Housing on Merit: Affordable Housing Development in Los Angeles County

Domestic Capstone Project
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The Team

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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

**DEMAND**
- 1.46M
- >59,000 Homeless
- 1.4M Below Poverty Line

**SUPPLY**
- ~59,000 units
- > 20,000 affordable homes
- ~39,000 rental subsidies

1.46M - 59K = 1.4M

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
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)

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

Plan
1. Inception
2. Community Plan
3. Acquisition
4. Assessment
5. Entitlement

Build
1. Pre-development
2. Design
3. Finance
4. Construction
5. Opening

Operate
1. Opening
2. Lease-up
3. Maintenance
4. Management (asset, tenant)
5. Sale
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
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?