

# Housing Crisis

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causes & solutions

# Discussing the housing Crisis

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**HOMELESS**

# “Unhoused Resident”

Using the phrase “unhoused resident” instead of saying that someone is “homeless” acknowledges the humanity in our unhoused neighbors, and directs focus toward the issue; which is not an individual failing, but rather a societal failing which has forced individuals and families to live on the streets in one of the wealthiest cities in the world.

# Myths & Misconceptions

- Lack of housing is caused by addiction and/or mental illness
- Individuals lacking housing “*want to be homeless*”
- Becoming unhoused can be avoided through steady employment

## **Fact: both housed and unhoused individuals may experience addiction and/or mental illness in their lifetime**

According to the CDC, in a given year, one in seven Americans aged 12 or older reports experiencing a substance abuse disorder, while one in five Americans will experience a mental illness. More than 50% of Americans will be diagnosed with a mental illness or disorder at some point in their lifetime.

# Correlation ≠ Causation

*\*Regardless of mental health status, people who are homeless generally have a history marked by poverty and social disadvantage, including considerable poverty in childhood and lower levels of education, and they are likely to belong to an ethnic minority*

*\*<https://www.psychiatrictimes.com/view/never-ending-loop-homelessness-psychiatric-disorder-and-mortality>*

## *\*Conditions of the social system might cause a person to choose to sleep outdoors instead of in a shelter*

- *Many shelters do not allow a person to bring their pets or their valued possessions*
- *A shelter may not accept families with men, so the father would have to remain on the streets*
- *A shelter may not accept married or unmarried couples without children and the couple doesn't want to be split up*
- *A shelter may require sobriety for a person experiencing substance-use disorder before they are ready to seek help*
- *A family or friend may offer shelter in their home but that relationship is unhealthy or abusive or the offer comes with unrealistic stipulations*
- *Person may not want to leave behind their community or system of support on the streets*



# Fact: Many unhoused residents are employed

\*53% of people living in homeless shelters and 40% of unsheltered people were employed, either full or part-time, in the year that people were observed *homeless* between 2011-2018

\*<https://endhomelessness.org/blog/employed-and-experiencing-homelessness-what-the-numbers-show/>

**What is the main factor  
causing and exacerbating the  
housing crisis?**

# Common Denominator: Affordability

**\*a \$100 increase in median rent was associated with a 9% increase in the estimated *homelessness* rate**

\*<https://endhomelessness.org/blog/rising-rent-s-and-inflation-are-likely-increasing-low-income-families-risk-of-homelessness/>

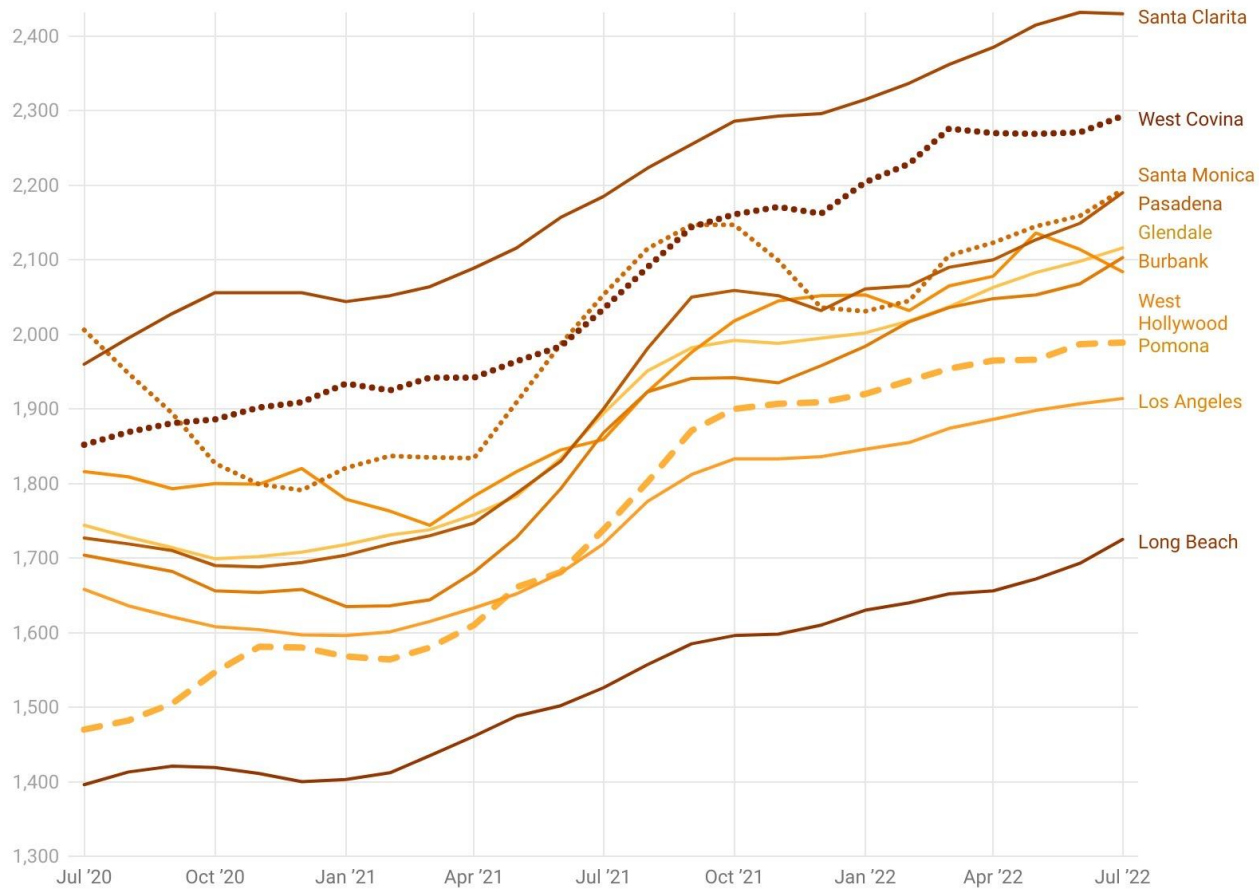
# Thriving Markets = Struggling Renters

\* California has one of the most expensive and fastest-growing housing markets. Between 2000 and 2021, home values more than tripled in most metro areas in the Golden State. As of March 31, 2021, the typical home value in California was \$775,000, double the levels in New York and Florida and triple the level in Texas.

\* <https://siepr.stanford.edu/publications/policy-brief/homelessness-california-causes-and-policy-considerations#:~:text=Key%20Takeaways,in%20the%20criminal%20justice%20system.>



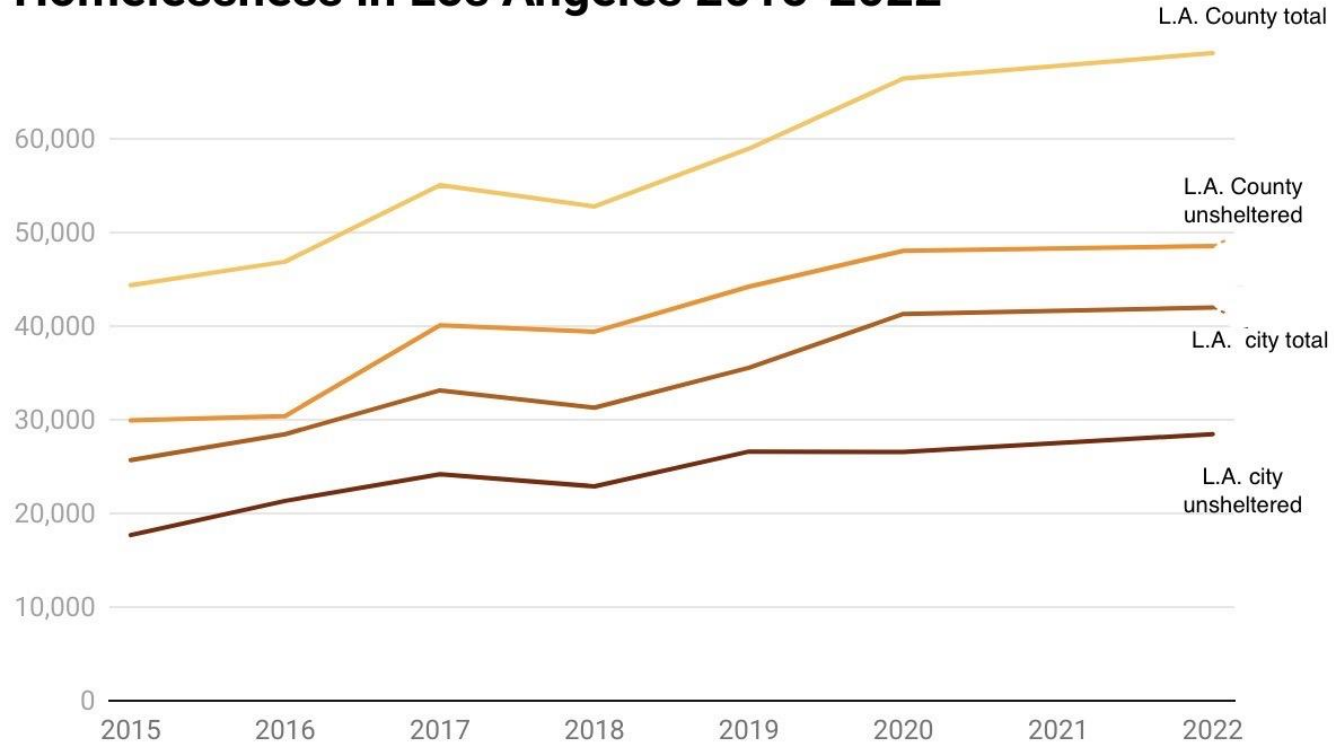
# Median rent by city, July 2020–July 2022



Source: Apartment List

\*<https://xtown.la/2022/08/10/rent-los-angeles-increase/>

\* **Homelessness in Los Angeles 2015-2022**



Source: Los Angeles Homeless Services Authority (There was no count in 2021)

\* <https://xtown.la/2022/09/09/homelessness-los-angeles-2021-count-charts/>

# cost/benefit : sweeping vs housing

\*Research shows it costs taxpayers \$31,065 a year to criminalize a single person experiencing *homelessness* while the yearly cost for providing supportive housing is \$10,051.

\* <https://housingmatters.urban.org/feature/homeless-encampment-sweeps-may-be-draining-your-citys-budget>

# Solutions: Build more Housing?

Building new housing can create access and affordability under the right circumstances. However, the immediate effect of new development is often an *increase* in rental rates, especially if new development is marketed as “luxury” and has limited or zero affordability requirements.

*\*Rents in low-tier units close to new development were 6.7% higher than units in the further away comparison buildings, following the completion of new buildings*

*New construction can increase demand to live in the surrounding neighborhood, attracting new restaurants, entertainment, and other amenities. Landlords may increase rents more rapidly when they expect increased demand.*

*\*<https://nlihc.org/resource/new-construction-has-mixed-short-term-effect-rents-immediate-neighborhood>*





**TO LOWER HOUSING COSTS, WE SHOULD UPZONE AND BUILD MORE LUXURY HOUSING**



**UNAFFORDABLE RENTS ON LUXURY HOUSING**



**FINANCIALIZATION PREVENTING AFFORDABLE UNITS FROM BEING BUILT**



**BIG TECH YIMBY ASTROTURFING**



**TOWERS FULL OF EMPTY LUXURY CONDOS USED FOR MONEY LAUNDERING**



**UPZONING MAKES PROPERTY OWNERS RICHER**



**EVEN IF NEW HOUSING LOWERED PRICES, BANKS WOULD NEVER FINANCE IT FOR EXACTLY THAT REASON**

# Solutions: make homeownership accessible

\*Homeownership promotes wealth building by acting as a forced savings mechanism and through home value appreciation. Wealth building hinges on the homeowners' ability to build home equity.

\*<https://www.habitat.org/our-work/impact/research-series-how-does-homeownership-contribute-to-wealth-building>

# 16.4%

is the average portion of income spent on housing among homeowners. This includes mortgage, property taxes, and homeowner's insurance.

# 30%

or more is the average amount of monthly household income spent on housing costs for

**45%** of renters

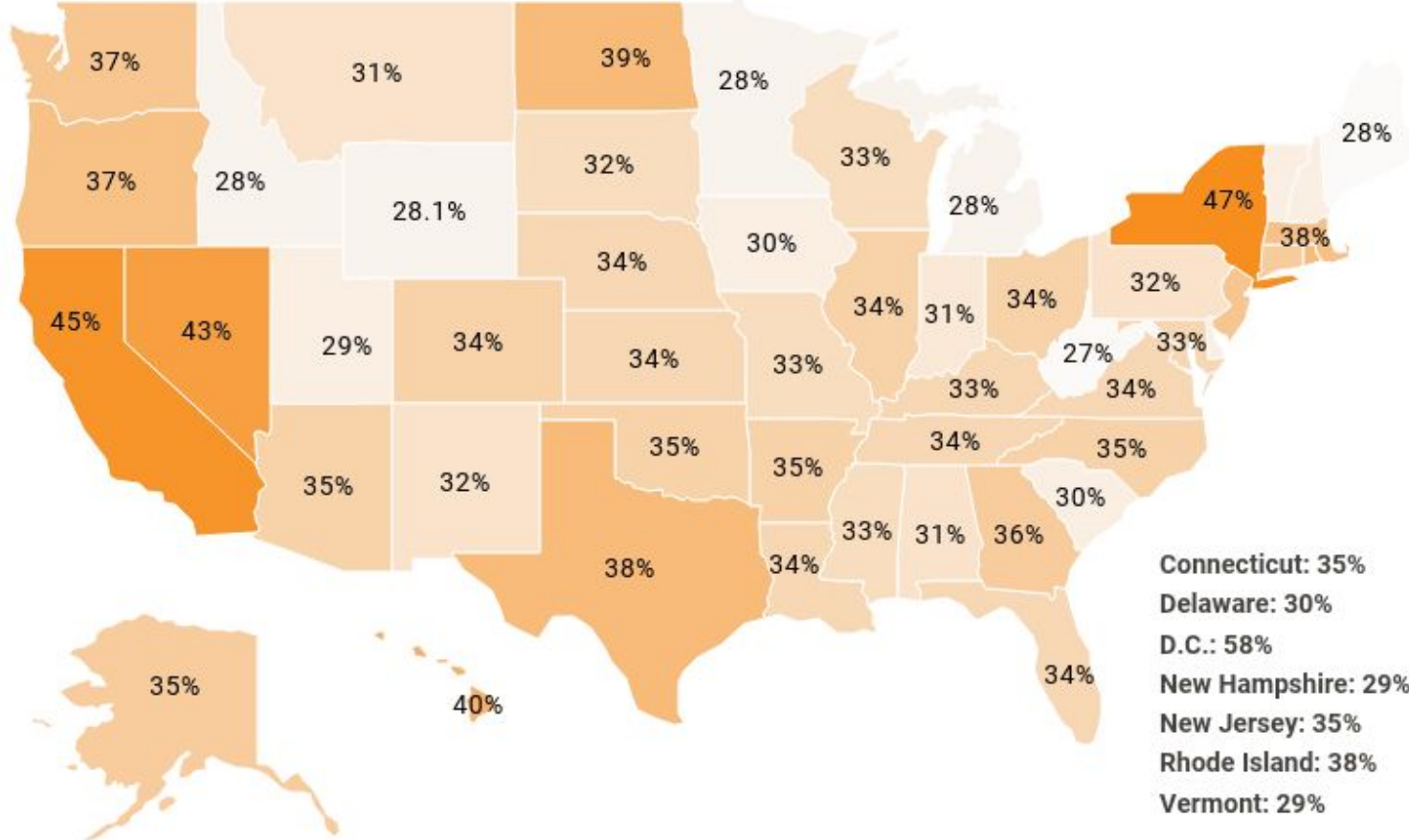
# 50%

or more is the average amount of monthly household income spent on housing costs for

**25%** of renters



## SHARE OF HOUSEHOLDS THAT RENT



\* <https://www.worthinsuranc e.com/post/ho meowners-vs-r enters-statistics>

**\* With more than 36,000 unhoused residents, Los Angeles simultaneously has over 93,000 units sitting vacant**

\* [https://www.saje.net/wp-content/uploads/2020/09/The\\_Vacancy\\_Report\\_Final.pdf](https://www.saje.net/wp-content/uploads/2020/09/The_Vacancy_Report_Final.pdf)

2.5 to 1

Is the approximate ratio of vacant units to unhoused residents



# ideas

Remove equity firms and corporate entities from rental markets

Cap investment property ownership

Create mandatory minimum ratios for property management

Punitive vacancy taxes

Tighten oversight of existing regulations regarding rental properties

Convert apartment buildings into co-ops/condos by giving current occupants opportunities and pathways to purchase their units

Convert empty mansions into multi-family co-op/condominiums

# More Owner-Occupiers / Fewer Landlords

Any commodity or resource, when controlled by one or a small number of owners will inevitably become unaffordable for most people.

Creating means for investment property owners with several dozen or more rental units to divest i.e. sell their units to the current occupants or first-time home-buyers would not only give new owner-occupiers the security of owning their home and the foundation to create generational wealth, but also create stability in the housing market by diversifying ownership.

# Easier Access to Housing

- Ban the use of credit scores as means testing for prospective renters
- Ban bank statement submissions as means testing for prospective renters
- Expand section 8 / create new income-indexed housing programs

“There’s no substitute for good data in us being able to address *homelessness*”



- Councilmember Nithya Raman, CD4

# Prospective Tenants and Home Buyers should have a right to accurate, up-to-date, comprehensive information

- Create a master-list of housing prices, both vacant and occupied
- Allow public access to the Multiple Listing System (MLS) currently only available to real estate agencies / licenced realtors
- Ban/Penalize bait-and-switch tactics commonly used in housing advertisements

# Have an honest discussion about the relationship between private development / real estate firm lobbies and our local representatives

- hold our paid representatives accountable for placing private interests, particularly those of their donors, over the best interest of their stakeholders, constituents, and the public at large

# Call to Action



It's an emergency, let's start acting like it

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