TESTIMONY BEFORE THE COMMITTEE ON FINANCIAL SERVICES
FIELD HEARING: EXAMINING THE HOMELESSNESS CRISIS IN LOS ANGELES

JOSEPH HORIYE
PROGRAM VICE PRESIDENT
LOCAL INITIATIVES SUPPORT CORPORATION

AUGUST 14, 2019

Introduction
Chair Waters, and members of the Committee:

My name is Joseph Horiye and I’m a Program Vice President at the Local Initiatives Support Corporation’s (LISC). Established in 1979, LISC is a national nonprofit housing and community development organization that is dedicated to helping community residents transform distressed neighborhoods into healthy and sustainable communities of choice and opportunity. LISC mobilizes corporate, government and philanthropic support to provide local community development organizations with loans, grants and equity investments; as well as technical and management assistance. Our organization has a nationwide footprint, with local offices in 35 cities. LISC invests approximately $1.4 billion each year in these communities and our work covers a wide range of activities, including housing, economic development, building family wealth and incomes, education, and creating healthy communities.

In 1987, LISC opened our Los Angeles office and since that time we have assisted in the development of more than 11,000 units of affordable housing in the region. In addition, we’ve invested almost $34 million of grants, loans, and equity for affordable housing and community development projects in California’s 43rd district. LISC LA has also been a leader in building the capacity of our local nonprofit partners to revitalize low-income neighborhoods and develop projects benefitting these areas, including community health centers and critical community facility projects. Our office has also helped develop new policies, programs, and trainings to address the needs of our most vulnerable communities, including the homeless. In my role as Program Vice President, I oversee the work of our LISC LA office, along with our LISC offices in San Diego and the Bay Area. I would like to acknowledge Tunua Thrash-Ntuk, who is the Executive Director of LISC LA and a native Angeleno. Tunua and our LISC LA team are deeply embedded in community based efforts to provide assistance to persons experiencing homelessness and Tunua has spent her entire
career in the affordable housing field, including serving as Executive Director of the West Angeles Community Development Corporation before leading our LISC LA office.

Thank you for the opportunity to testify today on homelessness in Los Angeles. I have seen firsthand the challenges and opportunities that exist providing affordable housing to persons experiencing homelessness and how nonprofit organizations and other groups can improve the lives of these populations.

**Homelessness Crisis in Los Angeles**

There is no question that Los Angeles is in the midst of an affordable housing crisis, which is increasing the rates of homelessness. According to the U.S. Department of Housing and Urban Development’s (HUD) Annual Homeless Assessment Report, more than one in five people experiencing homelessness did so in either in New York City or Los Angeles.¹ According to HUD’s data, 49,955 people were homeless in the City of Los Angeles and Los Angeles County as of their last count, with the region having one of the highest rates of people experiencing homelessness in unsheltered locations. The Los Angeles Homeless Service Authority (LAHSA) released its homelessness count in June, which found that almost 59,000 people were homeless in 2019.² This represents a 12 percent increase in homelessness for Los Angeles County and a 16 percent increase for the City of Los Angeles from the most recent count.

The Los Angeles homelessness crisis is impacting extremely low-income families, individuals, youth, and veterans. For instance, Los Angeles City and County have the largest number of homeless individuals and veterans experiencing homelessness in the country. And for veterans experiencing homelessness, Los Angeles had the highest unsheltered percentage in the county, with 76 percent of homeless veterans staying in unsheltered locations.³ Los Angeles also has the second highest amount of family homelessness and unaccompanied youth experiencing homelessness.

Rates of homelessness are mainly rising in Los Angeles due to the deepening affordable housing crisis in the region. According to the LAHSA, an Angeleno would need to earn $47.52 an hour to afford the median monthly rent, which is three times more than the local minimum wage.⁴ This crisis impacts the poorest households most severely and it’s estimated that 79 percent of extremely low-income households in Los Angeles are paying more than half of their income on housing costs, compared to just 3 percent of moderate income households.⁵ Wages have not kept pace with rapidly rising rents, which has increased the rates and risk of homelessness in the area.

---

³ Ibid.
Strategies for Ending Homelessness
This country has to be committed if we want to end homelessness and these efforts are best supported through local Continuum of Cares (CoC). HUD defines a CoC as “a community plan to organize and deliver housing and services to meet the specific needs of people who are homeless as they move to stable housing and maximize self-sufficiency.” CoCs are planning entities which coordinate affordable housing and service delivery for persons experiencing homelessness in a community or region. These entities develop plans for how to end homelessness in their area, which include outreach, intake, and assessment of housing and service needs for homeless individuals and families; emergency shelter to meet immediate housing needs; transitional housing with services to prepare persons experiencing homeless for permanent affordable housing; and permanent supportive housing, which combines affordable housing with dedicated services to keep people stably housed.

We know from decades of experience that local communities need the full array of affordable housing options and service supports to prevent people from experiencing homelessness and to provide housing options when homelessness occurs. The CoC model ensures that community practitioners are working together to address homelessness under a coordinated approach. These programs and activities are predominantly supported through HUD’s Continuum of Care homelessness assistance programs. HUD’s CoC programs are vital federal resources for this work and incentivize local CoCs to prioritize Housing First approaches, which reduce local barriers to access housing and other services. We know this approach works and our country has seen the success of these efforts. For example, our nation’s commitment to reducing chronic homeless has resulted in a 26 percent decrease nationally since 2007. In addition, our nation’s efforts to decrease veteran homelessness has resulted in a 48 percent decline since 2009. This progress is mainly due to the federal government targeting resources to end homelessness for these populations. We know that progress can be made when the federal government provides adequate resources.

LISC supports full funding for HUD’s CoC federal assistance programs and was pleased to support Rep. Waters’ Ending Homelessness Act of 2019. This bill would increase McKinney-Vento Homeless Assistance grant resources to produce new permanent supportive housing, authorize additional resources for special purpose Housing Choice Vouchers, increase National Housing Trust Fund funding, authorize funding for outreach to homeless people, and better integrate affordable housing and healthcare activity. This bill acknowledges the resources the federal government has to provide if our country is going to continue to make advances in reducing homelessness.

LISC LA’s Role in Preventing and Ending Homelessness
The Los Angeles LISC office has worked since its inception to provide assistance to homeless service and affordable housing providers in our community. Our office accomplishes this by providing grants, technical assistance, training, and financing resources to our longstanding community-based partners. LISC works closely with the organizations

7 Ibid.
we support by building their capacity so they can undertake critical affordable housing projects. One of the most important federal capacity building tools we utilize for this work is HUD’s Section 4 Capacity Building for Community Development and Affordable Housing (Section 4) program. Section 4 awards help nonprofit housing and community development organizations further their affordable housing goals. Examples include:

- People Assisting the Homeless (PATH) Ventures used HUD Section 4 support to build their capacity to develop West Carson Villas. This development consists of 110 units, 55 of which are reserved for formerly homeless residents.
- Los Angeles Family Housing used HUD Section 4 support to build their capacity to streamline their client housing intake process, allowing them to scale the process across their network of developments throughout greater Los Angeles.
- Coalition for Responsible Community Development (CRCD) used HUD Section 4 support to build their capacity to help vulnerable residents access public benefits to meet basic needs, build employment skills, find jobs and build savings and assets.

LISC also provides financing in support of the development of affordable housing for low-income families, including supportive housing for formerly homeless families. Our ability to provide support for homeless assistance projects is dependent on key federal and state resources. One federal affordable housing program we have used recently to support this work in Los Angeles and throughout the country is the Capital Magnet Fund (CMF). The Capital Magnet Fund is a competitive affordable housing award program administered by the U.S. Department of the Treasury. CMF awards can be used flexibly by mission driven lenders, such as LISC, and nonprofit developers to produce and preserve affordable housing. CMF awards are often used for affordable rental housing projects benefiting extremely and very low-income households. And as the program’s name implies, they are highly leveraged, with an over 20:1 leverage ratio. The CMF allows LISC LA more flexibility when structuring financial assistance for nonprofit sponsors developing permanent supportive housing in Los Angeles.

An example of the impact of the CMF program is our recent support for LA Family Housing’s Irmas Family Campus. What was once a homeless shelter operating for 30 years out of a former motel completed its transformation this year into a campus that offers health, housing and other services to thousands of people living in San Fernando Valley. The new LA Family housing campus clusters together a family center, health clinic, shelter and permanent housing with office space for job counselors, housing navigators, legal service staff and other partners. The Campus includes the Fiesta Apartments, 49 units of newly constructed permanent supportive housing targeting chronically homeless single adults who qualify as frequent users of services from the LA County Department of Health Services or who receive services through the LA County Department of Mental Health. LISC’s National Equity Fund invested nearly $13.6 million in low income housing tax credit equity (LIHTC) to support this $20.7 million development. LA Family Housing, the project sponsor and developer, serves as the service provider and has 30 years of experience providing shelter, housing and a full range of support services to homeless individuals and families. All
supportive services are available to project residents free of charge and provided by LA Family Housing and partner agencies. LISC used its CMF award to provide a reduced interest permanent loan to close a financing gap on the Fiesta Apartments. It helped close and move forward to construction this high impact development.

The affordable rental housing and permanent supportive housing projects we finance typically also have low-income housing tax credit equity. The LIHTC is the nation’s most important development finance subsidy source for affordable rental housing. The program works by providing equity for affordable rental housing in exchange for federal tax credits. Our subsidiary, the National Equity Fund, is one of the largest nonprofit syndicators of LIHTCs and a national expert in using Housing Credits to finance supportive housing developments for persons experiencing homelessness. Since inception, NEF has financed over 25,000 units of supportive housing, including over 2,000 units in Los Angeles.

It’s important to note that while the LIHTC provides subsidy to build and preserve supportive housing, we still need project-based and tenant-based rental assistance from the government to serve the lowest income people in these developments, including homeless persons. HUD, USDA, and some state and local governments provide rental assistance, which is usually targeted to very-low and extremely-low income households. These operating subsidies provide targeted assistance to ensure that very poor households can live stably in affordable housing.

HUD’s Section 8 program, which is our nation’s largest source of operating rental assistance, has not grown since 2006, with the exception of the HUD Veterans Affairs Supportive Housing (VASH) program for homeless veterans and some increases for other special purpose rental subsidies. As Los Angeles focuses resources to spur more construction of supportive housing, we are starting to bump up against the 30 percent cap on the number of HUD Section 8 vouchers that can be project-based. The Housing Opportunity Through Modernization Act (HOTMA) of 2016 authorized public housing authorities to project-base an additional 10 percent of their vouchers for households who are homeless, have a disability, or meet other criteria. But even with this increase, the City of Los Angeles is reaching its cap and if Section 8 resources continue to be flat funded, it will curtail supportive housing production in the future. Developers need an income stream to operate permanent supportive housing in addition to soft loan capital resources. This is why LISC advocates for and fully supports efforts to ensure that rental assistance programs are fully funded and expanded since they are so critical to assisting extremely low-income people, including homeless households.

LISC also strongly supports the Affordable Housing Credit Improvement Act of 2019, which would strengthen the LIHTC and produce additional affordable housing. It’s estimated that the bill would produce over 500,000 additional affordable homes over the next decade. The bill provides for additional resources by increasing the Housing Credit allocation by 50 percent, phased in over five years, to help meet the growing need for affordable housing. In addition, it would enact a minimum rate for the 4 percent credit, in line with the 9 percent
credit minimum, which would provide additional equity for affordable rental housing. Lastly, it would help hard to serve communities, including persons experiencing homelessness, by providing additional equity for projects serving extremely low-income and homeless families and individuals. This is needed since these projects serve very poor populations so developers need to reduce or eliminate debt on the property to make it more affordable.

California has also recognized the growing need for additional affordable housing by passing recent measures and propositions to increase outreach to homeless populations and produce permanent supportive housing. These initiatives are sorely needed since it’s estimated that Los Angeles County needs 516,946 more affordable rental homes to meet demand. Measure H has increased service provision to persons experiencing homelessness and over 1,200 units of permanent supportive housing are being built with Proposition HHH resources. Tunua Thrash-Ntuk, our LISC LA Executive Director sits on the Proposition HHH Citizens Oversight Commission and has seen firsthand how important these resources are to creating new permanent supportive housing. I believe we’ll see the positive impact of these state resources in the coming years as more permanent supportive housing projects are placed into service.

**Conclusion**

LISC LA’s history of supporting affordable housing projects for persons experiencing homelessness has shown us that progress can be made when resources are made available to address need. We urge Congress to adequately fund and support federal housing assistance and tax credit programs which provide stable housing for homeless persons, and to support programs that build the capacity of nonprofit housing organizations serving these communities. Thank you for the opportunity to testify before the Committee, and I look forward to working with you and your staff on ways to end the homelessness crisis in Los Angeles.

---

8 Ibid.