January 25, 2019

Assemblymember David Chiu  
Chair, Assembly Housing and Community Development Committee  
1020 N. Street, Room 162  
Sacramento, CA 95814

Re: Support for Assembly Bill 10 (Chiu)

Dear Assemblymember Chiu,

On behalf of the Los Angeles Homeless Services Authority (LAHSA) Commission, we write in strong support of Assembly Bill 10 (Chiu), which dedicates an additional $500 million for California’s Low-Income Housing Tax Credit (LIHTC) program, one of the state’s primary sources of public financing for the construction and rehabilitation of affordable housing.

LAHSA is a joint powers authority of the City and County of Los Angeles and serves as the lead agency in the Los Angeles Continuum of Care (CoC). LAHSA is responsible for funding a significant portion of the interim housing, permanent housing, and supportive services for individuals and families experiencing homelessness in Los Angeles County.

California faces a shortfall of 1.5 million housing units for the state’s lowest-income renters, with a third of this demand – nearly 570,000 units – in LA County alone. Unsurprisingly, the housing gap is the widest for severely-rent burdened households, a growing portion of renters with housing costs that exceed half their earnings. Nearly 70% of this group, or roughly 400,000 county households, earn less than $26,000 a year. Faced with scarce housing options and rents that far exceed what their incomes can afford, these are families with children and other households that are just one missed paycheck or one unexpected expense away from falling into homelessness.

As such, increasing the inventory of affordable housing options is central to reducing homelessness in LA County. The past decade of disinvestment in affordable housing saw unit production fall and homelessness rise to the crisis levels communities, large and small, grapple with today. From 2008 to 2016, federal and state funding for low-income housing production and preservation in LA County dropped by 64%. Meanwhile, homelessness hit record highs: by 2017, just over 55,000 residents in Los Angeles County were experiencing homelessness, with 75% living on the streets or in vehicles, tents, and makeshift shelters across the county.

2 California Housing Partnership. (April 2018.)
While 2018 marked Los Angeles’ first downturn in homelessness in recent years, that success is tempered by a rise in individuals experiencing homelessness for the first time. In the LA CoC, nearly half of those surveyed in the 2018 Greater Los Angeles Homeless Count attributed their first-time entry into homelessness to a job loss or other financial reasons, suggesting that homelessness is largely driven by challenges endemic to Los Angeles’ tight rental market.

The passage of AB 10 is critical to meeting the state’s affordable housing needs and reducing the prevalence of homelessness statewide. Since the program’s inception, low-income housing tax credits have facilitated the development of more than 405,000 units of affordable housing in California.\(^3\) Notably, only 38% of applications received the competitive 9% allocation in 2017, reflecting a strong appetite for affordable housing development that could be met through a larger infusion of dollars into the program. With AB 10, additional investments in the state program will have the added advantage of leveraging federal low-income tax credits otherwise underused.

We commend the Legislature for taking leadership on this issue and committing $700 million for homelessness programs as part of the FY 18-19 state budget. The Homeless Emergency Aid Program, the California Emergency Solutions and Housing Program, and incoming funding streams like SB 2, will provide communities with resources to implement local strategies to address homelessness. To sustain and build on these efforts, we urge that any new source of funding for the state’s tax credit program complements—and does not supplant—existing dollars for housing and homelessness.

We strongly support AB 10 as a measure to spur affordable housing development in California. To reduce and prevent homelessness in our communities, residents must have access to housing options they can afford. We look forward to continuing to work with the Legislature to ensure that all Californians have access to safe, affordable housing.

Sincerely,

Kelli Bernard
Chair, LAHSA Commission

Peter Lynn
Executive Director

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\(^3\) California Tax Credit Allocation Committee. (April 2018.) “Affordable Housing for California.”