

Six Steps to Solve the Los Angeles Shelter Plus Care Crisis

The Shelter Plus Care program is one of only a handful of programs that provide operating subsidy for housing for homeless individuals. Homeless individuals and individuals with disabilities are dependent on these subsidies to provide housing at rents that individuals with little to no income can afford. Permanent supportive housing developments are dependent on these subsidies to create housing opportunities for homeless individuals. This year HUD denied Los Angeles \$13M in new Shelter Plus Care subsidies because of administrative challenges at the Housing Authority. The loss of this funding creates three large obstacles to housing homeless individuals in Los Angeles:

- It directly jeopardizes four permanent supportive housing developments that would have provided 184 units of permanent housing for homeless and disabled individuals and two programs that would have provided an additional 60 units of permanent housing through tenant-based vouchers;
- Los Angeles will be forced to make up for the \$13M lost in federal funding for housing the homeless by providing other discretionary resources to the above projects that would have been used for future permanent supportive housing developments and to house individuals on the Section 8 waiting list; and
- Los Angeles will not be able to secure Shelter Plus Care funding in the future unless the city and the Housing Authority resolve the administrative challenges that caused HUD to deny the funding this year, including administrative oversight of the program, the timely use of the subsidies, and adequate services to match the housing subsidy.

Homeless individuals, individuals with disabilities, low-income tenants, affordable housing developers, homeless advocacy groups, disability rights organizations, and public interest law firms are calling on the city to resolve the current crisis by taking the following six steps:

Short Term Solutions

1. Continue to lobby for the re-instatement of the \$13,000,000

Between April 1 and June 30, 2007

Los Angeles' homeless crisis is too large, and the impact of the loss of this funding too great, to allow for Los Angeles to lose out on this funding. This funding would have provided 159 units of permanent housing Downtown alone. The LAPD recently counted 921 individuals living on the streets of Skid Row just days ago. 17% of those individuals could have been housed with this funding. Instead, current developments have been delayed and the city is taking away from future developments and individuals on the Section 8 waiting list to try to save the developments. We cannot make up for this loss locally. The city, the Housing Authority, nonprofits and advocates need to work together to galvanize our federal representatives to restore the funding and waive any timeliness requirements. It is HUD's mission to increase access to affordable housing and the agency's priority to end chronic homelessness – it is our collective responsibility to hold HUD to this commitment.

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2. Provide Project Based Vouchers to projects left in the lurch

Between April 1 and May 15, 2007

Numerous permanent supportive housing developments currently in the pipeline will not be able to serve the homeless and individuals with disabilities unless the city acts boldly and quickly to provide Section 8 Project Based Vouchers to these developments. These developments already face delays and value engineering as a result of the city's inaction. Additionally, recent changes in federal legislation allow commitments of Project Based Vouchers today to result in additional funding for the Section 8 program tomorrow, providing further incentive for the city to commit vouchers immediately.

3. Big Tent Meeting

Between April 1 and May 15, 2007

City representatives should immediately call a meeting with representatives of the Housing Authority, the Housing Department, LAHSA, the Mayor's Office, the City Council, affordable housing developers, advocacy groups, and the legal community to resolve the current crisis in Shelter Plus Care funding. This crisis can only be resolved through transparent and collective action.

Long Term Solutions

4. Create a revolving subsidy program

Because Shelter Plus Care requires subsidies to be utilized within 12 months of the commitment, and because evidence of a commitment of subsidies is needed to secure funding to build permanent supportive housing, Los Angeles needs to create a revolving subsidy program. A revolving subsidy program would provide funding to commit subsidies to permanent supportive housing developments early in their development. This commitment would allow these developments to leverage additional capital funding. Once permanent funding was secured and the developments in construction, the developers could apply for Shelter Plus Care. With the Shelter Plus Care commitment in the place the developments could back out the revolving subsidy program commitment, freeing up the funding to be recycled in new permanent supportive housing developments. A revolving subsidy program would both incentivize permanent supportive housing development and provide a mechanism for developments to meet HUD's 12 month timeliness regulation.

5. Work with the County to create a funding stream for services in housing

One of the increasing challenges facing the Shelter Plus Care program in Los Angeles is HUD's requirement of a dollar-for-dollar service match. HUD requires that homeless individuals with disabilities utilizing Shelter Plus Care vouchers engage in services that equal or exceed the value of the subsidy. HUD is becoming increasingly strict about enforcing this dollar-for-dollar match. Los Angeles will not be able to

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meet this match until there is funding available to provide services in housing. The City of Los Angeles needs to leverage investments in permanent supportive housing by securing commitments from the county to fund services in housing. This funding needs to be made available on an ongoing basis and through a competitive process. To date, no funding for services in housing has been made available through the Mental Health Services Act or the county's Homeless Prevention Initiative.

6. Increase oversight of HACLA

The Mayor appoints, and the City Council confirms, the Executive Director and the board of commissioners responsible for overseeing the Housing Authority. The Housing Authority manages nearly \$1 billion in municipal assets, and the Executive Director serves at the pleasure of the Mayor. The Housing Authority, a public agency, and the commission that oversees it should be accessible, transparent, and highly accountable for the successful administration of federal funding allotted to the city. Los Angeles lost \$13M this year because of the poor performance of the Housing Authority. We ask the Mayor and the Council to take increased responsibility for monitoring, assessing, and improving the performance of the city's Housing Authority so that our federal dollars are fully utilized in Los Angeles. We cannot allow mismanagement of scarce resources in a city with the largest homeless population in the nation and a severe affordable housing shortage.

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A Community of Friends

Disability Rights Legal Center

Downtown Women's Center

Inner City Law Center

Homeless Healthcare Los Angeles

LAMP Community

Los Angeles Coalition to End Hunger and Homelessness

Los Angeles Community Action Network

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