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March 16, 2021

Los Angeles City Councilmember Kevin de León  
200 N. Spring Street, Suite 465  
Los Angeles, CA 90012

**Re: SCANPH Response to the Proposal to Retract Proposition HHH Funding**

Dear Councilmember Kevin de León:

The Southern California Association of Nonprofit Housing (SCANPH), representing dozens of affordable housing developers throughout the City of Los Angeles, respectfully wishes to comment on the series of motions relating to Proposition HHH funding submitted by Councilmember De León on January 12, 2021, as part of the “A Way Home” campaign to end homelessness. While SCANPH commends the Councilmember’s ambitious goals to increase shelter capacity and encourage innovation to overcome the inherent complexities of constructing permanent supportive housing, our city’s leaders should not lose sight of the momentous progress made possible by Proposition-HHH funded developments; as such, **clawing back any amount of Proposition HHH funds is short sighted, will harm both affordable housing developers and our unhoused neighbors, and threatens a signature policy achievement of Mayor Eric Garcetti, who put faith in voters to understand that long term solutions are harder but pay off with greater returns.**

In 2016, almost one million Angelenos voted to support Proposition HHH. The measure provides funds for the development of supportive housing for homeless individuals and families where services such as healthcare, mental health, and substance abuse treatment, as well as education and jobs training are provided. Supportive housing is a proven method for not only housing individuals experiencing homelessness, but preventing their return to the streets. Since the passage of Proposition HHH, the City has disbursed all but \$30 million of the original \$1.2 billion in bonds, creating a pipeline of 111 currently approved projects, and another 28 projects to be approved by the end of 2021. Allocated as part of a ten-year plan, Proposition HHH is on track to produce nearly 8,000 homes with critical services in the next several years. These homes will remain assets, serving those experiencing homelessness in our city for the majority of the remainder of the 21<sup>st</sup> century.

Despite being early in the program’s ten-year plan, it is clear that organizations represented by SCANPH are maximizing City resources to invest in a form of housing that works. HHH funds play a critical role in allowing developers to demonstrate project feasibility, thereby enabling them to secure additional financing to meet other costs. The average subsidy from HHH has been \$130,000 per unit, which developers have painstakingly leveraged to obtain an additional \$210,000 per unit from other sources. Because of the key role the City’s investment plays in this complex arrangement, the removal of HHH funds would

undermine financing portfolios and ultimately prevent the construction of thousands of homes for our city's unhoused residents.

SCANPH also believes that it is important to recognize the role permanent supportive units play in the continuum of housing solutions provided in Los Angeles. While temporary housing is easier to construct and addresses an immediate need, it is not a singular, sustainable solution. Permanent supportive housing has had demonstrable results in cities throughout the United States for preventing a return to homelessness, which is why voters passed this meaningful bond measure in the first place. For these reasons, moving HHH funds away from approved projects in favor of constructing temporary shelter would be short sighted. Los Angeles requires both.

We support Councilmember de León's motion to inspect the City's entitlement process, and seek other ways in which to expedite the progression of HHH projects. However, on behalf of our members who are working diligently toward offering stable, supportive housing to those harmed most by our current crisis of affordability, now is not the time to renege on this promise. Proposition HHH is producing tangible results and SCANPH unequivocally believes that clawing back its funds would do great damage to the city's reputation and voter confidence. With so many incoming projects and a clear, demonstrable return on investment, we implore City Council to continue pushing this program forward.

We recognize the great challenge before you to create policy that produces shelter efficiently and affordably. Thank you for all of the work you are doing to solve our housing crisis. Our members – who are housing providers for the city's most vulnerable – are willing partners in advancing solutions that protect the long term interests of residents, taxpayers, and voters.

Sincerely,



Alan Greenlee

Executive Director

Southern California Association of Nonprofit Housing (SCANPH)

cc:

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