



 Urban Land Institute Los Angeles

WHITE PAPER

HOMELESSNESS

CONFRONTING THE
LAND USE CHALLENGES
TO HOUSING THE HOMELESS

 Urban Land Institute Los Angeles



ULI-LA 7 PILLARS TO UNDERSTANDING HOMELESSNESS IN LOS ANGELES

On March 4th, the Urban Land Institute-Los Angeles District Council organized a full-day symposium and workshop, gathering experts and practitioners to identify the land use challenges obstructing housing solutions for the region's unhoused communities. While ULI-LA staff and attendees scavenged for hand sanitizer and bumped elbows in greeting—one week before the World Health Organization declared COVID-19 a global pandemic—the day's program ([watch our recap video here](#)) included little mention of the impending danger posed by the infectious respiratory disease on the unhoused community. In the hopes of catalyzing new long-term actions to reduce homelessness, ULI-LA developed a 7-Pillar Primer to frame what contributes to the failure of approximately 60,000 people being unhoused in Los Angeles County. In the coming weeks, ULI-LA will release a series of recommendations that can support housing solutions and assist the brave organizations assisting unhoused individuals during this pandemic.

Just one month after ULI-LA's initial gathering, everything has changed. The impact of the virus has catalyzed urgent, unprecedented action to provide more adequate shelter and sanitation services to the region's most vulnerable residents. Although an incomplete solution, the political actions have been one positive step towards protecting health and providing shelter.

Beyond the extent of this pandemic, ULI-LA aims to play a role in better understanding issues stifling the mass deployment of supportive housing of all types. As part of a multi-year effort, this primer serves as a roadmap for future research and strategic actions to support the efforts of reducing homelessness. The 7-Pillars discussed are prisms through which policies and programs can be assessed, especially as ULI-LA hopes to work collaboratively to implement bottom-up strategies that holistically approach housing solutions.

ULI-LA's March 4th event represented one step in a broader effort to move the needle forward. ULI has displayed decades of leadership in the housing arena, and believes that progress could be made by: increasing creativity around site identification, reducing construction and permitting costs, innovative design solutions, deescalating emotionally-charged neighborhood resistance to housing projects, and rethinking financing models that can leverage funding from previously unexamined spaces. ULI-LA aims to expedite solutions around these key areas to get people housed.

The pillars must be accompanied by an understanding of the underlying root causes that contribute to homelessness. These failings include the abdication of mental health support facilities, over-incarceration in communities of color, continued financialization of land, stagnating wages for the working class, and a lack of investment in affordable housing. These failings span more than a generation. There must be a candid and forthright recognition of these root causes in order for housing solutions to provide holistic benefits to the individuals in need.

7 Pillars of Understanding Immediate & Long-Term Homelessness Challenges

1. Real Estate
2. Design and Construction
3. Economics
4. Operations and Services
5. Governance and Leadership
6. Legal
7. Community

1. **Real Estate**

This first pillar aims to identify the best ways, through the lens of land use and real estate, for increasing the number of units and beds available to serve the city's unhoused communities. This pillar offers real estate practitioners the tools and strategies that can operationalize their expertise of improving and streamlining site identification, modifying and retooling site criteria, and assessing new models of ownership that will help to overcome the built environment challenges to housing the homeless.

a) **Identification and selection of appropriate sites**

When considered through the prism of real estate, the challenges to building homeless housing require solutions that address: (1) the lack of available and appropriate sites, (2) neighborhood resistance to projects, (3) permitting and construction costs, and (4) long-term sustainability of operations.

Sites that minimize land acquisition costs can be utilized in the short term to overcome these challenges, and Southern California has several tools and resources to easily identify available parcels. In 2018, CBRE and Gensler developed a [site assessment tool](#) to identify the 58,000 properties in California that are owned by either the federal, state, or local government, which offer opportunities for innovation and partnership. Likewise, the City of LA Controller's Office developed a similar online mapping platform, Property Panel LA, to optimize city real estate assets and encourage innovation and maximize best use. The California Department of General Services has a dedicated [Real Estate Surplus Property](#) tool which profiles excess state-

owned properties. Additionally, the County of LA has published a [data-driven multilayered GIS planning tool](#) that provides a valuable map that shows current housing units in the pipeline. All of these tools are helpful in determining how the region can expedite new housing units.

b) Site selection criteria

As part of ULI-LA's prior work, professionals crafted potential selection criteria that government agencies could adopt. These criteria include: location and adjacency to public transportation infrastructure, adjacency to healthcare and support services, infrastructure capacity, environmental impacts, and plans for permanent facility (life after initial use). New criteria learned during the COVID-19 pandemic could include the ability to reduce density and rapidly repurpose a facility. Whereas much of the previous conversation around site selection has centered on zoning, adjacent amenities, and political considerations, site selection must also encompass current use and potential for adaptive reuse.

Serving as a guideline, the streamlined criteria allow for customization. Ultimately, the goal is to help assess feasibility for all types of housing, including permanent support housing, temporary shelters, and bridge housing. The [CBRE and Gensler tool](#) allows for sorting public sector owned, nonprofit owned, and privately-owned sites. This tool provides the City of Los Angeles with a mechanism to identify feasible sites. It also provides a tool to share with other ULI district councils.

At the same time, ULI-LA does not encourage a one-size-fits-all approach. Because the diversity of the unhoused population is as varied as our general population, we cannot mass produce the same type of housing. A site that may work for families transitioning may not work for chronically homeless with dual diagnoses and requiring wraparound services.

c) Ownership

In addition to looking at increasing the portfolio of sites to use, assessing alternative ownership models can lead to more opportunities and sustainable project success. In addition to city, county, and state government-owned sites, opportunities exist for crowd-funding, small philanthropy, and public-private partnerships. As seen during the COVID-19 pandemic, governments can use a number of powers to provide incentive or reduce the risk associated with a project. Opportunities exist for philanthropy or other actors to acquire a hotel, motel, or site for supportive housing.

2. Design and Construction

Reducing the costs from the design and construction of each unit will help scale housing solutions and incentivize more capital flow. The high cost of construction in California represents an essential barrier to expanding the supply of homes for the unhoused population, as evidenced in [recent research papers](#) by UC Berkeley's Turner Center for Housing Innovation and [articles](#) in the Los Angeles Times.

At the March 4th event, one key takeaway discussed was the need to make decision-makers comfortable with a varied set of building typologies. Engaging the design community at early stages can allow for unique designs that move beyond trailers and sprung structures. By engaging contractors, the project can balance immediate goals with the long-term uses. One example ULI-LA aims to research is the adaptive reuse of parking structures. Utilizing above-ground parking can save substantial construction costs, yet comes with additional challenges. Additionally, the impact of landscape architecture and green space can lead to better community acceptance of permanent supportive or bridge homes. If a project site is viewed as an asset, the project will likely encounter fewer legal challenges.

Whereas a "one-stop-shop" for site selection criteria may not be advisable on a design level, a Consumer Report-styled resource could instruct decision-makers how to reduce costs. A guidebook may assist for determining the number of potential beds, infrastructure needs, and available funding mechanisms.

Finally, as Los Angeles Bridge Housing facilities come online, there must be an assessment of how to dramatically reduce construction costs. As a region, there must be better information dissemination of lessons learned from optimal building typologies, construction practices, and technologies such as sprung structures, prefabricated housing and recycled materials.

3. **Economics**

Permanent supportive housing units are expensive. Per the [City of Los Angeles Controller's report in October 2019](#), "The current median cost per unit for projects in the Proposition HHH pipeline is \$531,373, and more than 1,000 units are projected to exceed \$600,000. One project includes units estimated at more than \$700,000." Subsidies for affordable housing average around \$357,000 per unit, and many permanent supportive housing units cost between \$400,000-\$500,000 per unit to complete. Filling this funding gap requires complex capital stacks, layered with leveraged capital from multiple funding sources.

In order to put together a supportive housing project, the financier must put together a complex capital stack because there is no single source for homeless housing funding. In order to get all of the government grants or loans needed to finance a project, the financier must apply for

multiple grants to layer the capital stack. No single source can fill the “gap,” because all of the competitive financial sources involved at the local, state, or federal level want to see their funds leveraged. However, because funding often comes from different government sources, the various funding rounds are often not “in sync.” This forces developers to submit multiple applications over extended periods of time, increasing pre-development and land carry costs.

The components of financing the project include the cost of land, entitlements, and hard and soft costs. In addition to high land prices, Los Angeles has a lengthy entitlement process that often requires financial flexibility to carry significant costs for extended periods. Utilizing government-owned sites can reduce initial costs. However, with Los Angeles Proposition HHH funding already allocated, the focus must turn to helping reduce the costs, and financing the next wave of projects. Alternatively, wherever possible, if social equity financing is available for privately-owned sites, we must assess strategies to reduce permitting time and soft costs for private sector leaders who wish to contribute to sheltering people.

ULI-LA leaders suggested consolidating the other sources of funding into the Low Income Housing Tax Credit (LIHTC) program, so it can serve more like the flexible Community Development Block Grants (CDBG) program. This will allow developers to move faster, as opposed to waiting for multiple sources of funding to be awarded over a period of years, before even starting construction. Significant potential also exists for joint use of existing facilities. Finding the best use of excess parking lots, unused annex buildings, and organizations struggling to stay afloat may provide support for faith-based, philanthropic, education (LAUSD, UC, CSU, etc.) landowners.

4. **Operation and Services**

ULI-LA will work collaboratively with the tremendous service providers and operators. Especially during this pandemic, solutions can only be effective when understanding the needs of services organizations. Through learning from partners and other civic organizations, ULI-LA hopes to find synergies to help service providers succeed in creating environments that support people reentering stable housing.

One way for ULI-LA to assist is with connecting property owners that can aid in the City and County’s efforts to “rapidly rehouse” people who have recently fallen into homelessness. By working to use available resources to keep people housed, encourage more funding to adequately resource homelessness prevention, and improve crisis response, organizations can help leverage LA County Prop H funding as we recover from this pandemic.

Finally, through aligning with organizations and service providers on policies that will not be popular in the real estate community, ULI-LA can contribute to long-term successes.

Vacancy taxes, as one example, can be used to support additional homelessness housing services and have positively impacted affordable housing in cities like Vancouver.

5. **Governance and Leadership**

Before the outbreak of COVID-19, Angelenos looked at government leadership through the two ballot measures that raised billions of dollars for homeless services, shelters, and supportive housing. However, with COVID-19 emergency response, leadership is being redefined daily. The pandemic is showing that not only does government matter, but government's capacity to act, be nimble, experiment, and take urgent action, makes a difference. The role of ULI-LA in this uncertain time is to use its expertise to support, track, and review the decisions made.

As governments take immediate action, universities and nonprofits must support efforts to help individuals remain healthy, as well as capture data points to learn how we can improve. As local leaders imagine how a “right to shelter” might be operationalized in real time, a roadmap towards safe and habitable shelter for Los Angeles must include a review of what decisions worked during this pandemic. Before COVID-19, ULI-LA leaders suggested issuing a citywide emergency declaration on housing and homelessness akin to the City of Los Angeles’s response to the 1994 Northridge earthquake, with the goal of freeing resources. In the aftermath of this pandemic, what bold actions will our leaders take to ensure the unhoused remain in safe shelter?

6. **Legal Challenges**

Legal challenges include: (1) the CEQA land use challenges that can delay a project and drive up costs, (2) the City of LA *Mitchell* settlement regarding the belongings of unhoused people, and (3) the court ruling against the city of Boise, Idaho, which essentially states that so long as a city cannot provide a bed, it cannot criminalize homelessness. As seen with the response to COVID-19, there exists a tremendous need to balance an individual’s civil rights with the need to maintain public health and safety.

The rights of unhoused individuals and their belongings must be protected, especially medications for vulnerable individuals. Recent cases such as [*Garcia v. City of LA*](#) and [*Mitchell v. City of LA*](#), (*Mitchell* settlement in effect until 2022), have protected the rights of the unhoused to keep belongings and limit the unlawful taking of bulky items simply because of size. Nationally, the 9th Circuit determined a Boise, Idaho anti-camping ordinance violated the Constitution’s Eighth Amendment prohibiting cruel and unusual punishment when the city failed to provide adequate housing or shelter for all who want it. At the same time, keeping our streets clean and safe is a public health issue that requires urgent action.

In the land use context, legal challenges most often slow down the desire to build a project. As ULI-LA works to improve the Entitlements and Approvals process, solutions to quash the abuse of CEQA challenges are still percolating. California has streamlined most homeless housing projects from the CEQA process, but more work must be done to help insure that Southern California can provide confidence to builders. Similar to the successful Transit Oriented Communities Plan, removing CEQA challenges can result in good planning principles and economic incentives to increase the number of units.

7. **Community**

The broader community is the biggest intangible in the process of creating housing. Without addressing the potential positive or negative impacts of community support or resistance, all other efforts are futile. From aesthetic design to basic operations, every pillar must be viewed through the prism of local community response. Without locals saying yes to supportive housing in their neighborhoods, no amount of political will or funding will solve the challenge. Changing the mind of those who are generally resistant, such as the business community, some neighborhood councils, and individual neighbors must be a priority.

ULI-LA leaders can also assist in challenging the stigma of supportive housing after this pandemic. As seen through United Way's *Everyone In* campaign, listening sessions, social media, and staying engaged locally can change the view of the neighborhood and the outcome of projects. Ultimately, this time period of uncertainty impacts our unhoused community more acutely. As a land use community, we must attempt to help where possible, track and support the land acquisition and rapid rehousing strategies that work more effectively, and continue the momentum that supports long-term solutions to ending homelessness through rethinking our built environment.

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Link to “ULI-LA’s Confronting the Land Use Challenges to Housing the Homeless, March 4 2020” video: <https://youtu.be/byEZEwsVHw0>