

POLICY DIGEST

A monthly snapshot of housing-related policy research



ACQUISITION STRATEGIES TO CREATE AFFORDABLE HOUSING

Policy Link | 2021

How Housing Acquisition Strategies Can Create Affordable Housing, Stabilize Neighborhoods, and Prevent Displacement

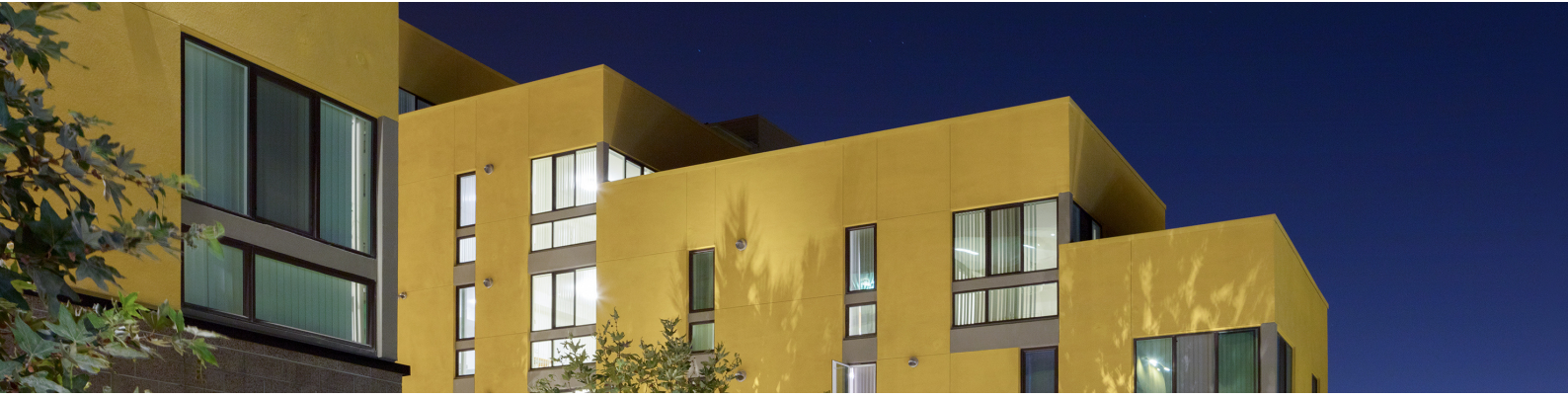
This paper outlines the potential strategies for expanding the supply of permanently affordable housing through property acquisitions during the Covid-19 recovery. Detailing why acquisition has always been an important goal of local housing policy and how Covid-19 has contributed to this urgent need, PolicyLink shows the need for local leadership both inside government and in community-based organizations to implement effective acquisition strategy, paying particular attention to issues of racial equity.

Equitable Acquisition Strategies Help Cities Achieve Important Goals

1. **Confront displacement:** If local rental property owners are unable to pay mortgages, there is a risk that properties will be acquired by banks and sold to investors, rather than to people invested in the communities where properties are located.

FEATURED IN THIS ISSUE

1. Acquisition Strategies to Create Affordable Housing
2. Scaling Up Equitable Housing on Public Land
3. The Complexity of Financing Low-Income Housing Tax Credit Housing in the United States
4. BOOST Pilot Program
5. COVID-19 Resources



2. **Overcome disinvestment:** Community ownership can stabilize buildings, enabling investment in quality maintenance and management without threatening the stability of existing tenants
3. **Create more secure communities:** Community ownership provides more predictable housing costs to potentially create an opportunity to save money, invest in education, or make choices that contribute to improved long-term economic outcomes.

What is an Acquisition Strategy?

An acquisition strategy is any program or policy that seeks to support the public or nonprofit purchase of existing housing to preserve it as affordable housing. This paper focuses on the preservation of existing privately owned and occupied housing—sometimes called “naturally occurring affordable housing” or NOAH. Buying and preserving existing housing can be an effective way to expand the stock of income-restricted affordable housing units. Equitable acquisition strategy centers impacted communities as the decision makers. This kind of strategy is used to confront gentrification, displacement and long-term disinvestment.

Acquisition, Preservation, and Racial Equity

When a targeted acquisition program supports tenants or a nonprofit to purchase occupied buildings in a gentrifying neighborhood, it prevents the displacement of the tenants who remain in the building. Community or tenant ownership of the building provides tenants with immediate protection. Like production, preservation creates permanently affordable units. However, instead of expanding supply, preservation projects protect against displacement and improve unit affordability.

The Future of Equitable Housing

The impacts of COVID-19 have resulted in renters collectively owing over \$50 billion in rent debt, while homeowners have seen home values increase nearly 10 percent—an average of \$25,000 per home—in 2020 alone. Eviction moratoria provided temporary protections against losing homes, but these measures are not permanent. Community acquisition and ownership of rental buildings provides a strategy to stabilize neighborhoods against outside speculation and ensure equitable recovery among affordable housing.

SCALING UP EQUITABLE HOUSING ON PUBLIC LAND

April 2, 2021 | Los Angeles Housing and Community Investment Department



- IDENTIFY PUBLIC LAND
- CREATE A LAND PARTNERSHIP
- PLAN 1,000 UNITS
- DESIGN A SCALABLE HOUSING MODEL

A PLAN TO BUILD 10,000 UNITS OF HOUSING ON PUBLIC LAND IN LOS ANGELES

Los Angeles lags in its quantity of affordable housing because the development process is filled with subsidies and regulations that prevent those committed and capable of solving the housing crisis from building to scale. Los Angeles needs to build about 460,000 new homes by 2029. More than half of these projects should be for households who earn

- SECURE \$50 MILLION IN INFRASTRUCTURE FUNDS
- CREATE A WORKFORCE DEVELOPMENT STRATEGY
- ISSUE AN RFP FOR 1,000 UNITS
- CREATE AN EQUITABLE HOUSING LAND TRUST



between 50 to 120 percent of the Median Income. To meet this goal, the City of Los Angeles must increase the rate of affordable housing production from the current average of about 1,700 units a year to over 37,000 units per year, a 2,200 percent increase in affordable housing production.

A New Approach: Getting to Scale

Re-envisioning the process of developing on public land should focus on increasing the scale and speed of affordable housing development without losing sight of issues of equity, sustainability, and local job creation.

The Recommended Plan Has Four Key Strategies:

1. Marshal 300 acres of public land for Equitable Housing Development
2. Plan 10,000 units of housing using cutting edge technology with input from future residents
3. Standardize housing typologies & create ten 1,000-unit Equitable Housing Development opportunities
4. Create a \$500 million Equitable Housing Infrastructure Fund to address critical funding gaps Most new housing does not involve residential demolition

[Read the entire report.](#) **PAGE 3**

THE COMPLEXITY OF FINANCING LOW-INCOME HOUSING TAX CREDIT HOUSING IN THE UNITED STATES

April, 2021 | UC Berkeley Turner Center for Housing Innovation



UNDERSTANDING FINANCE COMPLEXITIES ACROSS DIFFERENT MARKETS AND PROPERTY TYPES

The multiple sources of financing required by LIHTC properties often impose inefficiencies that increase development costs. While funding complexity is not a primary driver of development costs, cost inefficiencies coming from multiple funding sources stretch already limited production subsidies to maximize new affordable housing production. The financing costs are difficult to quantify because comprehensive data on the costs of LIHTC developments are not publicly available.



Findings and Recommendations

The average number of financing sources in a LIHTC project has grown in recent years. The variety of funding sources used tends to vary by credit type, project location and target population. Differences in funding complexity also emerge based on location and population served. Certain types of developments tend to combine more funding sources than others, such as developments serving special needs populations.

Formalized structures to coordinate and streamline multiple funding sources can help to shorten development timelines and contribute to cost containment. While it requires more than addressing financing complexity to limit LIHTC development costs, streamlining financing, cutting down on administrative burdens, and speeding up deals can ensure the LIHTC program works as effectively as possible.

Conclusion

This analysis demonstrates the ways in which funding complexity adds to administrative costs and can create other inefficiencies that work against the goals of containing costs and stretching subsidies further to house a greater number of people.

[Read the entire report.](#) **PAGE 4**



BOOST PILOT PROGRAM

BEST PRACTICES & LESSONS LEARNED

2021 | Institute for Local Government and California Strategic Growth Council



TACKLING SOCIAL EQUITY TO CREATE A MORE SUSTAINABLE FUTURE

Through the following approach, the BOOST Pilot Program provided customized and tailored support to help Californian communities.

1. Build awareness of funding opportunities to address climate action
2. Organize projects to be best positioned to meet their goals
3. Optimize existing resources and build more capacity
4. Strengthen relationships with key stakeholders and identify new opportunities for regional engagement and collaboration
5. Transform their approach to addressing climate action



Facilitating Authentic Community Engagement to Build Trust

Authentic and inclusive public engagement is key to understanding the needs, values and concerns of a community's residents. To be most effective, engagement should be continuous to develop meaningful relationships that maximize benefits and build trust.

Next Level Collaboration

Regional collaboration is the foundation for effective planning and operations. Building partnerships among cities, regional agencies, educational institutions, community members and non-profit and for-profit organizations is essential to address long-term issues in housing.

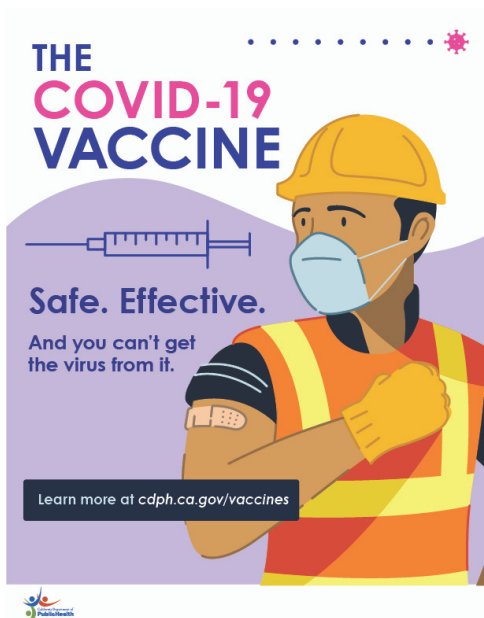
Conclusions

The BOOST Program worked intensively with ten cities and two regions across the state to build capacity, seek funding, address equity concerns and plan for a more promising future. The communities and local governments that participated in BOOST shared the same goal of wanting to improve their communities and the lives of their residents to address the variety of challenges faced by Californian communities.

[Read the entire report.](#) PAGE 5

TOGETHER WE CAN END THE PANDEMIC

OVER THE NEXT FIVE MONTHS, SCANPH WILL EXECUTE A CAMPAIGN TO EDUCATE LOW-INCOME RESIDENTS ABOUT THE COVID-19 VACCINE AND PREVENTATIVE HEALTH MEASURES



Help residents stay safe and informed. We are counting on SCANPH members to help spread the word to residents of affordable and permanent supportive housing.

California has expanded COVID-19 vaccine eligibility to everyone aged 16 and older. Together, we can #EndThePandemic – in all of California’s 58 counties.



CA COVID-19 RENT RELIEF

NEW PROGRAM SUPPORTS HOUSING STABILITY FOR MOST VULNERABLE

- CA COVID-19 Rent Relief provides financial assistance to income-qualified tenants experiencing housing instability. The program provides rent reimbursement to landlords for unpaid rent accrued between April 1, 2020 and March 31, 2021.
- Landlords are eligible to receive 80% of unpaid rent, as long as they agree to waive the remaining 20% of unpaid rent.

HOW TO APPLY:

- Tenants and landlords can determine eligibility and apply for funds directly at **HousingIsKey.com**.
- If you don’t have access to the internet, you can call the CA COVID-19 Rent Relief Call Center, 1-833-430-2122 for information on the help center nearest to you to help you access an application.