

# **Housing on Merit:** Affordable Housing Development in Los Angeles County

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Domestic Capstone Project

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# The Team



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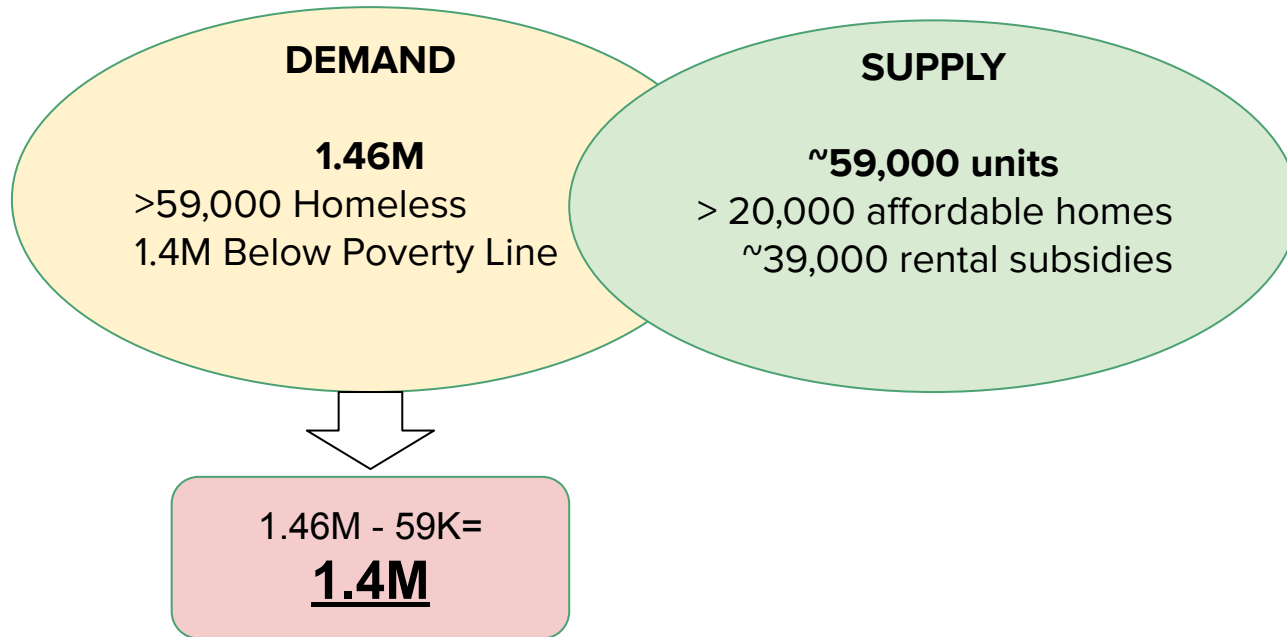
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# Project Overview



- Affordable Housing in Los Angeles County
- Map out affordable housing production ecosystem
  - Stakeholders
  - Bottlenecks & opportunities

# Affordable Housing Crisis in LA County



Source: California Housing Partnership Corporation, 2018

# Affordable Housing Research

- Policy Status:
  - AB 10 - LITHC \$500M
  - SB 1227 (2018) - density bonus
  - SB 35 (2017) - streamlined approval process
  - SB 50 (Pending) - planning and zoning (zoning law, higher density)
  - Governor Newsom \$2.5B for Housing



# Supply Chain Ideas from Other Industry

01

## Scheduling

- Initial collection approval
- Production + Procurement Planning
- Complete 6 months prior retail store sales



02

## Production Sourcing

- Production process outsourced



# ZARA

# Mapping the Development Process

1. Planning: Policy and Advocacy Work→Budget

2. Financing: Funding sources→Prepare Land

3. Building: Choose a Construction Method→Develop Building Plans with Architect→Contract with Project Contractor→Obtain Building Permits and Inspections→Purchase Construction Insurance→Construct Projects→Request Inspection

4. Operating: Occupy, Sell or Allocate Housing Units→Management and Operations



# Stakeholder Interviewing (9+1)

	Name	Affiliation
<b>Advocacy</b>	Alan Greenlee	President, SCANPH
<b>Public</b>	Helmi Hisserich	Director, Housing Strategy at HCIDLA
	Matt Glesne	Head of Housing Policy, LA City Planning
	Michael Perez	Engineer - Gov/Comm Relations, LA Building & Safety
<b>Funding</b>	Lila Wiggs	Consultant & Developer,
<b>Developer</b>	Jeff Jaeger	Co-founder & Principal, Standard Companies
<b>Design</b>	Vijay Sehgal	Partner, FSJ Architects
<b>Consultant</b>	Sucheta Arora	Manager, McKinsey
<b>Construction</b>	Marcella Ayala	Director of Business Development, Bernards
<b>Developer</b>	Josh Lower	Ithaca, NY Collegetown Developer





# 15-Step Affordable Housing Development Process



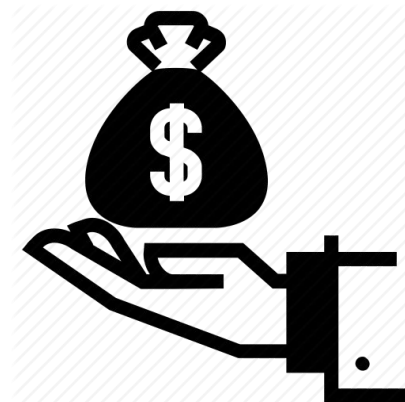
# Bottlenecks — *Planning*

- Highly **regulated** environment
- **Understaffed** for currently increasing demand
- California Environmental Quality Act **delays** approval processes
- Land **acquisition** difficult
- Various **approval** processes



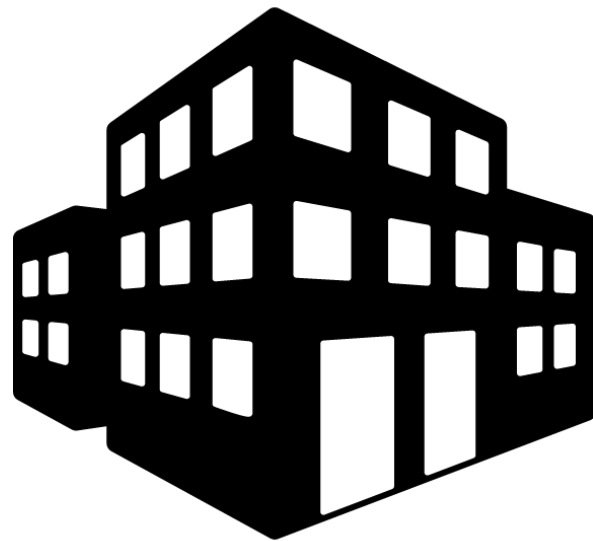
# Bottlenecks — *Financing*

- Different **sources** of financing
- Different **rounds** for funding application
- **Landholding cost** is high
- The **incentive** for private fund is small



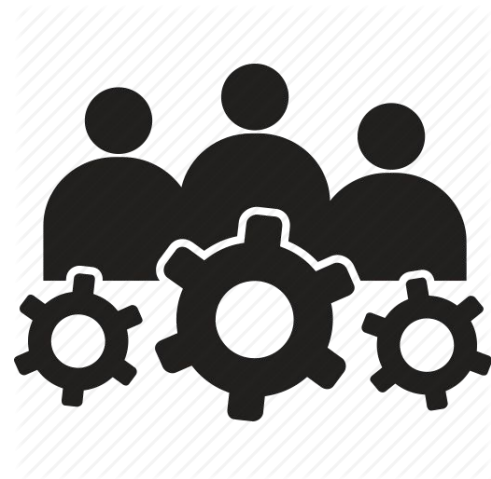
# Bottlenecks — *Building*

- Construction **cost** (land, labor, material) is high
  - Politics factor may affect trade, which also pushes up certain material cost
  - Union is strong
- Benefits of new technology **unclear**
- Construction **permitting time** is long
- **Delay cost** is high
- Natural hazard impact is high



# Bottlenecks — *Operating*

- Asset management is thin
  - Affordable housing **covenants expire** annually
- The potential affordable housing tenants are **complex**
- Diverse tenant issues

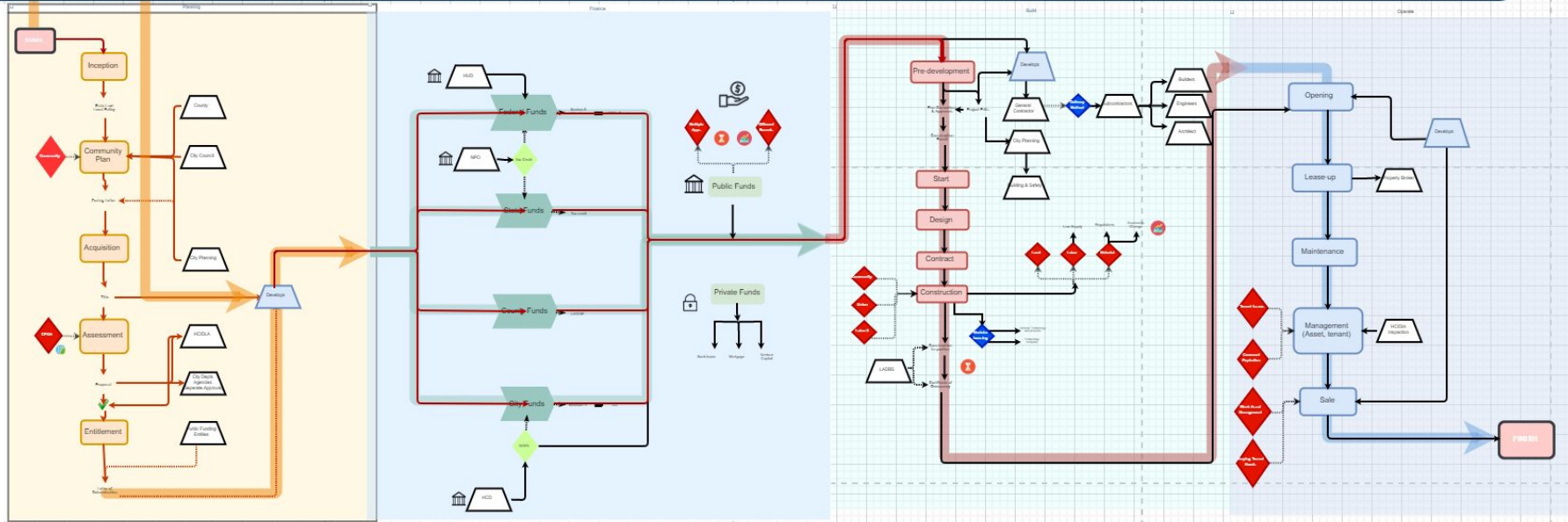


# Recommendations

1. Align funding sources application and reduce the rounds for funding applications
2. Modular housing - scale
3. Streamline bureaucratic process
4. California Environmental Quality Act
5. Broader view of affordable housing crisis



# Los Angeles County Affordable Housing Flowchart



## Acronyms

AH Affordable Housing  
 CDDLA Community Development  
 LDC Local Development  
 CDDLA California Department of Development  
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## Bottlenecks

Planning  
 Highly regulated environment  
 Reallocation development stop (people busy)  
 Public sector staff for affordable housing is thin  
 CDDLA also slow the process  
 Acquisition of the land is hard  
 Approval process is long  
 Zoning law is hard to change  
 Data for successful affordable housing projects are thin

Financing  
 Different needs of financing  
 Different needs for funding application  
 Landholding cost is high  
 The location for private land is small

Building  
 Construction cost (land, labor, material) is high  
 Labor is strong  
 Technology is not clear  
 Big Technology company is not located in LA  
 Public sector may affect those who also pursue up market  
 Material cost  
 Construction permitting time is long  
 Small developers rights are hard to protect  
 Debt cost is high  
 Material basket impact is large



# Future Research

1. Identify the different types of homeless people/affordable housing needs
2. Interview stakeholders in policy planning (including CEQA agency) and operating stages
3. Deep dive into unions and community impact on affordable housing and how to mitigate its negative impacts
4. Coordinated Entry Process





Thank You!  
Questions?

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