

# HOUSING

## Motion

Accessory Dwelling Units (ADU) can be a cost-effective way to increase the City's housing stock by allowing homeowners to build detached units for rent. Through the Department of Building and Safety's ADU Standard Plan Program, the permitting process has been streamlined and homeowners may choose from a range of pre-approved ADU designs. The Mayor's Innovation Team established the ADU Accelerator Program, which matches homeowners building a secondary residential ADU on their property with an older adult seeking affordable housing. Through a public-private partnership, rents for older adult tenants are subsidized and are matched with participating homeowners committing to a five-year lease. A nonprofit screens applicants and assesses the needs and compatibility with the homeowner and provides case management and supportive services to the older adult tenant.

As the City continues to expand its inventory of homeless interventions, and with HHH projects averaging \$531,000 per unit, ADUs can provide long-term, cost-effective, affordable solutions for Angelenos experiencing homelessness or housing insecurity. The ADU Accelerator Program has the potential to be scaled up to help greater numbers of Angelenos experiencing housing insecurity, including those living in interim housing and experiencing homelessness. With the additional Federal and State funding for homelessness prevention anticipated, the City should continue to explore a multitude of alternative housing solutions that can be built quickly and in a more cost-effective manner to help vulnerable populations from falling into homelessness and to help transition more Angelenos into permanent housing.

To scale up the availability of ADUs to house homeless people, financial incentives for homeowners are needed for more Angelenos to literally say, "yes, in my backyard." A homeless housing program which covers the financial cost for homeowners to build ADUs in exchange for committing to a long-term lease to house individuals experiencing homelessness or housing insecurity not only enables individual homeowners to be part of a homelessness solution, but it offers them a financial incentive to do so. Much like solar companies that offer to install solar panels on a homeowner's roof for free if they agree to purchase the energy produced by those solar panels for a period of years, the City could partner with a housing provider to build ADUs at no cost to a homeowner in exchange for their agreeing to allowing that ADU to be leased to a homeless person (chosen by the City or appropriate entity) at a low fixed price for a period of years. The City or its partner would have a master lease agreement with the homeowner and would place a formerly homeless person in the ADU. Furthermore, the formerly homeless tenant can and should be connected with supportive services while they are an ADU tenant. If the tenant pays rent or utilizes a Sect.8 or other housing voucher, such funds would be paid directly to the City or its partner and those funds would help cover the cost of the program and services.

Like the ADU Accelerator Program, the City should explore additional opportunities for public-private partnerships and develop an accompanying master-lease system which could be administered by this partnership and could include the provision of supportive services. This

MAY 19 2021



type of initiative has been proposed by a consulting company and they have named it the "Back Home Initiative." The City should explore all proposals that seek to utilize this type of creative financing options that have the potential to both scale up homeless housing options and distribute those options throughout the City.

I THEREFORE MOVE that the Council instruct the Housing and Community Investment Department (HCID), City Administrative Officer (CAO), Chief Legislative Analyst (CLA) to report back in 10 days on the feasibility of creating a citywide program that provides financing for the construction of ADUs that will be used to house formerly homeless Angelenos via a master lease agreement which would be administered by the City or its partner;

I FURTHER MOVE that the Council instruct the HCID, CAO and CLA to prepare for Federal and State funding opportunities and report back in 10 days with available financing tools such as: grants, low-cost tax-exempt financing, loan loss reserve fund available for the construction of such ADUs; and funding sources to manage a citywide program that provides case management services for tenants; the report should include a cost comparison between financing these ADUs and other forms of homeless housing including permanent supportive housing;

I FURTHER MOVE that the Council instruct the Department of Building and Safety and the HCID to report back on scaling up the existing ADU Accelerator Program and including ground up construction of ADUs citywide and developing a programmatic framework to expand the tenant base beyond older adults.

PRESENTED BY: 

BOB BLUMENFIELD  
Councilmember, 3<sup>rd</sup> District

SECONDED BY: 

CURREN PRICE  
Councilmember, 9<sup>th</sup> District