

AGN. NO. \_\_\_\_\_

MOTION BY SUPERVISORS SHEILA KUEHL AND  
MARK RIDLEY-THOMAS

August 13, 2019

**Expanding Accessory Dwelling Units as Homes for People Experiencing Homelessness**

In February 2016, the Board of Supervisors adopted 47 Homeless Initiative strategies to combat and prevent homelessness in the County of Los Angeles (County). Approved strategies included strategy F4 – Development of Second Dwelling Units Pilot Program, with \$550,000 allocated to launch the Development of Second Dwelling Units Pilot Program. Since 2016, the County has taken multiple steps to promote the construction of Second Dwelling Units, also known as Accessory Dwelling Units (ADUs), for use as homes for people experiencing homelessness. The LA County Arts Commission held the Yes to ADU design competition and exhibition in 2018. In May 2018, the County adopted a new ADU ordinance based on new state law aimed at making it dramatically easier to obtain entitlements to build ADUs. Also in 2018, the Los Angeles County Development Authority (LACDA) began accepting applications for the Second Dwelling Units Pilot Program (Program). The Program solicited applications for homeowners seeking to build new ADUs or wanting to adapt existing structures. Because the Program included a component to test the efficacy of bringing existing non-

MOTION

SOLIS \_\_\_\_\_

RIDLEY-THOMAS \_\_\_\_\_

KUEHL \_\_\_\_\_

BARGER \_\_\_\_\_

HAHN \_\_\_\_\_

conforming units into compliance, LACDA also worked with the Department of Regional Planning and the Department of Public Works to identify properties with code violations related to non-permitted secondary units.

LACDA worked with LA-Más, a nonprofit corporation, to achieve the following goals with the Program:

- Provide incentives to homeowners to house people experiencing homelessness;
- Understand what type of ADUs homeowners want to construct;
- Explore how financial incentives can create more housing opportunities; and
- Identify future policies that could create more housing opportunities for people experiencing homelessness through ADU construction.

The Program garnered the interest of 501 County homeowners, with 108 homeowners submitting formal applications. Since only homeowners with properties located in unincorporated portions of the County were eligible for the Program, only 62 applications were considered. Selected homeowners included 3 who wanted to build new ADUs and 3 who wanted to permit previously unpermitted ADUs. In exchange for being provided technical assistance and forgivable loans, homeowners had to agree to lease the ADUs to people experiencing homelessness who had been matched to a rental assistance program, such as Housing Choice Vouchers. Of selected homeowners, one is currently in construction, two withdrew from the Program, and three are currently in various stages of predevelopment.

Lessons learned through the Program so far include: 1) ADUs cost more to

construct than previously assumed, 2) identifying qualified contractors proved to be a serious challenge, and 3) the process of obtaining entitlements, financing, and building permits often took much longer than anticipated, even with assistance and expedited processing from County departments. On a promising note, the strong interest in participating in the Program demonstrated that homeowners do have ample interest in building ADUs to provide housing for people experiencing homelessness.

LA-Más' involvement in the Program with the LACDA informed the creation of their Backyard Homes Project, which is a unique way to promote the construction of ADUs that can be leased to homeless tenants with a rental subsidy for a number of years. LA-Más' provision of services, support, training, tenant assistance and finance assistance through the Backyard Homes Project works as integrated and fully developed program that leads to the production of critically needed ADUs available to homeless households. LA-Más has established key partnerships in this effort to ensure that every aspect of a successful ADU development is in place. Partners include Restore Neighborhood LA which provides non-profit construction services, Self-Help Federal Credit Union which provides financing, Genesis LA Economic Growth Corporation which provides loan guarantees, and The Housing Rights Center which provides landlord training for homeowners participating in the Backyard Homes Project.

LA-Más' Backyard Homes Project is a successful program in Southern California with existing partners that provides financing, design, project management, construction, construction management, fair housing support, tenant referrals, and rent assistance in a one-stop shop format. The Backyard Homes Project utilizes the lessons learned from the County's Program and has created a model that achieves the County's

goal of supporting homeowners to develop ADUs as permanent homes for people experiencing homelessness. The Backyard Homes Project currently operates in the City of Los Angeles and the County should look into expanding this to homeowners with property in the unincorporated areas of the County. A \$1,500,000 investment in the LA-Más' Backyard Homes Project for the unincorporated areas of the County (including \$200,000 for LACDA administration) would result in construction of 12 to 15 ADUs, and allow the majority of funds dedicated to loan guarantees to be redeployed in future program cycles. Providing this investment to LA-Más is necessary to meet the social needs of the population of the County pursuant to Government Code section 26227 because the County is experiencing a severe housing shortage and permitting the expansion of LA-Más' Backyard Homes Project within the County will create additional homes for people experiencing homelessness and facility opportunities to utilize rental subsidies dedicated to these households.

**WE, THEREFORE, MOVE** that the Board of Supervisors:

1. Delegate authority to the Los Angeles County Development Authority (LACDA) to act as the agent of the County and execute a contract with LA-Más and provide an investment of up to \$1,300,000 for expansion of its Backyard Homes Project in the unincorporated areas of the County to create affordable housing in the construction of ADUs;
2. Authorize the Chief Executive Officer, or her designee, to transfer up to \$1,500,000 of the Fiscal Year 2019-20 Affordable Housing Programs Budget Unit and execute a Funding Agreement with the LACDA for the Backyard Homes Project of which \$200,000 will be used for LACDA's administration costs;

3. Authorize the Chief Executive Officer, or her designee, to take any other actions necessary for the implementation of the Backyard Homes Project; and
4. Direct the Department of Public Works to work with LACDA and other applicable departments to report back to the Board in 60 days with strategies to streamline the entitlement and building permit issuance process for home owners seeking to build an ADU through the Backyard Homes Project in the unincorporated areas of the County.

**WE FURTHER MOVE** that the Board of Supervisors acting also as the Board of Commissioners of the LACDA:

1. Approve the designation of LACDA to serve as agent of the County in development and management of the contract with LA-Más and provide an investment of up to \$1,300,000 for expansion of its Backyard Homes Project in the unincorporated areas of the County to create affordable housing in the construction of ADUs;
2. Report back to the Board at twelve and twenty-four months regarding the progress, outcomes and any challenges encountered in implementing the Backyard Homes Project for unincorporated areas of the County;
3. Direct the LACDA to collaborate with the Center for Strategic Partnerships to leverage the County's investment in the LA-Más' Backyard Homes Project to secure additional philanthropic support for the Backyard Homes Project in the unincorporated areas of the County; and
4. Authorize the Executive Director, or her designee, with approval as to form by County Counsel, to:

- a. Negotiate and execute, on behalf of the County, the contract with LA-Más and provide an investment of up to \$1,300,000 for its Backyard Homes Project in the unincorporated areas of the County to create affordable housing in the construction of ADUs;
- b. Execute a Funding Agreement with the County for an amount not to exceed \$1,500,000 in the Fiscal Year 2019-20 Affordable Housing Programs Budget Unit, and to accept and incorporate the funds, as needed into LACDA's Fiscal Year 2019-2020 and future Fiscal Year budgets; and
- c. Authorize the executive Director, or her designee, to execute any necessary amendments to the contract or Funding Agreement; and
- d. Take all other necessary actions necessary and consistent with the foregoing actions to implement the Backyard Homes Project in the unincorporated areas of the County.

S:MR/Expanding Accessory Dwelling Units as Homes for People Experiencing Homelessness