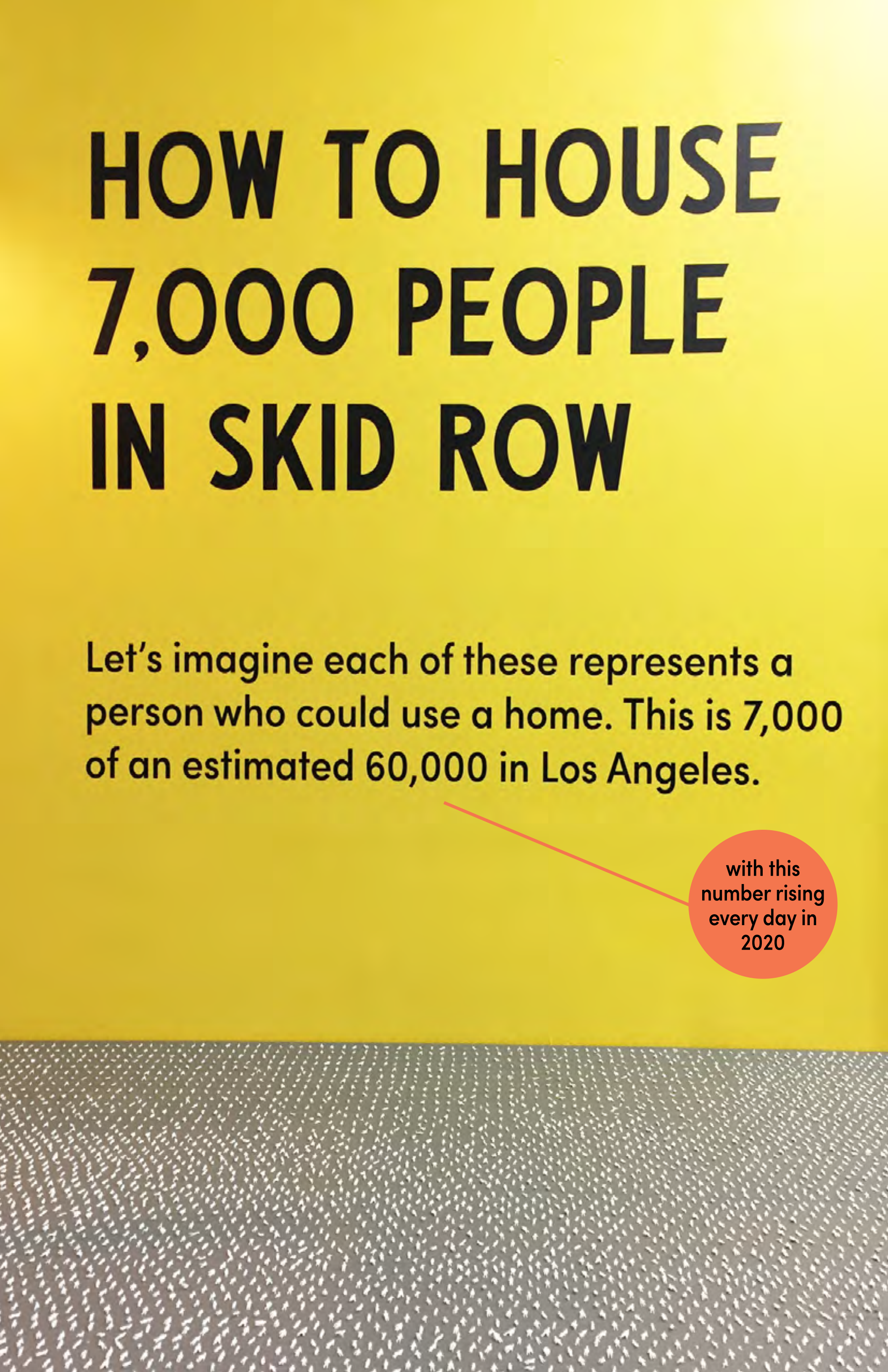
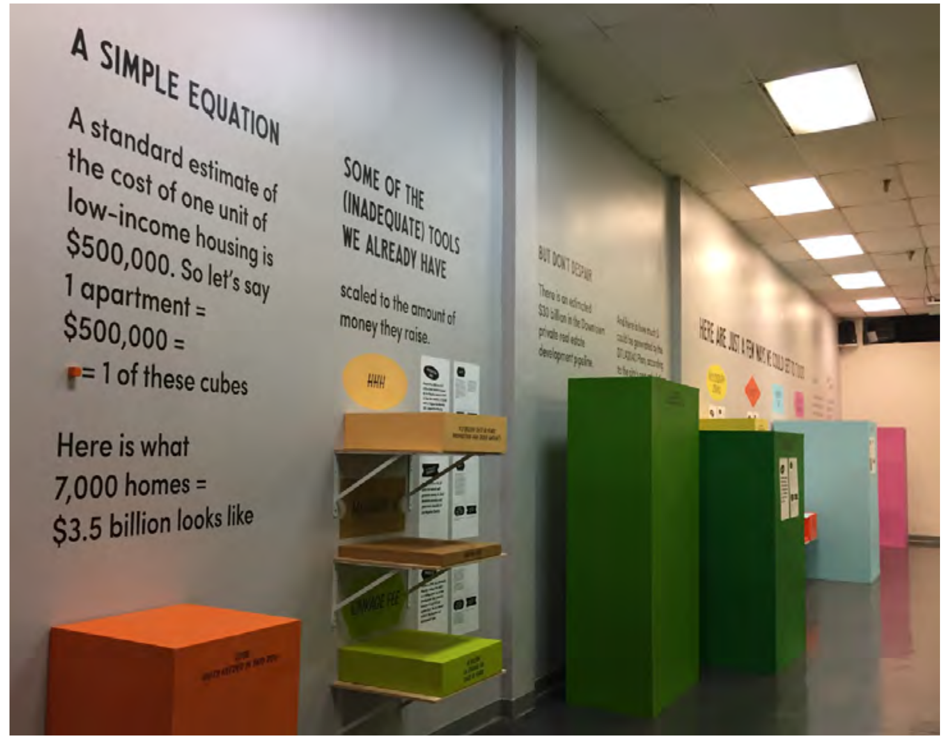
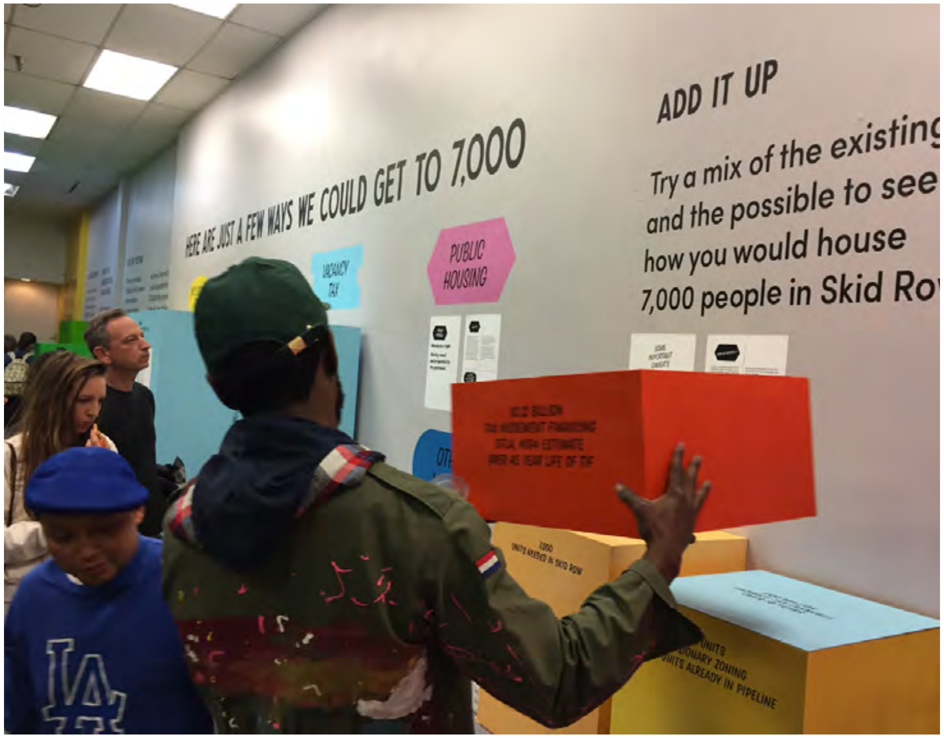

HOW TO HOUSE 7,000 PEOPLE IN SKID ROW
Let's imagine each of these represents a person who could use a home. This is 7,000 of an estimated 60,000 in Los Angeles.
with this number rising every day in 2020

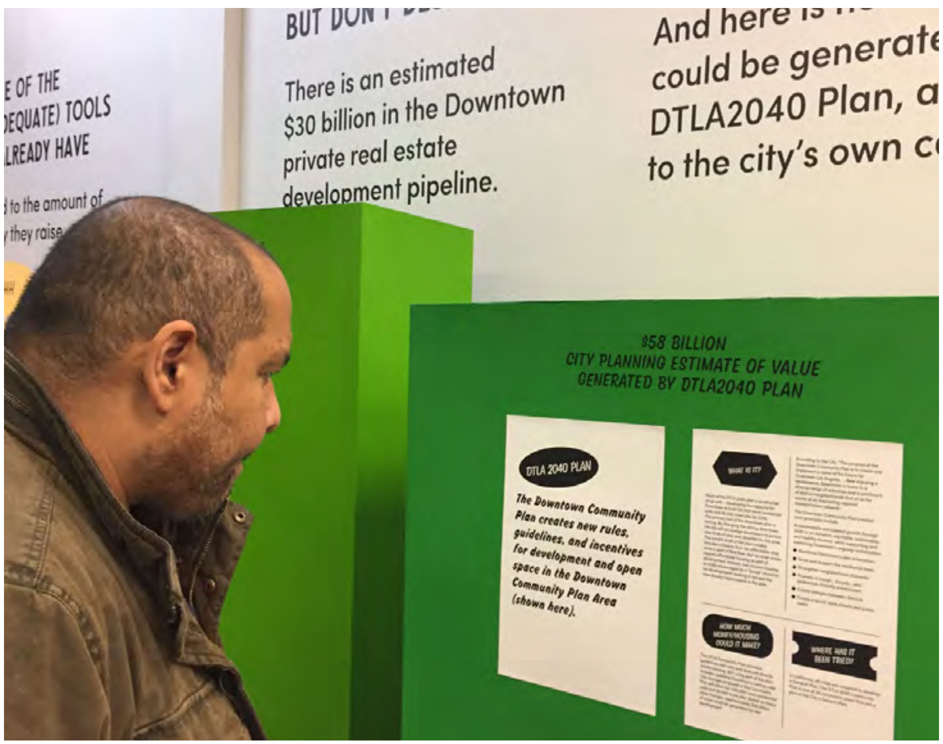
INTRO

"How to House 7,000 People in Skid Row," demonstrates the feasibility of creating 7,000 residential units using a variety of existing financing tools, proposed in the community generated, Skid Row Now & 2040 Plan, and augmented by additional possibilities. It does so at a moment when the public process to determine the contours of the plan is still in play. The final determination of the plan will be decided over the next year and-a-half, with reviews by the Downtown Area Planning Commission, City Council Committees, ultimately with a plan adopted by the full Council and signed into law by the Mayor.

60% of the people living in Skid Row are long term residents of hotels and apartments. 7,000 units of housing in Skid Row could house all the people now living on the streets and all the people currently in transitional programs in Skid Row. There are over 60,000 people living unhoused in the City of Los Angeles. Due to the countywide protocol for getting unhoused people into housing, the 7,000 people in need of permanent housing in Skid Row, would not be the 7,000 people who would get that housing, because the county process does not acknowledge the ties houseless people have to their communities. Most of them would be displaced and people from other parts of the county (who would also be displaced) would be given the housing in Skid Row. The only way to house the 7,000 people in Skid Row who are in need of housing is to create housing throughout the county for everyone in need. The question to be answered is: How to house 60,000 people in Los Angeles? This exhibition shows that this can be done and that there are multiple ways to finance it. We can and should build these units. "No money" is not an excuse.





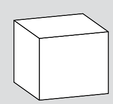


A SIMPLE EQUATION

A standard estimate of the cost of one unit of low-income housing is $500,000.

So let's say
1 apartment =
$500,000 =
= 1 of these cubes

Here is what 7,000 homes =
$3.5 billion looks like



HOW TO HOUSE 7,000 PEOPLE IN SKID ROW

A SIMPLE EQUATION

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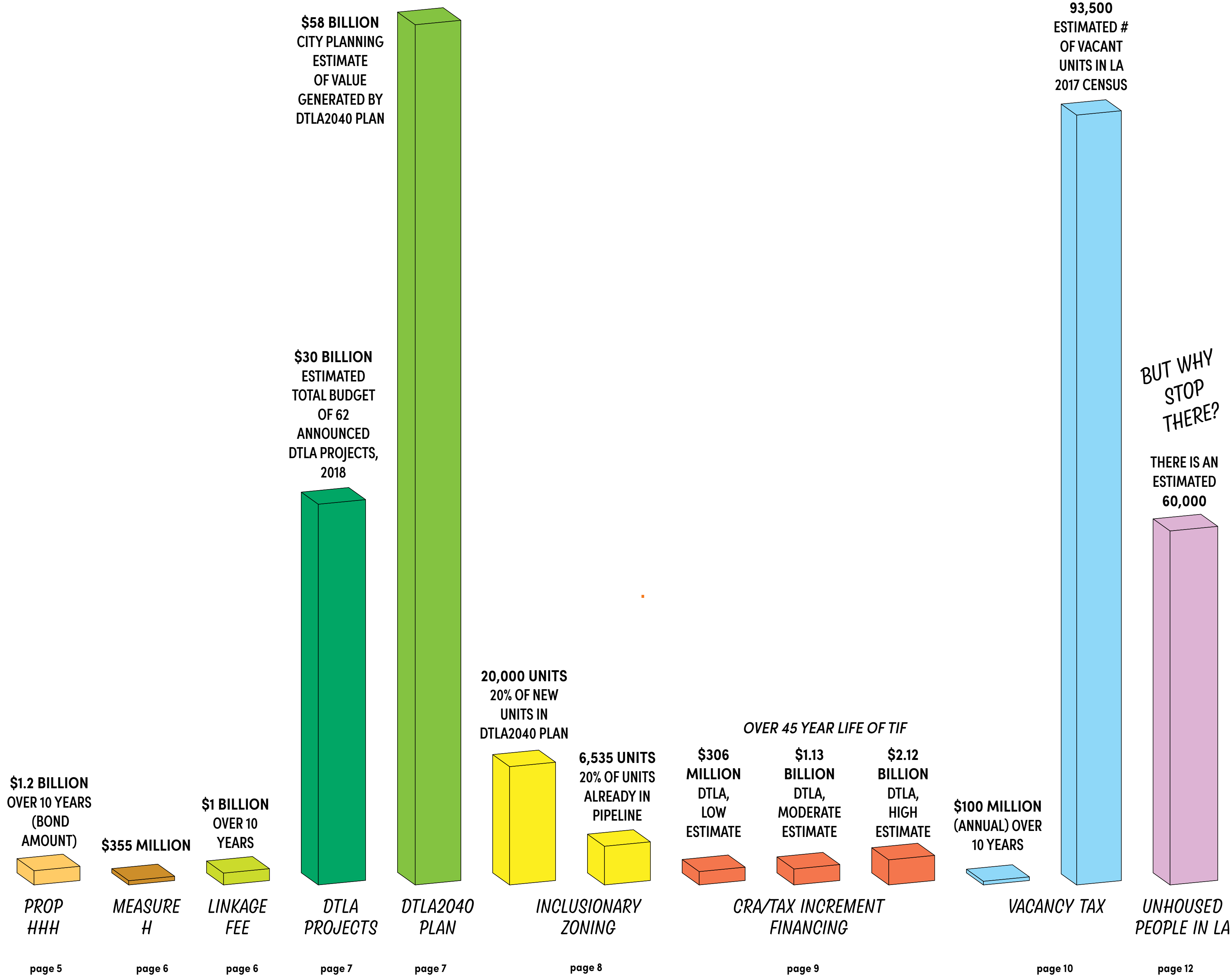
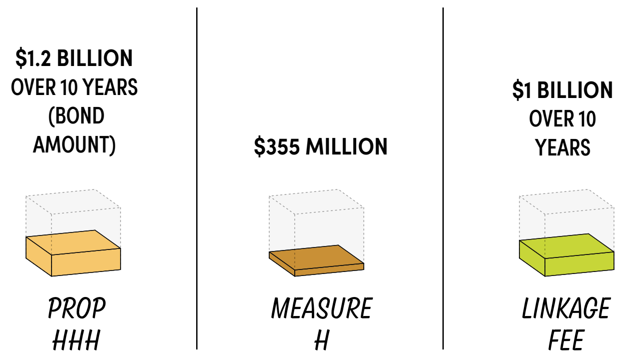
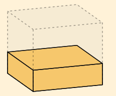


SOME OF THE (INADEQUATE) TOOLS WE ALREADY HAVE



HHH



Proposition HHH is a $1.2 billion bond measure passed by Los Angeles voters in 2016 to fund the creation of 10,000 units of Supportive Housing (SH). Supportive Housing combines housing and supportive services to help tenants gain stability and autonomy.

WHAT IS IT?

Passed by Los Angeles voters in 2016, Proposition HHH approved a $1.2 billion bond to fund the development of SH. The money from the fund is intended to supplement other local, state, and federal funding sources. If a project is awarded Prop HHH funds, the money will only fund the construction of eligible supportive housing or general affordable units which must remain affordable for 55 years. As of January 2020, there are 87 HHH projects in predevelopment, 21 in construction and 1 placed in service.

To be eligible for Prop HHH funding, a minimum of 50% of the units in a project must be reserved for homeless individuals and families. Of those units, 50% must be reserved for chronically homeless. Supportive Housing units have to be reserved for (1) “extremely low income” or (2) “very low income households”.

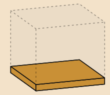
HOW MUCH MONEY/HOUSING COULD IT MAKE?

Prop HHH is projected to result in the creation of 7,465 total units (5,764 Supportive Units and 1,701 General Affordable units). Approximately $1 billion of Prop HHH funds have been committed and have leveraged upwards of $2.87 billion (every $1 of HHH funds generated $2.85 from other sources).

WHERE HAS IT BEEN TRIED?

This was passed in Los Angeles in 2016.

MEASURE H



The Homeless Initiative, Measure H is a $0.25 sales tax which will generate money to fund homeless services and short-term housing in Los Angeles County.

WHAT IS IT?

Measure H was passed by LA County voters in 2017. The intent of the measure is to provide homeless prevention, rental assistance, and services across the County and in the City of LA compliment Prop HHH funding by providing funding for supportive services in supportive housing develop-ments. The revenue raised by the Measure H sales tax goes to homeless prevention services, rental assistance, a wide array of services and supportive services that are provided in supportive housing projects. These supportive housing services include case management services, mental health-care, substance abuse treatment, etc.

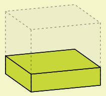
HOW MUCH MONEY/ HOUSING COULD IT MAKE?

Measure H is raising about $355 million annually for ten years.

WHERE HAS IT BEEN TRIED?

This was passed in Los Angeles in 2017.

LINKAGE FEE



Passed in 2018, the Affordable Housing Linkage Fee (AHLF) is a sliding-scale fee on new development that generates between $1 and $18 per square foot. The fee amount reflects the location and development type.

WHAT IS IT?

Buildings in "low-market" areas such as South Los Angeles would be charged $3-$8 per square foot of new develop-ment. Buildings in "high-market" areas such as downtown, Venice and Brentwood would be charged a linkage fee of $5-$15 per square foot. Institutional buildings, such as schools and hospitals, are not subject to the linkage fee.

Residential developers can avoid these fees if they agree to set aside certain percentages of units in their projects for low-income renters. According to the law, these units have to remain affordable for 55 years.

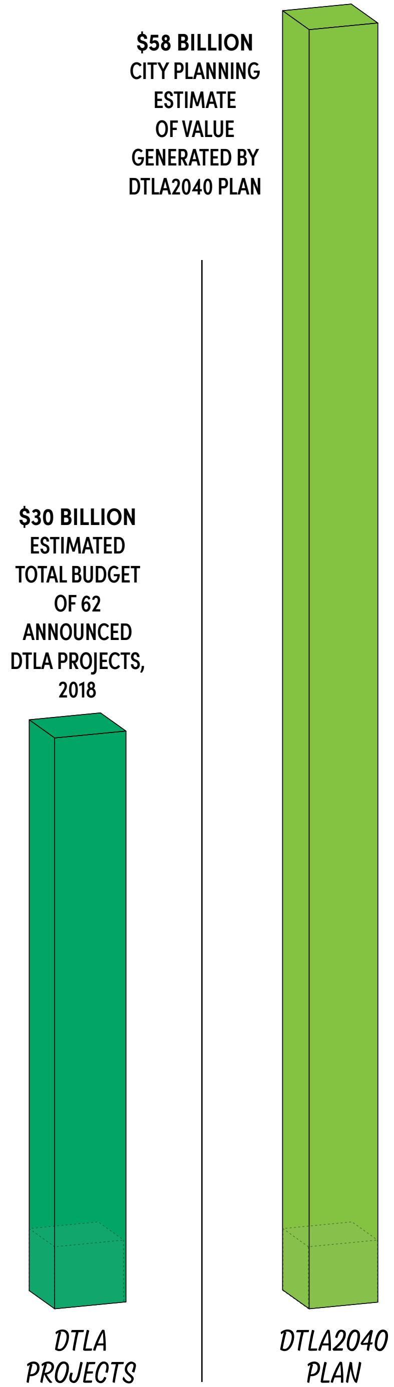
HOW MUCH MONEY/ HOUSING COULD IT MAKE?

The AHLF ordinance has the potential to generate an estimated revenue range between $90 and $130 million per year. Based on projected development activity, the Affordable Housing Linkage Fee is anticipated to bring in $1 billion over the next ten years to the city's affordable rental and homeownership housing programs.

WHERE HAS IT BEEN TRIED?

This was passed in Los Angeles in 2018.

BUT DON'T DESPAIR



There is an estimated $30 billion in the Downtown private real estate development pipeline.

And here is how much $ could be generated by the DTLA 2040 Plan, according to the city's own calculations.

The Downtown Community Plan creates new rules, guidelines, and incentives for development and open space in the Downtown Community Plan Area (shown here).

WHAT IS IT?

Much of the DTLA 2040 plan is predicated on growth —developing the capacity for Downtown to hold 100,000 more residential units and 86,000 more jobs by 2040. The primary tool of the downtown plan is zoning. By changing the zoning downtown, the city will encourage developers to pursue new kinds of uses and densities for the area. The current draft of the plan notably includes a historic first—an affordable-only zone in part of Skid Row—but no other zones require affordable housing as part of development. Instead, low-income housing is mildly encouraged as a "bonus" incentive for developments seeking to exceed the new density requirements in the plan.

According to the City, "The purpose of the Downtown Community Plan is to create and implement a vision of the future for Downtown Los Angeles. ... Now enjoying a renaissance, Downtown is home to a diverse range of industries and a patchwork of distinct neighborhoods that sit at the center of an expanding regional transportation network."

The Downtown Community Plan's stated core principles include:

Accommodate anticipated growth through 2040 in an inclusive, equitable, sustainable, and healthy manner, while supporting and sustaining Downtown's ongoing revitalization

- Reinforce Downtown's jobs orientation
- Grow and support the residential base
- Strengthen neighborhood character
- Promote a transit-, bicycle-, and pedestrian-friendly environment
- Create linkages between districts
- Create a world-class streets and public realm

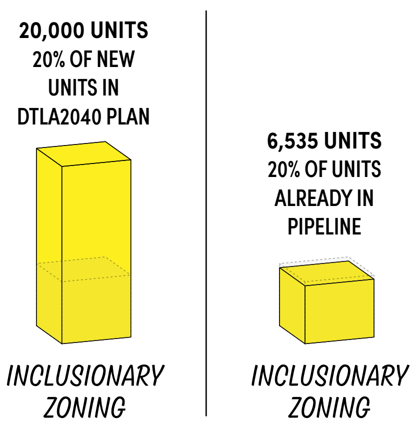
HOW MUCH MONEY/ HOUSING COULD IT MAKE?

The DTLA Community Plan provides guidelines and rules and does not directly create housing. BUT a big part of the plan includes updating Downtown's zoning code. The changes proposed in the Community Plan will allow for +100,000 more residential units and 86,000 more jobs. Based on these zone changes, approximately $58 billion of value could be generated by new development.

HERE HAS IT BEEN TRIED?

In California, all cities are required to develop a General Plan. The DTLA 2040 Community Plan is one of 35 community plans that are a part of the City's General Plan.

HERE ARE JUST A FEW WAYS WE COULD GET TO 7,000



INCLUSIONARY ZONING

Inclusionary Zoning is an ordinance that requires a certain percentage of new residential construction to be affordable for people with low-incomes.

WHAT IS IT?

Inclusionary Zoning is a way to "capture" the value generated by rezoning for public benefit. By requiring set-asides of affordable apartments within market-rate developments, this policy creates mixed income housing where low-income tenants live alongside other residents paying market-rate rent.

Changing Skid Row's light manufacturing zone to allow housing represents an enormous advantage to developers that will boost land values in the area. Rather than giving it all away to the private sector, the City could use mandatory inclusionary zoning to capture a portion of the added value for below-market rents. Los Angeles homeowners voluntarily taxed themselves through Proposition HHH to create housing for people experiencing homelessness. If the city is going to increase land values by billions of dollars, it should dedicate some of this increase to making housing for the unhoused.

Inclusionary zoning is an effective policy in expensive housing markets, since land costs are one of the most variable elements in multifamily construction. By contrast, labor costs and building materials are fairly predictable in a given market and harder for developers to adjust. Many cities have found that boosting land values through inclusionary zoning can be a powerful incentive to help the real estate industry serve the people that it ought to be able to serve.

HOW MUCH MONEY/HOUSING COULD IT MAKE?

Using the 100,000 unit added capacity established by the DTLA 2040 Plan, 20,000 units of affordable housing could be createdthrough a 20% set-aside requirement. As a reference point, there are approximately 32,674 units already in the development pipeline in Downtown LA. A 20% set-aside requirement would create 6,535 units of affordable housing.

WHERE HAS IT BEEN TRIED?

Nearly 500 cities and counties have adopted inclusionary zoning laws. In San Francisco, the inclusionary zoning requirement is 25% for large residential projects. Santa Monica requires a 30% set-aside in new multifamily projects, as approved by voters in Proposition R. New York and Chicago also require inclusionary zoning for new development. Changes to state law in 2017 removed a conflict with Costa-Hawkins and created the pathway to using this tool in Los Angeles.

CRA/TIF

When a public amenity is created, it increases the value of all the properties around it. TIFs take that increase and put it back to work for other public projects. Tax increment financing (TIF) diverts future increases in tax revenue within a designated area to pay for redevelopment projects.

WHAT IS IT?

TIF tools are used to subsidize local redevelopment projects. They promote and stimulate private investment into a defined district, often times an area designated for revitalization. Once the TIF district is defined, the amount of its tax revenue that would go to the city is frozen at the amount of tax revenue received in the year the TIF district is formed. Any increase in tax revenue after TIF formation can be spent within the designated district on redevelopment projects. The policymaker can specify what they want the TIF revenue to be spent on. TIFs can be spent on helpful public projects or total boondoggles.

Of the five TIF tools available in California, Skid Row/ Downtown would only be eligible to use two: Enhanced Infill Financing Districts (EIFDs) and Community Revitalization and Investment Authorities (CRIAs).

See Figure 1 below for a visual representation of tax increment financing.

1. When the TIF is formed in Year 1, the City's property tax share is frozen (blue)

2. The yellow triangle represents the money generated by the TIF to be used on public amenities

3. When the TIF is terminated in Year 45, the City's share of property tax revenue resumes in full

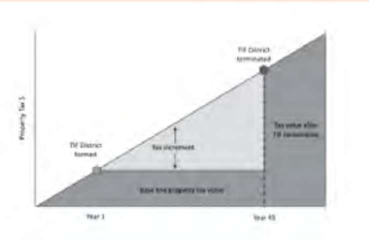
HOW MUCH MONEY/HOUSING COULD IT MAKE?

The amount of money a TIF can generate depends on the tax type (property, sales, etc.), the characteristics of the defined district (size, value, etc.), city tax capture rates, and the terms of the TIF policy. The two TIF tools that are eligible to use Downtown (EIFD and CRIA) could make $306 million to $2.1 billion over 45 years.

WHERE HAS IT BEEN TRIED?

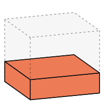
From 1945 to 2012, cities in California relied on tax increment financing (TIF), permitted by the Community Redevelopment Act, as a primary funding tool for community development projects. Almost every state in the U.S. has passed TIF legislation.

FIGURE 1: TAX INCREMENT FINANCING DIAGRAM



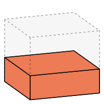
OVER 45 YEAR LIFE OF TIF

$306 MILLION DTLA, LOW ESTIMATE



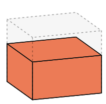
CRA/TIF

$1.13 BILLION DTLA, MODERATE ESTIMATE

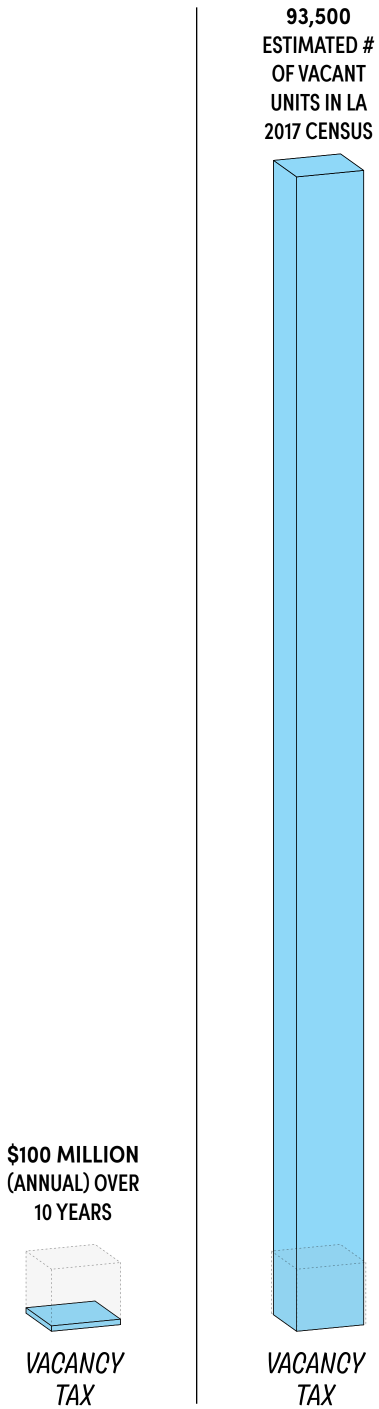


CRA/TIF

$2.12 BILLION DTLA, HIGH ESTIMATE



CRA/TIF



VACANCY TAX

A vacancy tax would levy an annual fee on land-lords who have kept units vacant for an entire year.

WHAT IS IT?

A vacancy tax targets landlords who use real estate as a speculation and profit-generating tool rather than housing people. The tax could be used to fund housing development and services but would primarily be useful in encouraging landlords to actively seek occupants for vacant units instead of leaving them empty.

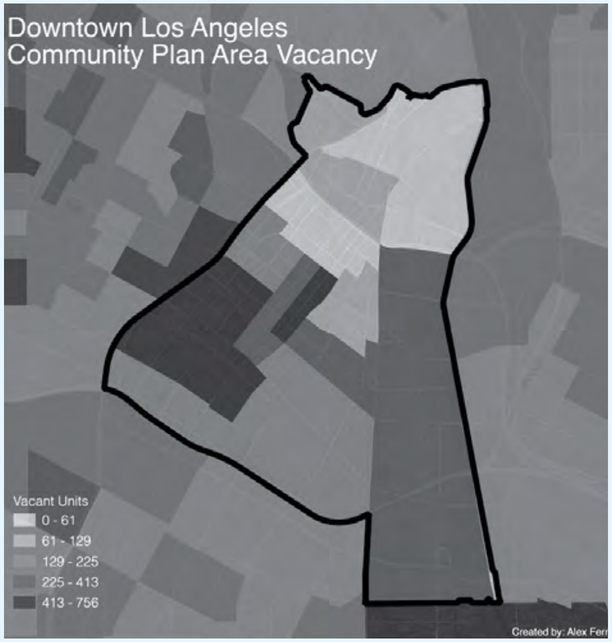
According to the 2017 census, the city of Los Angeles has, by some counts, nearly 93,500 vacant homes. Almost twice as many as you would need to house every unhoused person in the city in their OWN unit. About half of these are non-market: units that are not being marketed, "held for occasional use, temporarily occupied by persons with usual residence elsewhere, and vacant for other reasons".

HOW MUCH MONEY/HOUSING COULD IT MAKE?

Currently, there are nearly 100,000 vacant units in the City of Los Angeles. A vacancy tax on these could generate around $10 million per year—depending on policy terms and tax amount.

WHERE HAS IT BEEN TRIED?

Vancouver's Empty Homes Tax (passed in 2018) is a model for this kind of law. Oakland passed a Vacancy Property Tax in 2018.



PUBLIC HOUSING

Housing as a right. Housing owned and/or operated by the government.

WHAT IS IT?

From the 1930s to the 1970s the Federal government funded and oversaw a sweeping program of housing construction that, even today, still houses more than 2 million people in the U.S. In many other countries public or "social" housing accounts for a very large percentage of the national housing stock. After decades of stigmatization and disinvestment, Public Housing is gaining popularity as a simple and effective "single-payer" solution to chronic housing shortages that plague American Cities. Rather than providing market incentives that must be combined with dozens of subsidies and funding streams, public housing is constructed, owned and operated by a public housing authority which could streamline and promote effective housing.

A national movement under the banner of the "Homes Guarantee" calls for: (1) the construction of 12 million units of social housing, (2) a $70 billion reinvestment in public housing, (3) National rent control, (4) Decarbonization of housing infrastructure, and (5) a Commitment to end homelessness nationwide.

HOW MUCH MONEY/ HOUSING COULD IT MAKE?

The Homes Guarantee calls for the construction of 12 million new units nationally with costs to be covered by federal grants, mixed with municipal and state taxes. The federal government should issue bonds to create a new $1 trillion revolving fund of subsidized-interest loans available to Public Housing Authorities (PHAs) and municipalities, enabling them to borrow at low costs in exchange for building social housing.

The National Housing Trust Fund (NHTF) would also receive $1.27 trillion over 10 years, $400 billion of which would be front-loaded to year one, to finance development of publicly-owned and regulated nonprofit social housing as well as operating subsidies for Very Low-Income and Extremely Low-Income tenants. The Homes Guarantee also calls for $70 Billion of reinvestment into our existing public housing stock.

OTHER MODELS

Housing First in Finland and Dutch Social Housing

Since 2007, Finland has implemented a Housing First approach that is built on the principle that having a permanent home and supportive services can make solving health and social problems much easier. Unhoused people are given permanent housing that can range from a self-contained apartment to a housing block with round-the-clock support. When they are given a home, they also receive individually tailored support services. These services include financial and debt counseling and assistance with accessing other public benefits.

In addition to utilizing its existing social housing, the government bought flats from the private market and built new housing blocks in order to provide homes for its unhoused people.There is only one homeless shelter in Finland. They have all been turned into supported housing. The savings, in terms of the services needed by one person, can be up to 9,600 euros ($10,600 USD) a year when compared to the costs that would result from that person being unhoused.

In the Netherlands, "affordable housing" roughly translates to social housing (Sociale Huurwoningen) and represents nearly 80% of the Dutch rental housing units. In the Netherlands, affordable housing is considered a right rather than a privilege. Initial efforts to provide more affordable housing were started by private merchants and industrialists in the 1800s who wanted better housing for their workers. In the early 1900s, the government signed on and supported the development of public housing. Through comprehensive regulations and subsidies public housing became virtually accessible to all Dutch citizens without income-based segregation, as per the 1901 Dutch Housing Act (Woningwet).

In the Netherlands today, housing associations provide housing for approzimately 60% of the country's population. There are well over 300 housing associations at work across the country, with at least one in every municipality. They are required to function within governmental frameworks, but operate with some freedom, catering to market demand while carrying a social duty to provide for low-income populations.

Many countries have effective Social housing policies world-wide: including Austria, Finland, Chile, Denmark, the Netherlands, Sweden, and Canada.

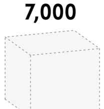
ADD IT UP

Try a mix of the existing and the possible to see how you would house 7,000 people in Skid Row

BUT WHY STOP THERE?

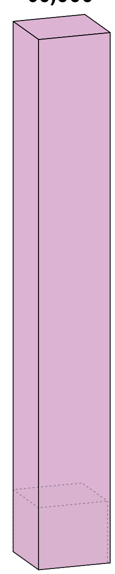
LA has an estimated 60,000 unhoused individuals

7,000



UNITS NEEDED
IN SKID ROW

60,000



UNHOUSED
PEOPLE IN LA

SOME IMPORTANT CAVEATS

FOR HOW LONG?

Some affordable housing programs only require an apartment to be "affordable" for a limited number of years, after which the owner can choose to convert the unit to a market-rate apartment. This issue of "expiring covenants" is coming to a head as many units that were constructed in the 1980s are now coming up for renewal. The map below shows the number of units in LA that have expiring covenants and are at-risk" of being lost.

Affordable covenants can be extended or start over if the owner decides to refinance the project with public funding or re-apply for rental/operating subsidies. If the covenant expires and the owner does not refinance or reinstate the rental subsidy, they have the ability to convert the units to market-rate.

Since 1996, 4,497 units (79 developments) of affordable housing have been lost from expiring covenants in the City of Los Angeles. Of the 79 lost developments, 73 were owned by for-profit entities.

For reasons that seem unrelated to feasibility, many policies that create incentives for affordable housing (HHH, Linkage Fee) only require that housing units stay affordable for 55 years.

Total Projects: 243

Total At Risk Units: 9,670

Total Projects owned by For-Profits: 135

Total At-Risk Units owned by For-Profits: 5,786

HOW AFFORDABLE?

In order to meaningfully engage residents of Skid Row and the affordability crisis in our city, "affordable housing" should prioritize those at the lower end of the income spectrum—in government-speak "Extremely Low Income" people—making between 0 and 30% of the Area Median Income.

Below are the 2019 qualifying income limits for extremely low-income households in the City of Los Angeles:

For a family of

1: $21,950

2: $25,050

3: $28,200

4: $31,300

WHAT ABOUT EVICTIONS?

Building 7,000 new units in Skid Row doesn't matter much if we lose more than we build. The DTLA2040 plan should come with anti-eviction protections for existing tenants.

The map to the right (courtesy of the Anti-Eviction Mapping Project) shows the 26,562 units in which landlords/developers filed Ellis Act declarations to evict tenants in the City of Los Angeles since 2001.

WHY HOUSE 7,000 PEOPLE IN SKID ROW?

There are nearly 7,000 current residents of Skid Row in transitional programs or living on the streets. These people deserve to be housed in their neighborhood. Skid Row is a low-income residential neighborhood and a resource for all of Southern California. It has a strong network of grass roots groups that work to ensure that the neighborhood evolves in accord with the desires and aspirations of residents. Unlike too many other neighborhoods that are resistant to housing the houseless, there is overwhelming neighborhood support for the development of 7,000 housing units in Skid Row for people with extremely low incomes.

We opened the exhibition, "How to House 7,000 People in Skid Row" on March the 7th, 2020. Twelve days later, Governor Newsom issued the statewide "Stay at Home" order to slow the pandemic. The City put in place a moratorium on evictions, the Federal government augmented unemployment benefits and other income supports. Now, these supports are gone and there could be an avalanche of evictions. The CARES Act included many billions of dollars to bail out corporations (over 50 billion for the airlines alone). There is plenty of money to make this happen. Now, more than ever there is a need to look beyond existing funding mechanisms for creating housing. During the pandemic, additional ideas for housing the unhoused are gaining traction, including the purchase of now vacant tourist hotels that can be converted into apartments and permanent housing for a third of the price of creating new units. We need to acknowledge housing as a necessity and embrace it as a human right and mobilize to demand it. We need to de-commodify housing. By looking at housing through this lens, manifold new possibilities open up for funding housing and housing everyone.

CREDITS:

"How to House 7,000 People in Skid Row" is supported by a grant from A Blade of Grass, with additional Funding from The Andy Warhol Foundation for the Visual Arts.

LAPD

LOS ANGELES POVERTY DEPARTMENT

"How to House 7,000 people in Skid Row?" is a continuation of a process that started in 2016, when we realized The City of LA's project to update its zoning code (Recode: LA) and write a new Downtown Plan would quite likely displace the current low-income residential community of Skid Row.

While the adoption of a Community Plan is a public process, the assumptions upon which it's based are decided in advance of the public process, by the Mayor, the City Council members and people who have their attention.

In our 2017 project, "The Back 9" Rosten Woo designed a zoning and land use themed playable miniature golf course installed at our Skid Row History Museum & Archive and LAPD made a performance in which we played developers and politicians playing golf while carving up the future version of Los Angeles. During the process we engaged the Department of City Planning in an on-going dialogue with the Skid Row Community.

Shortly after "The Back 9" a coalition of community groups and individuals, including LAPD was formed to create an alternative plan that prioritized the vision of the current residents of Skid Row. "The Skid Row Now and 2040 Plan" emphasized no displacement of current residents housed or un-unhoused.

This exhibition is a collaboration with Rosten Woo, LAPD and non-profit housing professional Anna Kobara, who developed the models and crunched the numbers that allow us to quantify funding mechanisms and go from a concept, say "vacancy tax" to calculate how many dollars and how much housing a "vacancy tax" will generate.