



## **Lessons Learned From 8 Years on the HHH COC**



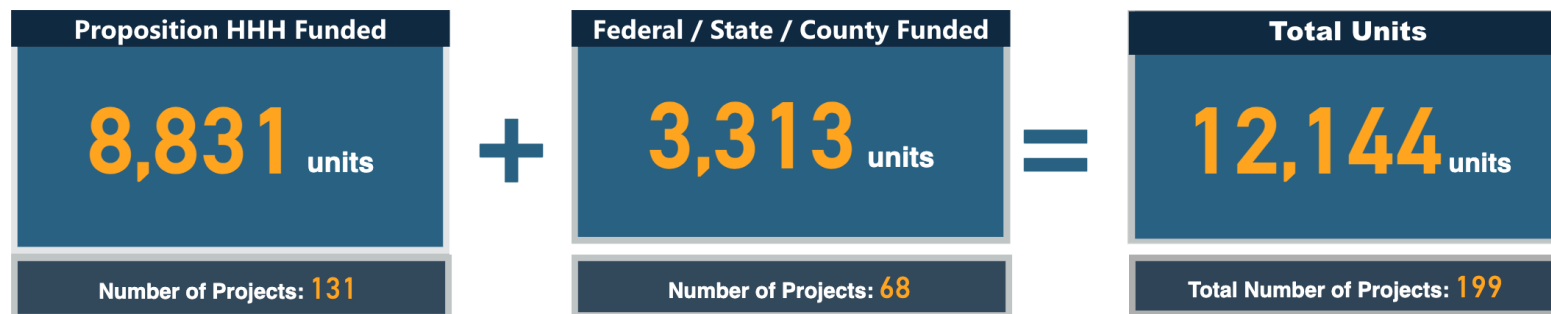
# What is HHH?

- **\$1.2B Bond to finance the production of permanent supportive housing**
  - **Designed to produce 10,000 units of PSH over 10 years**
- **What does it not do?**
  - **Does not provide any money for supportive services—that's why we needed measure H and the MOU between the city and country**
  - **Doesn't address affordable housing or homelessness prevention**

# Is HHH a success?

Summary of Prop HHH and Supportive Housing Pipeline - February 2024

*The road to 10,000 units.*



**\$112,873** - average Prop HHH loan per unit. Developers are responsible for securing all other funding.

# What are the lessons learned?

Column: Spending \$800,000 for a single unit of homeless housing is a red flag for L.A.



Stephen Smith stands in his doorway at Chandler Street Tiny Home Village in North Hollywood in 2021. (Jason Armond / Los Angeles Times)

## Prop HHH finally pays off — more than 6 years after it passed

By Anna Scott • May 15, 2023 HOUSING & DEVELOPMENT



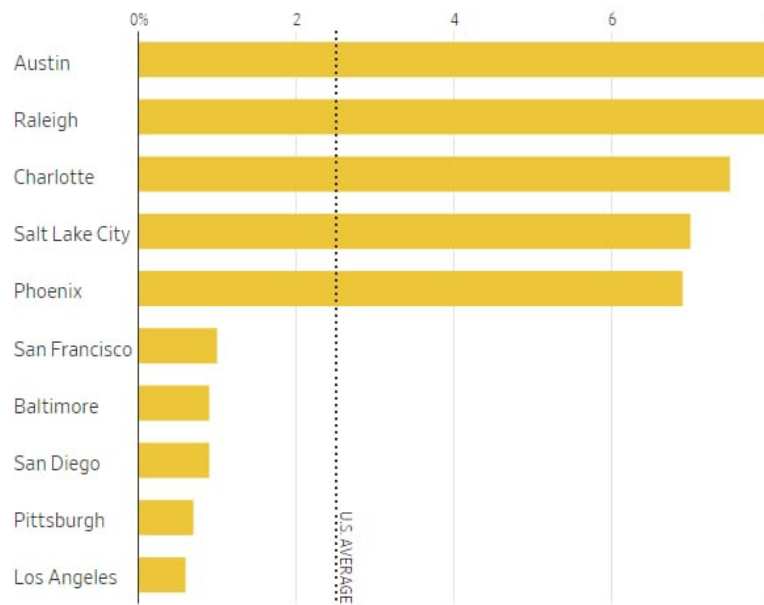
Olga Rosario spent two and a half years without shelter in L.A. In November, she moved to this new apartment in Sylmar, permanent supportive housing funded in part by Proposition HHH.

Photo by Anna Scott.

**We're 8 years into HHH and have only delivered 3500 units...of which, by the way, over 450 were NOT occupied as of the last report!**

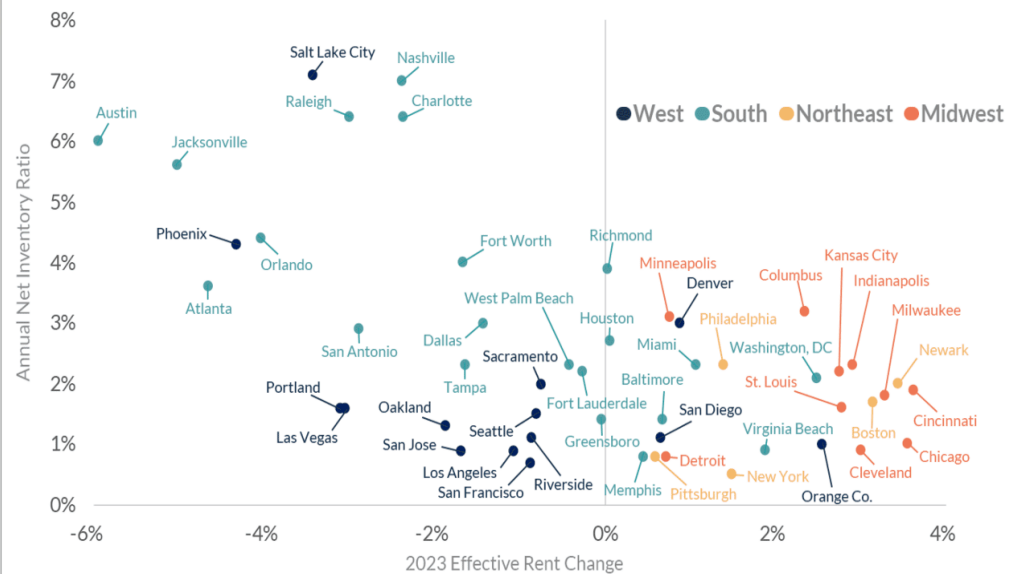
# Building on its own is not enough

Apartment completions expected in 2024, share of existing inventory



Source: Marcus & Millichap Research Services

2023 Rent Change vs. Inventory Growth



Source: RealPage Market Analytics

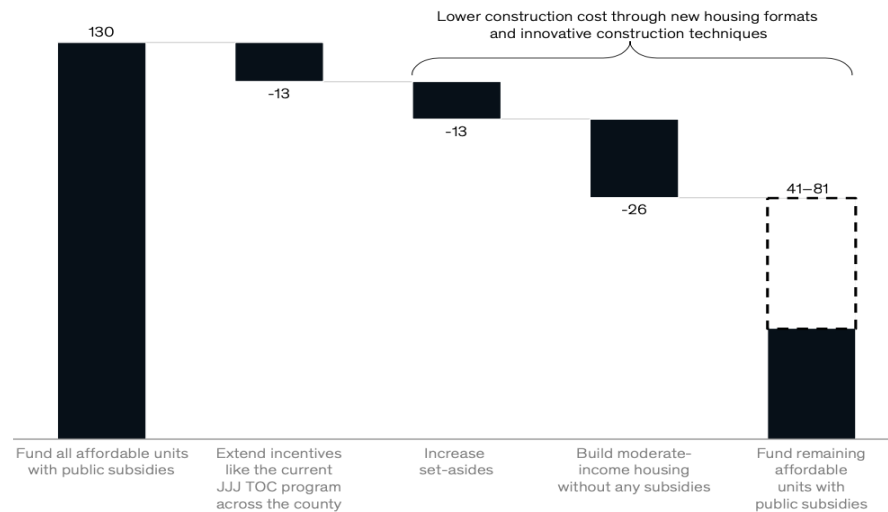
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# We need the private sector as a partner

Exhibit 19

**Los Angeles will have to make decisions on transit-oriented development, density, and housing mix to reduce the public funding required to achieve the next cycle's RHNA goals.**

**Cumulative public funding required to achieve the sixth cycle RHNA goal for affordable units for LA County, 2021–29<sup>1</sup>**  
\$ billion



<sup>1</sup> Affordable housing goal refers to units affordable to households earning moderate income or lower.  
Source: McKinsey Global Institute analysis

- **70% of Households in LA struggle with affordability (1.9M Households)**

- **600,000 Households in LA are severely rent burdened (spending 90% of income on rent)**

**The scale of the challenge is**

**In other words, we need the private sector**

# **We should really focus on cost and speed**

- **HHH Innovation Pilot**

**Just by making Total Cost a factor the cost per unit dropped by 15% (from approx. \$650K to \$550K per unit)**

- **Streamlining Works**

**It's not a coincidence that Mayor Bass' ED1 resulted in a surge of over 16,000 units in the affordable housing pipeline**



# **We shouldn't be afraid to think and act differently**

- **Create an environment at LACHASA that draws from best practices of professional real estate companies**
- **Incentivize cities to establish aggressive programs focused on outcomes and with clear, predictable parameters for developers**
- **Double down on streamlining...Go as far with it as possible and don't take "No" for an answer**

# **We should incentivize the private sector to do the hard work of building**

- **Establish a program to Buy properties from the private developers (e.g. establish quality criteria and incentivize private sector to produce affordable housing at less than \$400k per unit)**
- **Use a rental subsidy program to incentivize developers to produce the kind of buildings we want and need**
- **Any funds used to subsidize construction costs (e.g. as in the traditional model) should come with very strong total cost and speed requirements**