

HOMELESSNESS AND POVERTY

MOTION

In January 2016, Council adopted the City's Comprehensive Homelessness Strategy to address the needs of the homelessness crisis in the City of Los Angeles. A critical component of the strategy is the City's plan to provide supportive housing and facilities to serve this vulnerable population. In November 2016, the City's voters approved Proposition HHH, authorizing up to \$1.2 billion in bond proceeds to support the development of housing and facilities. At the time, it was anticipated that \$1.2 billion would fund approximately 10,000 supportive housing units. In response, Council created the Proposition HHH Permanent Supportive Housing Loan Program, administered by Housing and Community Investment Department (HCID) and the Proposition HHH Facilities Program, administered by the City Administrative Officer (C.F. 17-0090). Since the crisis declaration in 2018, the city has experienced a 16% increase in the homeless population despite the influx of services and resources. Due to the lack of affordable construction on city sponsored homeless housing and facilities, the homeless population will only continue to rise.

The construction cost for these various homeless housing and facilities projects have been higher than anticipated due to hot construction market, changes in federal tax law, the embedded cost in a lengthy financing process, and delay in implementation of leveraged funding such as the state's "No Place Like Home" funds, the average TDC for one unit is \$500,000. For projects sponsored by the City such as the Prop HHH funded Navigation Centers being constructed in multiple council districts, the bids received are often over the budgeted amount, further delaying the project which inadvertently means people do not receive services fast enough. In other instances, auxiliary infrastructure improvements necessary to the project, such as storm drain relocation or roadway improvements, become embedded in the cost of the project and have to be subsidized or paid for through the City's financing of the project, which can waste scarce housing funding or result in higher costs due to financing or administrative expenses.

The City's practice has been to use the private sector for the construction of these projects to expedite construction and bring down costs. However, this has not necessarily resulted in lower cost projects or expedited construction. Therefore, the City should explore different types of construction models for City financed, non-profit affordable and homeless housing and facilities, especially in the non-profit sector including allowing in-house City construction crews to provide bids for construction to compete against build these projects compared to bidding it out to the private sector and/or to provide project enabling infrastructure improvements such as utility relocation or mobility enhancements as part of the City's regular capital improvements program.

It is in the City's interest to continuously assess its strategy and progress in meeting its supportive housing goals. The City should have a clear understanding of its current progress and refine its methodology, if necessary, to maximize efficiencies in meeting the critical need for supportive housing and homeless services facilities.

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I THEREFORE MOVE that the City Council instruct the Bureau of Engineering, General Services Department, and Housing and Community Investment Department, with the assistance of Chief Legislative Analyst and City Administrative Officer and other departments as necessary, to report to Council with alternative construction models to make cost effective use of the City construction forces and to enable lower total development cost for the various homeless and affordable housing projects including but not limited to A Bridge Home program and City-sponsored Prop HHH housing and facilities programs.

PRESENTED BY: 

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SECONDED BY: 

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