March 22, 2019

Mr. Elvin W. Moon
Chair, Regional Planning Commission
Department of Regional Planning
320 West Temple Street, Room 150
Los Angeles, CA 90012

RE: Support and Recommendations for the Proposed Los Angeles County Inclusionary Housing Ordinance

Dear Chair Moon,

On behalf of the Los Angeles Homeless Services Authority (LAHSA), we write to you in support of the proposed Inclusionary Housing Ordinance for the County of Los Angeles. LAHSA's mission is to combat homelessness and ensure everyone in the Los Angeles Continuum of Care has access to safe and stable housing; as such, we believe that implementation of an inclusionary housing ordinance is the right step in addressing the severe shortage of affordable housing that is exacerbating the homelessness crisis in our county.

The need for affordable housing in Los Angeles County is ever-growing, as 33% of renters are now paying more than 50% of their income on rent; and of this number, there are over 400,000 households considered extremely low-income, making them exceedingly vulnerable to homelessness. We cannot solve our homelessness crisis without providing stable and affordable options to these at-risk families.

Los Angeles County currently has a deficit of over 568,000 affordable units, in part due to the dissolution of state redevelopment agencies, as well as decreased funding from both state housing bonds and U.S. Department of Housing and Urban Development (HUD) programs. As building new affordable housing takes time, leveraging existing development becomes an important tool as we arrive at a permanent solution. The proposed Inclusionary Housing Ordinance is the first step. Inclusionary housing ordinances are used nationwide to create and maintain economic integration as well as to generate affordable housing units. In 2017, there were over 1,000 inclusionary housing programs in 886 jurisdictions nationwide, with at least three in Los Angeles County. Los Angeles County is home to the highest cost burden rates in the country, making implementation of an inclusionary housing ordinance a necessary step towards healthier and more inclusive communities.

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2 Ibid.
Implementing an inclusionary housing ordinance will have a two-fold application – it will not only create more units affordable to our lowest-income residents, but it will also promote economic mobility. The ability for families to move to more opportunity-rich neighborhoods has been shown to be associated with more positive outcomes for youth in the realms of health, educational attainment, and future income. A contributing factor to disparities in socioeconomic status, access to jobs, and access to resources is segregation; an inclusionary ordinance would assist to break down the barriers of segregated neighborhoods.

As the County further develops the ordinance, we offer several recommendations for the implementation of the Inclusionary Housing Ordinance in Los Angeles County:

**Set-Aside Requirements for Extremely Low-Income and Very Low-Income Households**

We strongly recommend using a model that would incentivize developers to target lower-income households while still providing flexibility, such as a sliding scale or a tiered model, and would prioritize extremely low- (0-30% AMI) to very low-income (30-50% AMI) households. In Los Angeles County, extremely low-income households increased by 9% from 2015 to 2016 to a total of 507,239 households. Further, almost 91% of all severely cost-burdened residents are considered extremely low- and very low-income. The greatest need in the rental housing market continues to be for extremely low- and very low-income households. These are the households most likely to fall in to homelessness. We strongly recommend prioritizing extremely low- and very low-income households and basing the set-aside requirements off objective data to determine the maximum set-asides for extremely low- to very low-income households that would still be feasible for developers.

**Alternatives**

**In-Lieu Fees**
A goal of inclusionary housing policies is to encourage income-mixing by reducing concentrated poverty and creating more access to opportunity-rich neighborhoods. As such, in-lieu fees as an alternative option are not ideal as they have the potential discourage this goal. However, if in-lieu fees are included, we strongly recommend setting a sufficiently significant fee based on an affordability gaps study to create funding to build a comparable number of units as would be developed through a set-aside of affordable housing.

**Off-Site Development**
We recommend off-site development as an alternative compliance option provided that an escalator is attached; developers should be required to build units which increase in affordability the further they are from the original development. This will also incentivize developers to build extremely low-to very low-income units on site while still providing necessary flexibility.

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6 Ibid.
7 See note 1.
8 See note 1.
No Net Loss Provision

We strongly recommend including a provision in the Inclusionary Housing Ordinance that would require at least a one-to-one replacement of existing rental units, including market rate, that currently house very low- or lower income households. This would also stand for very low- or lower income units that have been demolished or vacated in the five-year period before a development is built. This will help ensure that the Inclusionary Housing Ordinance does not lead to any loss of affordable units. As noted in a recent report, Los Angeles County lost 5,256 affordable units over the last two decades and 12,121 more units are at-risk.⁹

Compliance

Lastly, we would highly recommend that Los Angeles County build in mechanisms to ensure compliance by developers to build and maintain affordable units. The County should put systems in place to follow-up on developments post-construction to guarantee that units maintain an affordable status as required by the inclusionary housing ordinance. Additionally, Los Angeles County should continue to monitor unit affordability even after a tenant has moved out. Without such requirements, compliance with affordability restrictions may be uneven. For example, in New York City, a lawsuit was brought against a landlord who had been found to be receiving millions in tax benefits without keeping previously agreed to compliance for restricted/affordable units.¹⁰

We appreciate the Regional Planning Commission and their efforts to build a thoughtful Inclusionary Housing Ordinance, which creates the opportunity to leverage market rate development to create housing opportunities for Los Angeles County’s most vulnerable populations. While we understand that an inclusionary housing ordinance is not a panacea for the current affordable housing shortage or homelessness crisis, we look forward to this tool being available to help combat homelessness.

Sincerely,

Kelli Bernard  
Chair, LAHSA Commission

Peter Lynn  
Executive Director

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⁹ California Housing Partnership Corporation. (2019). California’s Affordable Rental Homes At-Risk.  