

**TESTIMONY OF MONIQUE KING-VIEHLAND, EXECUTIVE DIRECTOR
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**PRESENTED TO THE
FINANCIAL SERVICES COMMITTEE
UNITED STATES HOUSE OF REPRESENTATIVES**

**FIELD HEARING: EXAMINING THE HOMELESSNESS CRISIS IN LOS ANGELES
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Chairwoman Waters, Ranking Member McHenry, thank you for the opportunity to testify on the homelessness crisis, an extremely important issue that affects thousands of men, women, and children across Los Angeles County.

My name is Monique King-Viehland, Executive Director of the Los Angeles County Development Authority (LACDA). The LACDA, previously known as the Community Development Commission/Housing Authority of the County of Los Angeles, is an established, trusted community leader in the core areas of housing, community development, and economic development. For the past 36 years, the agency has made a difference across the County by preserving single-family homes; creating affordable rental housing opportunities for veterans, families, and persons experiencing homelessness; funding and constructing parks, libraries, and other public facilities; and providing support to help businesses – small and large – start up or continue to grow. We are resolute in our mission to Build Better Lives and Better Neighborhoods, as well as our endeavors to end generational poverty and homelessness, encourage community development, and empower County residents and businesses to reach their full potential.

Homelessness Crisis

Los Angeles County is simultaneously home to one of the largest homeless populations and one of the most unaffordable rental markets in the country. At any given time, nearly 60,000¹ men, women, and children suffer the devastating effects of homelessness, with the majority of them living unsheltered on our streets, serving as a visual reminder of decades worth of failed policies, discriminatory housing and lending practices, and underinvestment of local, state, and federal resources. These issues, coupled with years of increased housing costs, stagnant wages, and a deficit of more than 500,000² affordable rental units means that even those who are fortunate enough to obtain housing are often spending unsustainable portions of their household income toward housing costs. In fact, there are over 700,000³ households in Los Angeles County who are “severely rent burdened,” meaning they spend more than 50% of their household income toward rent. Los Angeles County leadership, recognizing the need for a collaborative, sustained effort to combat and end homelessness, passed a sweeping set of strategies which comprise the County’s Homeless Initiative. Approved in February 2016, the Initiative covers six (6) major areas: preventing homelessness, subsidizing housing, increasing income, providing case management and services, creating a coordinated system, and increasing the supply of affordable and homeless housing. In 2017, the Los Angeles County Board of Supervisors proposed, and voters approved, the Measure H ballot initiative, a quarter cent sales tax for Los Angeles County, generating approximately \$355 million annually to support the implementation of the Homeless Initiative. The LACDA is fully engaged in the County’s plan, serving as a lead or collaborative agency on 27 of the 51 individual strategies.

¹ Los Angeles Homeless Services Authority 2019 Homeless Count

² California Housing Partnership Corporation (May 2019) LA County Affordable Outcomes Report

³ Joint Center for Housing Study of Harvard University, “The State of the Nation’s Housing” 2018

Using a combination of local, state, and federal resources, the LACDA administers several programs that provide housing opportunities for lower income families, the elderly, the disabled, youth transitioning out of foster care, and individuals and families experiencing homelessness, especially our homeless veterans. Moreover, the LACDA serves as the second largest Public Housing Agency (PHA) in Southern California and receives funding from the U.S. Department of Housing and Urban Development (HUD) to administer several grant-funded rental subsidy programs. Outlined below are the affordable housing programs administered by the LACDA, available to County residents.

Housing Assistance

The LACDA administers federal rental assistance programs such as the Section 8 Housing Choice Voucher Program, the Continuum of Care Program for homeless individuals and families with a disability, and the Veterans Affairs Supportive Housing (VASH) Program for homeless veterans, providing rental assistance for approximately 25,000 families. In light of the magnitude of the homelessness crisis, the LACDA recognized that it needed to take a bold step in using all of the resources at its disposal to meet this crisis head on and decided to create a homeless preference that dedicates 100% of its Section 8 turnover vouchers to our homeless Angelenos. Despite the fact that this is the most difficult population to serve and that the Section 8 Program fundamentally dis-incentivizes housing authorities from serving this population, we forged ahead and removed barriers to access by reducing our background checks to the HUD minimum. We created partnerships with the 18 other housing authorities operating in the County to align our policies and streamline access, and we leveraged local resources to develop creative, flexible solutions that restricted federal dollars did not allow. For example, we created the Homeless Incentive Program, or HIP, to remove barriers to access for our voucher holders that were finding it next to impossible to use their voucher to secure a unit. HIP allows us to engage property owners to secure their rental units in exchange for a monetary incentive while qualified renters with a voucher are referred to the owner. We also assist clients with funding to pay for security deposits, utility fees, move-in expenses, and a damage mitigation fund, which provides owners with a safety net to cover the costs of damages to the unit. Further, each client receives access to County-funded intensive case management services to help with the transition and any ongoing supportive service needs. In fact, the LACDA administered approximately \$18 million in the first two (2) years of Measure H, and these resources helped over 1,924 individuals and families find a home through this strategy. Additionally, we leveraged our partnerships to expand this program which now supports eight (8) other PHAs in the County who have replicated HIP, with LACDA providing oversight and technical assistance, leading to an additional 825 individuals and families housed over the same period.

In 2015, the LACDA worked with the Los Angeles County Board of Supervisors to address years of declining federal funding to maintain 241 public housing units, at the South Scattered Sites. The LACDA agreed to forgo disposition of these properties in exchange for \$6 million in County funding to address the capital improvement deficit. Additionally, we agreed to implement a homeless preference granting priority admission to units that become available through turnover, to homeless individuals and families referred by the County's Coordinated Entry System (CES). Families referred to the South Scattered Sites are provided with ongoing intensive case management services funded by Measure H tax revenue. Since the implementation of this homeless preference, the LACDA has housed 34 individuals and families. It should be noted that aside from this targeted preference, we have found that nearly 25% of all new families coming into public housing in general, were homeless at the time of entry.

Further, the LACDA collaborates with the Department of Children and Family Services on the Family Reunification Strategy, part of the County's Homeless Initiative, which reunites children with their family when the only barrier to reunification is lack of housing. Providing rapid re-housing funding for up to 18 months using Measure H tax revenue to reunify families instead of placing children in foster care, creates substantial financial savings in addition to the positive benefits the family experiences by being stabilized in housing. Additionally, the savings generated from providing housing assistance in lieu of foster care placement are reinvested into the strategy, allowing more families to be served. Since the program's inception, we have received 523 referral families including 786 children, of which we have enrolled 456 families, and successfully housed 177 families including 404 children.

Looking ahead, the LACDA will implement the Landlord Customer Service Team (LCST) in early 2020 to meet the service needs of all landlords participating in the LACDA rental assistance programs. Building on extensive dialogue between LACDA and local property owner associations in Los Angeles County, the LCST will focus on landlord retention, increased outreach to new and existing landlords, education, owner-tenant conflict resolution, and overall program satisfaction. Additionally, the LCST will utilize County funding to administer new incentives for landlords including, unit holding fees, vacancy loss payments, and unit damage mitigation fees in recognition that property owners are an integral partner in expanding housing opportunities for our clients.

Housing Development

As the County's affordable housing development arm, we provide capital funding and rental assistance for the creation of new affordable housing. In fact, over the past five (5) years, the County has provided \$294 million in capital subsidy for the development of affordable housing, leveraging \$2.3 billion in public and private funds. In the same timeframe, more than 4,200 affordable units were funded, with 2/3 of those units reserved for people struggling with homelessness, mental illness, persons with disabilities, chronic homelessness, and HIV/AIDS. This year alone, we will fund more than five (5) times the number of units we funded back in 2014.

Recently, the LACDA, in partnership with the Los Angeles County Department of Mental Health (LACDMH), released both its highly anticipated \$207 million No Place Like Home (NPLH) Notice of Funding Availability (NOFA) and its LACDMH Alternative Housing NOFA. NPLH authorizes an issuance of \$2 billion in bond proceeds at the state level, to be repaid with funding from the Mental Health Services Act Fund to provide capital subsidy for the development of supportive housing. Ultimately, the County of Los Angeles expects to administer more than \$700 million in NPLH funds that will be used to house our most vulnerable residents, potentially producing up to 5,400 special needs units and 1,000 low-income units. The Alternative Housing NOFA made available \$11.5 million in LACDA/LACDMH Mental Health Services Act funds for the acquisition, new construction, and/or rehabilitation of permanent supportive housing that does not use Low-Income Housing Tax Credit financing.

Additionally, the LACDA has collaborated with the Los Angeles County Department of Regional Planning and the Department of Arts and Culture to develop and administer an Accessory Dwelling Unit (ADU) Pilot. The Pilot will expedite the review and approval of ADUs, offer technical assistance to homeowners, and provide County incentives to assist homeowners in constructing new ADUs or preserving existing, unpermitted ADUs in exchange for providing long-term affordability covenants, or requiring recipients to

accept Section 8 Housing Choice Vouchers. Using \$550k in Homeless Initiative funds, the monetary assistance for homeowners in this small Pilot are in the form of loans that are forgiven over time provided that the homeowner leases the ADU to a homeless individual or family.

Finally, the LACDA, in collaboration with the Chief Executive Office of Los Angeles County, serves as the contract administrator for five (5) innovative housing proposals selected through a Housing Innovation Challenge. Winning designs were selected based on a criteria that focused on creative solutions that result in more cost-effective, expeditious development that are achievable in a reasonable timeframe, scalable to become a model that has impact on a large scale, and provides meaningful solutions that address homelessness in a transformative and dignified way. Four (4) of the proposals were awarded \$1 million and one (1) proposal received \$500k. Selected proposals include a neighborhood equity model that allows the surrounding community to invest in housing development, standardized garage conversions, and several innovative prefab, modular, and kit of parts designs. Once completed, these units will be home to homeless individuals and families.

Tenant Protections

In light of the large number of households that are severely rent burdened in Los Angeles County, the Los Angeles County Board of Supervisors, with input from LACDA, passed a temporary Rent Stabilization Ordinance (RSO) in December 2018, which has been extended to December 2019. The ordinance temporarily prohibits rent increases in excess of 3% above monthly rent with exemptions for single-family residences, condominiums, and housing constructed after February 1, 1995. The ordinance prohibits more than one (1) rent increase in any 12-month period. The temporary RSO also includes a rent increase process for owners who believe they are not receiving a fair rate of return on their property.

Additionally, the RSO has a provision requiring just cause for evictions such as failure to pay rent, material breach of rental agreement, failure to provide reasonable access to the rental unit, creating a nuisance or using the unit for illegal purposes, or if the owner or their family intends to move in the unit.

The Los Angeles County Board of Supervisors also passed an anti-housing Income Discrimination Ordinance in April 2019, stemming from a 2018 study from HUD that indicated that prospective tenants with vouchers are denied housing over 75% of the time. The ordinance bars owners from disqualifying a prospective tenant solely based on their source of income, but does not force landlords to rent to voucher holders.

In addition to the ordinance, the County has committed \$5 million to fund the creation of a database to track evictions, study displacement, and evaluate the feasibility of using incentives to increase landlord acceptance of subsidized housing. This funding would also support educational programs focused on housing rights.

These policies are preventive measures that aim to slow down the tremendous inflow of families that are falling into homelessness and to address the negative effects of housing insecurity that are caused by large rent increases and evictions.

Congressional Assistance

Despite these creative solutions, and while an unprecedented number of affordable and supportive units are in construction and being funded, the inflow, due to a myriad of institutional and systemic issues, racial and social class disparities, and lack of economic growth and mobility, continues to conflate our efforts. Although the homeless delivery system contributed to 134 people exiting homelessness per day last year, approximately 150 fell into homelessness. This requires a multi-system approach that includes intersections within and outside of the homeless delivery system.

While we are committed to fully implementing the aforementioned programs to help house the homeless, we look to our elected officials for specific actions to help address this crisis. We request support in sustaining or increasing funding for vital federal programs, and providing administrative flexibility to effectively administer programs that offer housing assistance to residents with limited means. For example, the Administration's Federal Fiscal Year 2020 budget proposal eliminates funding for the Public Housing Capital Fund (CF). The CF has been continually underfunded for years, compounding the backlog of repairs. The LACDA faces a growing backlog of deferred maintenance needs which is currently projected at \$109 million for the next 20 years. Eliminating the CF will leave the agency with no resources to address even basic repair needs.

Additionally, human capital driven programs have been consistently underfunded. The LACDA's Operating Fund (OF) subsidy allocation has been at an 85% - 90% proration for the past four (4) years. The agency can no longer support and maintain its housing with insufficient OFs. Further, for Federal Fiscal Year 2020, the Administration proposed \$1.718 billion for the Section 8 Housing Choice Voucher administrative fee, which the National Association of Housing and Redevelopment Officials estimates to be a 71% proration.

We also seek administrative flexibility and streamlining in several areas, which would improve our ability to administer programs in a more cost-effective manner. For example, Moving to Work (MTW), which was authorized by Congress in 1996, has three (3) statutory goals: achieve greater cost effectiveness; promote economic self-sufficiency; and, increase housing choices for low-income families. The MTW program provides the flexibility PHAs like ours need to operate their agencies more effectively by cutting costs, creating ways to raise new revenue, and developing community-level partnerships to support locally-determined priorities. Unfortunately, due to our size, the LACDA is not allowed to participate in MTW.

We fully support the Administration providing PHAs flexibilities to maximize the ability to service distinct clients and reforms to streamline program operations. We encourage HUD and Congress to work with PHAs on this effort since, for large PHAs, implementing new regulatory measures entails extensive staff re-training and system changes, sometimes for negligible returns.

Additionally, the LACDA requests Housing Choice Voucher Set-Aside funding, and encourages HUD to replicate the same approach used for the redistribution of PHAs' unused budget authority to set-aside funding for PHAs in high cost areas that serve special needs populations, and that have leveraged local resources. As I stated earlier, the Section 8 Program as currently structured, dis-incentivizes housing agencies from serving this population. For example, LACDA's per unit cost to house a homeless client is

50% higher than a non-homeless client, therefore, we cannot serve as many households. This in turn leads to lower administrative fees to operate the program due to the funding formula which penalizes an agency for choosing to be bold and serving the most vulnerable among us. The opposite should be true; agencies should be rewarded for taking such risks and administrative fees should be increased for these agencies in recognition of the complexities involved with properly serving homeless clients. Serving special needs populations in high cost areas, such as the homeless in Los Angeles County, requires additional funding resources outside of the traditional Housing Assistance Payment and limited administrative fees. Local jurisdictions who have leveraged local revenue, such as the Los Angeles County Measure H revenue, should receive support from HUD, to encourage creative solutions to complex issues.

Further, the LACDA encourages HUD to incorporate a regionalized waiver approach for Los Angeles County. HUD has openly encouraged regional approaches, but those efforts are targeted to rural areas. Urban areas that have strong partnerships such as ours should be rewarded for eliminating jurisdictional barriers and aligning policies to address the affordable housing crisis. Any waiver submitted by the LACDA and granted by HUD, should also be applicable to any PHA within the County who chooses to adopt it. It doesn't make sense to force a small PHA with limited resources to have to navigate the waiver process on their own when a neighboring agency has already obtained the exact same waiver. The LACDA serves as the lead PHA in Los Angeles County, convening quarterly forums with attendance by the other 18 PHAs within the County. Discussions regarding waivers occur on a broader scale; as such, waivers requested would be beneficial to more than one (1) PHA and would encourage even greater policy alignment within the County for the benefit of all.

Finally, we are often prevented from fully participating in coordinated efforts to house homeless clients because the federal privacy act bars us from sharing any information with partner agencies without previous written consent for each adult. Given the size and complexity of the County's CES, clients do not have the luxury of time to circulate the required authorization to release information documents between various partner agencies. Given the large geography of Los Angeles County (spanning over 4,000 square miles) and the transient nature of the homeless population, the LACDA cannot maximize the effectiveness of this coordinated approach.

Therefore, LACDA requests that Congress authorize PHAs, with the goal of facilitating the expedited identification, assessment, and linkage of homeless individuals to housing and supportive services within that PHA's jurisdiction, to share with public and private homeless services provider agencies, confidential information, for the purpose of coordinating housing and supportive services to ensure continuity of care.

In closing, the activity outlined in this testimony is indicative of the forward thinking, collaborative approach that has fueled the momentum of our fight to end homelessness. While we have built a system that allows us to house thousands of individuals and families in need, many thousands more fall into homelessness, primarily due to financial reasons. The solutions to these problems are varied, and while many of the solutions fall outside the arena of housing, we cannot afford to ignore the pressing need to continue and even increase our current efforts, which is impossible without significant investment from all levels of government. The \$1 billion in funding proposed in H.R. 1856: Ending Homelessness Act of 2019, introduced by Representative Waters, is an excellent example of the type of federal investment needed to combat this crisis.

Again, the LACDA stands resolute in its mission to Build Better Lives and Better Neighborhoods. We will continue to advocate for policies and funding that allow for the development of new affordable housing, preservation of existing affordable housing, supportive services for individuals and families in need, additional housing subsidies, and the programmatic flexibility to maximize their effectiveness, as well as protections for clients that allow them to find and retain affordable housing.

Thank you again for the invitation to address this urgent matter.