

**Testimony of
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President & Chief Executive Officer
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**to the
Financial Services Committee
U.S. House of Representatives**

**“Examining the Homelessness Crisis in Los Angeles”
Field Hearing - August 14, 2019**

Introduction

Madam Chair and members of the Committee, I am honored to have been invited on behalf of A Community of Friends to provide testimony to the Financial Services Committee on the homeless crisis in Los Angeles. Thank you for this opportunity.

My name is Dora Leong Gallo and I am the President and Chief Executive Officer of A Community of Friends (ACOF), a nonprofit affordable housing development corporation with the specific mission of ending homelessness for individuals and families affected by mental illness. Established in 1988, our organization has been developing ‘permanent supportive housing’ long before this term was coined – combining affordable housing development with services provision for the most vulnerable in our community. In the past 30 years, we have completed 50 apartment buildings throughout Los Angeles and Orange County, including two buildings in San Diego County. Currently, we operate 43 buildings, housing over 2,500 adults, including 600+ children. ACOF provides services, property management and asset management of our buildings.

In my testimony today, I will not be discussing the homelessness numbers in Los Angeles as my colleagues from the City and County of Los Angeles will have already done so. Instead, my focus will be on ACOF’s response to the homeless crisis, the type of services we have found to be most effective in keeping people stable in homes, specific populations with unique service needs, the types of federal, state and local funding that are critical to our work, and how Congress might help Los Angeles address the homeless crisis in our community.

Trends in Homelessness / ACOF Response

Homelessness is a complicated problem but can be summed up as the result of what happens when there is an extreme lack of both affordable housing and a strong safety net. For a long time, I used to categorize homelessness into two areas. The first are the people who are economically/situationally homeless (e.g. people who fell into homelessness due to economic circumstances like job loss and catastrophic illness or injury). These people can usually find their way out of homelessness within a few months, often with the help of friends and family. The second group are people who are extremely low income and/or have chronic disabilities that make full time work difficult. These are the people who are particularly vulnerable, have less family support, and thus need extensive help and services to exit homelessness. This limited

view of homelessness no longer holds true. A trend that has occurred in Los Angeles is that more and more people are falling into homelessness who work and have jobs. Stagnant wages and rising rents have increasingly produced a third category of homelessness – the working poor. With a lack of affordable housing, many people cannot pull themselves out of homeless without some government intervention.

Rents are now rising faster than renter incomes. The median monthly asking rent in Los Angeles is \$2,471; this means renters in Los Angeles need to earn \$47.52 per hour to afford the median rent.¹ As a result, the rental cost burden (percent of income going toward housing) are growing. In Los Angeles, 79% of extremely low income households (defined as incomes at or below 30% of area median income) are paying more than half of their income on housing costs.²

The supply of affordable rental units is also not keeping pace with demand. Recent studies show Los Angeles County needs 516,946 more affordable rental homes to meet current demand.³ In 2018, the City of Los Angeles permitted 27,366 homes, of which only 11%, or 2,942 affordable.⁴ Add to this market pressure demolition and conversion of existing rental housing and displacement and gentrification occurs.

People making minimum wage or have a chronic disability such as mental health or addiction, are particularly vulnerable to losing their housing. Households with special needs are more likely than other households to have extremely low incomes. In Los Angeles, extremely low income equates to \$21,950 for an individual. In the Los Angeles – Long Beach – Anaheim Metropolitan Area, there are only 18 affordable and available rental homes for every 100 extremely low income renter household.⁵

This is where ACOF focuses its work. Our response to the homeless crisis is the production and operation of permanent supportive housing – the most vulnerable who are extremely low income and have a disability. Our approach is Housing First, because if we only provided services without addressing someone’s housing status, they would still be homeless. Of ACOF’s 1,700 apartment units, 1505 apartments are in Los Angeles County, ranging from San Fernando Valley to San Pedro, Boyle Heights to Hollywood, Compton to Koreatown. Our goal is to provide affordable homes to those who need the most help, and then provide the services needed to help people stay in housing, including healthcare, and to break that cycle of poverty.

Supports and Services that are Most Effective in Helping Individuals Experiencing Homelessness

As a nonprofit housing developer focusing on those with chronic disabling conditions, we find supportive housing combined with a harm reduction approach as the most effective housing type to keep people from cycling back into homelessness. A Community of Friends has found that given an opportunity to live in decent, safe and affordable housing, with no time restrictions, tenants can begin focusing on other issues in their life, such as mental health, addiction, and other physical health needs. By offering supportive services on-site, including intensive case

¹ California Housing Partnership, LA County’s Housing Emergency Update, May 2019

² Ibid.

³ Ibid.

⁴ City of Los Angeles Department of City Planning - Housing Progress Report, Quarter Report January–March 2019

⁵ National Low Income Housing Coalition, The Gap, March 2019

management, referrals, independent living skills/groups, mental health services, primary care referrals to community resources, and substance abuse recovery services, tenants can more easily access services and gain the care and skills needed to maintain their housing.

There has been enough research conducted in supportive housing over the past decade to demonstrate that supportive housing is in itself an evidence-based practice in ending homelessness for those with chronic disabilities. Another evidence-based practice that ACOF has found useful is Critical Time Intervention, where intensive support is mobilized early to ensure successful tenancy and lessening as a person becomes more independent and less in need of intensive support. Stable affordable housing with direct services result in less risk of relapse from addition or back into homelessness. Over time, it also results in greater responsibility and independence both socially and economically for the tenants who live there.

Populations more affected by the Homeless Crisis

In the 30 years A Community of Friends has been providing housing for those most vulnerable, we have learned that there are some groups of homeless individuals with more distinct service needs, such as veterans, youth and people escaping domestic/intimate partner violence. Homelessness among youth and people experiencing domestic violence/intimate partner violence increased significantly in Los Angeles this past year, 24% and 28%, respectively.⁶ Homelessness among Veterans saw virtually no increase due in large part to the significant and targeted resources directed at ending veteran homelessness the past several years.

Trauma is the unifying factor for everyone in these groups. As a result, services teams working with veterans, youth and people affected by domestic/intimate partner violence require an understanding of trauma and its impacts, as well as utilization of trauma-informed care principles in the delivery of services.

I would be remiss if I did not mention the disproportionate number of African-Americans in Los Angeles who experience homelessness. In 2017, 40% of those who were homeless were Black, yet Black people made up only 9% of Los Angeles County's population.⁷

Federal, State and Local Programs

To build and operate our housing, ACOF utilizes every funding program for which our organization is eligible. These sources include capital resources for construction, operating or rental subsidy programs for affordability, and services funding.

Programs from the federal level include the U.S. Department of Housing and Urban Development's (HUD) Continuum of Care program under the McKinney-Vento Act and Project Based Vouchers program, the national Housing Trust Fund (block grants to States funded through small mandatory contributions from Fannie Mae and Freddie Mac), and HOME funds administered by various cities and counties, as well as the Low Income Housing Tax Credit Program administered by the State of California.

⁶ Los Angeles Homeless Services Authority, Homeless Point in Time Count, 2019

⁷ Los Angeles Homeless Services Authority, Report and Recommendations of the Ad Hoc Committee on Black People Experiencing Homelessness, December 2018.

Programs at the State level include various programs administered by the California Housing and Community Development Department, such as the Multifamily Housing Program and voter approved bond funded programs like Veterans Housing and Homelessness Prevention and the recently approved No Place Like Home.

At the local level, voters of the City and County of Los Angeles approved and made available bond and sale tax revenue for Proposition HHH (capital) and Measure H (services). We are also partners with the County of Los Angeles Department of Mental Health and Department of Health Services in ensuring additional direct services support to the tenants in our buildings.

As a practitioner, I can tell you firsthand how important all of these various funding programs have been to our efforts to end homelessness for individuals and families with disabilities. Providing the level of support and services needed to end homelessness for people who have been on the streets for years require a sustained and long term commitment. To be successful, a nonprofit organization like A Community of Friends must partner with government, our colleagues in the nonprofit community, the community, and the private sector to address this crisis.

How Congress Can Help

Congress has a role to play as well, and I appreciate the opportunity to thank the Members for the recent bipartisan agreement to lift FY2020 discretionary spending limits. Investments in federal programs must continue if homelessness is truly to be eradicated. Over the past 11 years, cuts in Federal and State funding have reduced investment in affordable housing in Los Angeles County by more 70% since 2008. The reduction from the Federal funding totaled \$77 million annually since 2008, a 31% reduction.⁸

Fund Homeless Programs

While we understand the current funding constraints, we agree with Chairwoman Waters that it will be difficult to make significant progress towards ending homelessness in Los Angeles without substantial new funding. The citizens of Los Angeles have done our part by voting to tax ourselves to provide the resources needed to address this crisis; we need Congress to also take action. This is why we support H.R. 1856 and commend Chairwoman Waters for introducing the *Ending Homelessness Act of 2019*. The \$13.27 billion proposed over five years would be among the most significant investment towards this crisis. At minimum, we urge Congress to provide at least \$5 billion to HUD's McKinney Vento Homeless Assistance Grant program in Fiscal Year 2020—a \$2.36 billion increase over last year's funding levels.

Capital Investments in Affordable Housing

In addition to funding homeless programs, Congress should continue increasing capital investments to build, preserve and rehabilitate homes affordable to people with the lowest income. These dollars can address other challenges as well, like revitalizing distressed communities, providing housing options for low income families in tight or gentrifying markets, and producing accessible housing for persons with disabilities.

⁸ California Housing Partnership, LA County's Housing Emergency Update, May 2019

The national Housing Trust Fund (HTF) is another critical source for the creation or rehabilitation of homes affordable to extremely low income and very low income households. HTF funds can only be used to benefit extremely low-income households, which makes this funding source an important tool in addressing the homeless crisis in our community. At least 90% of the funds must be used for rental housing and at least 75% of those funds must benefit extremely low-income households. Housing finance reform related to the government-sponsored enterprises that fund the HTF offers an opportunity to increase resources for the HTF.

ACOF also supports efforts to expand and improve the Low Income Housing Tax Credit (LIHTC). The Housing Credit is a model public-private partnership, that has become our country's most successful tool for encouraging private investment in the production and preservation of affordable rental housing. Nationwide, it has financed 3.2 million apartments since 1986, which have provided approximately 7.4 million low-income families, seniors, veterans, and people with disabilities homes they can afford. In Los Angeles, it is an important tool to leveraging local resources in the creation of supportive housing. We urge Congress to pass the bipartisan *Affordable Housing Credit Improvement Act* (H.R. 3077) that would expand the Housing Credit authority by 50% to help create more affordable rental housing.

Funding to End Veteran Homelessness

While homelessness increased for virtually every group of people in Los Angeles in our 2019 Point in Time Count, it remained static for veterans. We firmly believe this was due to the dedicated resources Congress made to this crisis several years ago. After bipartisan congressional support and robust federal funding for U.S. Department of Veteran Affairs (VA), HUD, and other programs serving homeless veterans, two states and many communities have effectively ended veteran homelessness. We can do the same in Los Angeles. We urge Congress to continue to provide housing and services resources to homeless veterans in a systematic, targeted way, including continued support for the VA's Supportive Services for Veteran Families program and Project Based HUD-VASH Vouchers.

Closing Comments

Thank you again for the invitation to provide testimony on the homelessness crisis in Los Angeles. A Community of Friends applauds all of you for your leadership and continued focus to this issue. Despite the scale of the problem, Los Angeles continues to be seen as a national leader in the implementation of solutions to address the homeless crisis. This is because Los Angeles has a strong community of nonprofit organizations, public officials, business leaders, and private citizens working together for the common purpose of ending homelessness. Partnering with our congressional leaders, we know we can make a difference for the thousands of homeless individuals and families in our County. Thank you, Chairwoman Waters, for holding this field hearing in Los Angeles and for soliciting our input.