 program. Project-based solutions such as the Cecil Hotel are an emerging area for exploration. Affordable housing subsidized by Section 8 is in short supply, but the City can do more to help protect tenants and the building owners who seek to utilize the program. By allowing HUD or other inspectors to issue “fix it” tickets instead of immediately failing landlords, more landlords would be interested in participating in the Section 8 voucher program.

- **City needs to be a better advocate and implementer at the state level.** There are numerous agencies and funding for addressing homelessness (see State Funding Matrix). The region should align efforts to apply for money and establish projects that cross municipal boundaries. Neither the City or County should ever have to leave State or Federal funds unspent or returned.

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**Issues that need further discussion:**

- **Funding and supporting intermediate spaces.** Los Angeles County Measure H funds are ongoing and Measure J aims to reinvest funds into community resources. One opportunity is to utilize County dollars to enhance and grow navigation centers, ReFresh spots, and Transition Houses that can combat limited housing capacity constraints and build trust with individuals looking for access to computers and air conditioning.

- **Holistic trauma support.** Former LAHSA Director Heidi Marston stated in a March 2022 L.A. Times interview, “[T]he homeless system is not designed to address and unpack all of the other systemic failures that have led somebody to where they are today.” Housing Now solutions should understand the rehousing system cannot address all the trauma and systemic issues that have led to this crisis. So rehousing must take into account the resistance of the unhoused to being merely warehoused and instead incorporate holistic mental and physical health services to help reintegrate the unhoused and ensure they stay housed and healthy.
II. FINANCING SOLUTIONS AND PUBLIC-PRIVATE PARTNERSHIPS

Immediate steps to expedite Housing Now:

• **Look to mission-driven organizations for alternative delivery models.** Foundations such as Weingart, Irvine, LA2050, and the Kingdom Warriors Foundation are looking outside traditional financing models to produce housing and resources to the unhoused community. Participants also noted the role for philanthropic organizations to support activities that can support efforts to prepare people for housing. For example, the Los Angeles Dodgers Foundation donated funds to renovate and staff the Transition House in Skid Row to provide individuals with a place to use a computer, get informed about resources, and provide relief from outside elements.

• **Leverage funds still coming from Washington D.C. and Sacramento.** As part of the 2021 American Rescue Plan, the California Housing and Community Development Department will receive $131 million to implement the HOME-ARP Program. The HOME-ARP program is available to Southern California cities to assist individuals or households who are experiencing homelessness, at risk of homelessness, and other vulnerable populations by providing funding for rental housing, rental assistance, supportive services, and non-congregate shelters.

• **Engage with landlords and find financial models that work.** There is a role for nonprofits to engage landlords to participate in programs that house previously unhoused individuals. With backing from impact funds supported by the real estate community, tech or investment banking community, nonprofits can get people housed. The Lotus Campaign has developed more than 20 partnerships with nonprofits, landlords and funders to facilitate housing for over 350 individuals at an annual cost of less than $1,000 per person per month.

Structural changes needed to move to Housing Now:

• **Move away from tax credit reliance.** A typical homeless housing or affordable housing project in California could get financed through a combination of municipal, state, or federal money, along with some form of private money. The Federal Low-Income Housing Tax Credit (LIHTC) is administered by the California Tax Credit Allocation Committee (CTCAC) and supported by the California Debt Limit Allocation Committee (CDLAC). The model does not provide for Housing Now because it takes multiple years to build the capacity stack as a part of multiple application cycles. While this model can continue to support permanent supportive housing, the urgency of the homelessness problem requires moving away from tax credit financing.

• **Housing as health.** There is a role for health care institutions, such as Kaiser Permanente to finance and build housing as well as finance service providers to provide triage care to unhoused residents.

• **What comes after HHH?** Measure HHH is creating permanent supportive housing. However, the funds are largely spent or encumbered. Successfully passed in November 2022, Measure ULA (United to House LA) will replenish underfunded affordable housing construction programs, preserve existing affordable housing, and provide emergency assistance to help low-income renters remain housed.
Issues that need further discussion:

- **Expanding community redevelopment banks and exploring new municipal finance avenues.** Southern California cities could look to leverage city bond-issuing capacity for financing or create a zero-interest loan program for entities to leverage public resources.

- **Smaller Housing Now solutions and crowdfunding solutions.** RNLA (Restore LA) has built a number of bungalow courtyard projects as homeless housing. Vermont Knolls was built for $225,000 per unit in under a year. RNLA used mostly private construction financing and obtained rental vouchers through the county to subsidize rents at the property for incoming tenants. RNLA has worked with SmallChange.co to allow individuals to contribute to crowdfunding projects. One recent bungalow project offered individuals interested in crowdfunding a 9% annual preferred return, beginning 365 days after the proceeds of the offering are invested, with an anticipated return of equity upon refinancing after five years.
III. SITE ASSEMBLY AND PROJECT APPROVAL

Immediate steps to expedite Housing Now:

The average per-unit cost for a City of Los Angeles Proposition HHH funded development under construction is now just shy of $600,000, almost double the original estimate of $375,000. The Los Angeles City Council, along with other cities in Southern California, could pass an ordinance to amend Planning Department regulations. They could establish that all supportive housing, modular housing, or rapid rehousing applications would be automatically approved with the following conditions in efforts to expedite approvals:

• Waive all permit fees
• Waive at least 1/2 of parking requirements if in a TOD or 90+ Walkscore area
• Waive project labor agreements
• Guarantee permit within six months ONLY IF 50% set aside for low income for 10~ years or 30% for 30~years

Structural changes needed to move to Housing Now:

• Create a one-stop-shop for predevelopment to support city departments and utilities. Government agencies can partner with private sector entities to undertake cost estimation, planning and land use, design consulting, civil engineering, drafting, and structural engineering analysis as part of predevelopment activities. This can accelerate time-sensitive community improvement facilities and Housing Now solutions. Through collaborations with the Los Angeles Department of Water and Power (LADWP) or Southern California Edison, city Planning Department and Buildings and Safety staff can expedite utility planning and interconnection activities that often delay projects. Cities can develop pre-approved standard designs and layout plans. Similar to how the City of Los Angeles has established approved standard plans for accessory dwelling units, cities can provide nonprofits and developers with an existing menu of pre-approved by-right options.

• Master RFPs for publicly owned land. Take existing data sets and maps of land owned by public agencies such as LADWP, Metro, or state agencies, and create Requests for Proposals (RFPs) to establish expedited Housing Now solutions.

• Government can undertake predevelopment activities for “orphan” or unattractive publicly owned sites. Most of the parcels that governments are struggling to attract developers to acquire require significant work. For example, sites may need earthmoving work to fill in dirt to level the ground, extend water or electrical infrastructure, or require brownfield remediation.
Issues that need further discussion:

• Assessing the role for places of worship (churches, synagogues, mosques, etc.) to provide interim shelter beds. LA City Councilmembers have started assessing opportunities to loosen restrictions to providing shelter solutions in places of worship. Currently, places of worship are barred from providing shelter because of their location.

• Applying Senate Bill 35 streamlining to all Housing Now solutions. The California Department of Housing and Community Development has developed an SB 35 Determination for cities and counties that are subject to streamlined housing approvals for specific housing projects. For most of the state (501 out of 539 jurisdictions) SB 35 Streamlining is available to developments with at least 50% affordability.
IV. DESIGN AND PHYSICAL INFRASTRUCTURE

Immediate steps to expedite Housing Now:

• Set a goal for several modular and prefabricated building projects that can be designed and rapidly deployed by a certain date. The region needs to develop thousands of additional interim and long-term supportive housing units. The California Department of Housing and Community Development (HCD) has approved Factory Built Housing models to assist with streamlining projects; the City of LA has a similar program for accessory dwelling units. RPM’s CARES Campus in Reno managed to deploy 46,000 square feet of sprung structures in 34 days with a 60-day total timeline, including site development and utilities. By using modular and prefab building products, and shipping container construction, teams can be empowered to design, engineer, and construct the project with bolt-assembly, kit-of-part building products.

• Support modular solutions and integrate options into immediate housing solutions. LifeArk’s modular kit-of-parts building system uses proprietary composite polymer molding technology. LifeArk’s precise and integrated parts can be assembled to form different configurations on lots of any size and shape. LifeArk’s El Monte permanent support housing project was a winner of the LA County Housing Innovation Challenge, providing 19 units for $190,000 per unit in total development costs.

• Create a best practice guide from projects utilizing shipping containers. For example, the 232-unit Hilda L. Solis Care First Village has received its license agreement to initiate operation in 2021. The Village, located near the Gold Line in Chinatown, includes nearly 60,500 square feet; a 6,000-square-foot modular resource building that will house a kitchen, dining, laundry, and administrative spaces; a small parking area for staff and overflow parking for residents. The project was able to be completed in under 2 years and utilized almost exclusively CARES Act funding.

• Remove building height requirements and allow for flexible design solutions. The Stockton Shelter, which sits on Caltrans-owned land between two overpasses, is the largest men’s homeless shelter in Northern California. In 7 months, 180 beds, a drop-in center, an overnight shelter, navigation services, and a separate family center on the same site were developed for $6 million. The total cost was only $33,333 per bed and was only possible by going vertical with the project and increasing the height.
Structural changes needed to move to Housing Now:

- **Enhance walkability and proximity to resources within all design solutions.** When unhoused community members move into housing, the system should set them up for success. Locating housing near public transit, grocery stores, or retailers can support self-empowerment. Corazón del Valle in the San Fernando Valley is walking distance of major bus stops, a Walmart, and other local stores. In Boyle Heights, the East LA Community Corporation and BRIDGE Housing Corporation developed the Los Lirios Apartments to bring 63 units for formerly homeless and low-income individuals earning between 30-50 percent of Area Median Income. The project is built on Metro-owned land near transit stops and will deliver improvements to the public plaza, including seating and shade. Physical design should also fight isolation and incorporate accessibility to education and skill-building opportunities.

- **Integrate the Rapid Shelter Innovation Showcase countywide as a regional open-source, online platform.** Operated by the Los Angeles–based nonprofit The Housing Innovation Collaborative (HICo), the initiative invites anyone around the world to submit their temporary or permanent shelter designs—from conceptual prototypes to on-the-shelf products—so long as the structures can be designed, built, and operated in 90 days or less. Governments and nonprofits can select the designs that fit their needs.

Issues that need further discussion:

- **Repurpose existing commercial storefront through adaptive reuse.** In North Hills, LA Family Housing has been given a former appliance store building to transform into homeless veteran housing. The development will provide 54 homes for veterans and will cost $31.5 million, using a combination of donations and Measure HHH funds. In New York City, hotel conversions into supportive housing have been supported by a menu of pre-designed kitchenette layouts for developers to choose from.

- **Repurpose existing commercial office space through adaptive reuse.** Downtown Los Angeles office buildings provide opportunities for adaptive reuse. As of late 2021, the commercial office space market has yet to find its footing after the pandemic. In the third quarter of 2020, the office vacancy rate climbed to 25%. While the rate has come down significantly due to a return to office, hundreds of thousands of square feet of office space is still vacated after the pandemic. However, jurisdictions who have hastily converted office space to residential are seeing unintended consequences. Repurposed units are vulnerable to high temperatures since many have glass curtain walls and floor-to-ceiling windows. While popular for office buildings, they are notably poor at keeping out heat and can create kiln-like conditions in interiors. Given Downtown Los Angeles’s urban heat island impacts, any conversions need to ensure proper cooling and ventilation to avoid “human warehousing.” On the zoning and permitting side, the City of LA or any local jurisdiction can provide zoning flexibility for emergency housing.

- **Balancing conversions and rehabilitations with city goals.** Overall, conversions and rehabilitations are still cheaper and quicker than creating brand-new permanent affordable housing. Given the post-COVID return, hotels and office space owners may not want to sell. But Project Roomkey showed that owners and operators of severely financially distressed assets will always look for new opportunities.
V. SERVICE INTEGRATION AND DELIVERY

Immediate steps to expedite Housing Now:

• Change LAHSA criteria to prioritize housing placements. Right now, thousands of individuals are on wait lists. The way to attack that number is to build housing quickly. One step could include updating the matching LAHSA uses to place unsheltered individuals, which can help better get people housed as quickly as possible. However, the governance infrastructure needs to evolve as well. The current Coordinated Entry System explicitly favors the most vulnerable, and thus the hardest to house. This is superficially humane, but condemns people to living out on the streets for longer. By redesigning housing placement systems, LAHSA can help get people back inside with access to services faster.

• Nonprofits can crowdsource welcome kits to provide needed resources to individuals coming inside. At the Skid Row Housing Trust, every new resident receives a Welcome Home Kit that allows them to access basic resources and feel comfortable in their home.

• Get food and resources to people on the streets. Programs at Los Angeles libraries to help people get printing and laptop access to keep up with documentation can build trust. Models such as MutualAidLA.org and Nourish LA have become important resources.

Structural changes needed to move to Housing Now:

• Integrating multiple housing options for different types of needs. LA Mission has established a stabilizing intake component for all individuals coming off the street, with options for more traditional, permanent housing or shared living situations in single family houses. LA Mission’s model invites each person into their own process of transformation that addresses their own personal needs, especially those who might not be ready to live on their own in an apartment after living on the street. At SoLa Impact in South Los Angeles, professional development skills are taught at re-entry workshops aimed at supporting individuals looking to get back into the workforce.

• Targeted solutions for populations with specific needs. Examples include The Nest on Florence, a permanent supportive housing project for youth and young families; Beacon Landing, a modular complex with 44 permanent supportive units for those with physical, mental, or developmental disabilities; and The Arroyo, an all-female identifying bridge housing solution with 85 units.
Issues that need further discussion:

- **Community groups need funding to help people stay housed or receive services.** Grass Roots Neighbors in West Los Angeles is a volunteer organization that aims to help individuals who slip through the cracks of services. For example, the organization provides food to 60 low-income families and provides documentation and social services to unhoused Angelenos in Westchester, Venice, and Del Rey encampments.

- **Rebuilding mental health facilities for the next generation.** LA County has an under-resourced mental health system and an inadequate trauma care system. Homelessness itself is a traumatic experience. Not every unhoused individual or family lives with mental illness, but so many have been living with untreated mental health issues. In LA County, establishing community mental health centers staffed by psychiatrists, psychiatric nurses, and social workers, could provide a whole-person approach to services.
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