



**UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON FINANCIAL SERVICES
FIELD HEARING ON AUGUST 14, 2019
“EXAMINING THE HOMELESSNESS CRISIS IN LOS ANGELES”**

**WRITTEN TESTIMONY SUBMITTED BY
MARGARITA LARES, CHIEF PROGRAMS OFFICER
HOUSING AUTHORITY OF THE CITY OF LOS ANGELES (HACLA)**

Thank you, members of the Committee on Financial Services, for inviting the Housing Authority of the City of Los Angeles to provide a written testimony and to speak today regarding the humanitarian crisis in Los Angeles. Thank you for introducing the H.R.1856 The Ending Homelessness Act of 2019. A special recognition to Congresswoman and Chair of the Committee, Maxine Waters, for being a strong, vocal, and persistent champion for our community.

HACLA supports H.R. 1856 and in particular the allocation and funding formula as described in the bill. So that communities with the highest need, like Los Angeles, receive the appropriate resource. This is both the most effective and efficient use of scarce federal funding. HACLA further supports the concept that priority for federal assistance should be given to communities in which local governments, like Los Angeles, have adopted policies to aid in ending and preventing homelessness.

The Los Angeles community has stepped to the plate by taking a collective approach in building and preserving affordable housing, committing ongoing rental assistance, and increasing supportive services. This commitment was further solidified when the voters of Los Angeles approved Proposition HHH in the City and Measure H in the County. Proposition HHH, approved on November 8, 2016, is a \$1.2 billion Homelessness Reduction

and Prevention, Housing and Facilities Bond, which will support the development of 10,000 new permanent supportive housing units within the City. Measure H approved on March 7, 2017, funds supportive services, housing, outreach and prevention for people experiencing homelessness. This quarter percent sales tax is expected to raise \$3.55 billion over a ten-year period. Notwithstanding these additional resources, the City and County saw an increase in homelessness in 2019. While we believe that local governments and organizations must play a part in the solution, we need the federal government to be a partner in this effort.

For 10 years HACLA has taken on the battle to end homelessness and to preserve affordable housing by using federal rental subsidies such as Section 8 Housing Choice Vouchers (vouchers). HACLA has implemented policies giving priority to veterans/homeless veterans; homeless families, youth, and individuals; and committed vouchers for permanent supportive housing which has led to 19,500 rental subsidies being utilized to house formerly homeless households. Without this assistance, the count of homeless individuals would today be greater. Continuing in this effort, in 2017, following the passing of HHH and H by Los Angeles voters, HACLA committed an additional 5,000 project-based vouchers for permanent supportive housing. Within 2 years HACLA will be utilizing nearly 40 percent of its resources to house people experiencing homelessness.

Besides the 36,165 people experiencing homelessness in the City, based on the 2019 Point-in-Time count, there are 18,000 households on the voucher wait list. In fact, in October 2017, when HACLA opened a wait list for vouchers, 188,000 households registered for assistance, but the number had to be reduced to 20,000 via a lottery process. There are 51,000

households registered on the wait list for public housing. At minimum 250,000 households are looking to HACLA for hope. Clearly HACLA cannot keep up with the demand without additional resources from the federal government.

HACLA needs more vouchers ***but with the appropriate funding levels*** for the Los Angeles area. The high cost of housing and low income of voucher holders in Los Angeles require more federal funds. Currently, HACLA is expending 100% of its federal budget authority but only able to utilize 93% of the vouchers. The average rental payments have increased by 20% over the last four years because of continued increases in the rental market while the incomes of voucher holders have dropped or remained the same. In fact, the average annual income for voucher program participants is \$16,953 or \$1,412 monthly. Yet, the 2019 HUD published fair market rent for a one-bedroom apartment in Los Angeles is \$1,384 per month. The reality is that rental costs are high, and incomes are low.

Voucher holders do not have disposable income to pay for rents let alone move-in costs such as security deposits, utility start up fees, and rental application fees. In response to this barrier the City and County Housing Authorities, utilizing the Homeless Incentive Program (HIP) funded by Measure H, pays move-in costs and other monetary incentives to property owners to facilitate successful housing for voucher holders experiencing homelessness. This is another example of how the local community is collaborating and contributing.

With less than 3% of availability in rental units, the success rate in finding a place to live has dropped to 53% for households with a voucher. This is especially heartbreaking for

individuals that have been unsheltered or waited years on the waitlist for a voucher, only to return the voucher or have it expire. This is happening even though HACLA is determining rents at 110% of the fair market rents for the regular vouchers and 140% of the fair market rents for the veteran targeted vouchers. The vouchers are not paying what the market demands for the very limited rental stock that currently exists.

HACLA's inability to utilize 100% of its vouchers is having a negative financial impact on the agency. The housing authority funds its program operations which include determining participant eligibility, conducting inspections of housing to ensure safe and sanitary conditions, and leasing activities with property owners with federally provided administrative fees for each voucher. With the drop of voucher utilization from 100% to 93%, HACLA is now receiving less administrative dollars. The loss of revenue is further compounded because only 79% of the determined fees required to properly administer the program are received due to a proration factor in the current funding formula.

While the focus of H.R. 1856 is on ending homelessness, it is also important to support affordable housing for all who need it. Homeless prevention is a vital piece, as the homeless problem will continue to grow if the number of people becoming homeless grows faster than we can house them.

Under federal regulations, a public housing authority may choose to project base up to 20% of its vouchers and an additional 10% of its vouchers if they are to be used to house people experiencing homelessness among other specified populations. This a long-term rental subsidy contract that facilitates development of housing with supportive services for targeted

populations. As you are aware permanent supportive housing is the most appropriate for people experiencing homelessness, and to prevent recidivism. HACLA is currently project basing over 20% of its vouchers but will reach the allowable cap given the number of vouchers being committed to HHH projects. New permanent supportive housing needs the operating support from a Section 8 voucher to work. HACLA is rapidly reaching its limits of vital Section 8 assistance. An additional allocation of vouchers from the federal government would make it feasible for HACLA to commit even more vouchers to new permanent supportive housing projects. Although the goal of HHH is to develop 10,000 new units, the reality is that even more units are needed. Without federal subsidies these projects will not come to fruition, nor can be sustained on a long-term basis.

In closing, HACLA appreciates the opportunity to testify on the Homelessness Crisis in Los Angeles and is available to provide any additional information. HACLA cordially extends an invitation to the members of the Committee to visit HACLA and see first-hand not only the struggles but also the progress that is being made. Certainly, with more federal subsidies, more individuals can be housed.

Respectfully submitted.