UCLA Luskin
School of
Public Affairs

DE-COMMODIFYING HOUSING DURING COVID-19

2020 UCLA Community Collaborative

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INTRODUCTION

The 2020 UCLA Community Collaborative is an applied research project that operated through the UCLA Luskin School of Public Affairs from January to June 2020. The project brought graduate students in Urban Planning and Public Health together with community partners from South and East Los Angeles to address the question: *How can LA's working-class communities of color disrupt the devastating impact of speculative capital that is raising housing costs, creating displacement, and destabilizing neighborhoods*? The project evolved to also address the emergent crisis of COVID-19, the stay-at-home orders, and the impact of the pursuant economic crisis on Los Angeles area housing. This course gave students and local practitioners the opportunity to learn together, conduct research, and develop a final project serving community organizers and policymakers.

PROJECT RATIONALE

Globally, there has been a shift toward land and housing serving as an investment tool rather than satisfying the basic human need for shelter. Residential real estate now constitutes 42% of global wealth. In Los Angeles, there are major racial and ethnic wealth disparities, with Latino and Black households having about 1 cent for every dollar of Whites' wealth. Renters – who make up 63% of all Angeleno households – have not fared well as their homes have been commodified, and they have almost no opportunity or leverage to intervene in the real estate market to protect their families' interests or to keep their communities whole.

Low-income neighborhoods of color such as those in South and East Los Angeles are disproportionately vulnerable to regional economic changes in the city. Considering the current public health crisis and the economic crisis projected to follow, low-income neighborhoods of color will face growing impacts of speculation and displacement by financial actors with greater, more immediate access to capital. This document represents comprehensive research addressing housing speculation, the intersection between housing speculation and public health, and possible policy responses to promote housing justice and equity.

PROJECT COMPONENTS

Shock & Response: COVID-19, Its Anticipated Outcomes, and Solutions for the LA Housing Market
Using Naomi Klein's Shock Doctrine framework as a lens, this section analyzes the connections and similarities between government responses to the 2008 financial crisis and the COVID-19 crisis, their potential impacts on the Los Angeles housing market, and policy solutions that housing advocates must demand be implemented in order to create a housing system that truly works for all people.

Housing is a Health Right!
This section examines how speculative housing practices impact public health and well-being.

Reclaiming the Land: Community Ownership
Making the case for community ownership models as the best path forward for an equitable future, this section analyzes the current housing stock, incomes, rental tenures, and at-risk housing in Los Angeles. Our data speaks to the lived experience of many renters across the County.

Reclaiming our Housing: Establishing the Right to Purchase
This section explores the possibility for transitioning from a speculative housing market to community ownership and tenant empowerment through a Right to Purchase policy and adequate public subsidy.

Disrupting Housing Speculation: Popular Education for Community Resiliency
This section includes educational materials to be used in community organizing and public spaces to supplement the aforementioned research. The popular education materials in this section include: fact sheets, illustrations, infographics, and guidance on how to best use these.

UCLA COMMUNITY COLLABORATIVE BIOGRAPHIES

Sandra McNeill is Adjunct Faculty with UCLA's Luskin School of Public Affairs, and Instructor of Community Collaborative 2020. She has worked for three decades to support community-driven strategies to counter wealth and resource inequality, and consults with community-based initiatives, the public sector and philanthropy on land stewardship, anti-displacement strategies, housing policy, and strategic planning. Sandra holds a M.A. in Urban Planning from UCLA in Community Economic Development.

Kenton Card (@kenton_card), Teaching Assistant of Community Collaborative 2020, is a filmmaker and PhD Candidate in the Department of Urban Planning at the University of California, Los Angeles. His research investigates tenant movements and housing policy in Los Angeles and Berlin. Kenton has edited Critical Planning Journal and worked in housing and environmental policy advocacy organizations. His work has been featured by *Jacobin*, *Progressive City*, *Architectural Theory Review*, The Antipode Foundation, among other places.

GRADUATE STUDENTS

Morgane Arriola, MURP holds a masters degree in Urban and Regional Planning, with a concentration in international development. She is particularly interested in sustainable development and disaster risk management in developing countries and is entirely new to the field of housing justice.

Elise Boretz, MPH, RD is a student of the UCLA Fielding School of Public Health with interests in access to basic needs such as food and housing.

Sol Dressa, MPH is a student of the UCLA Fieldings School of Public Health. Some of the concepts she is interested in include urban equity, urban sprawl, and greenspace exposure and its relation to environmental health.

Sara Beth Harrell, MPH is a student of the UCLA Fielding School of Public Health with an interest in the health implications at the intersection of labor and housing. Her concentration is in reproductive and population health.

Ashley Hernandez is a PhD Candidate in the Department of Urban Planning and Public Policy at the University of California, Irvine. She is currently conducting research on anti-gentrification struggles in the Boyle Heights neighborhood of Los Angeles.

Abou Ibrahim-Biangoro, MPH is a student of the UCLA Fielding School of Public Health. She is interested in the intersection of the environment and health, and how that impacts policy. Some of her research areas are in immigration and healthcare.

Kathryn Loutzenheiser, MURP is a mixed, queer, and nonbinary planner with the UCLA Luskin School of Public Affairs and an organizer with the LA Tenants Union. They are rooted in LA history and while they hope to work to create more equitable housing policies for LA, they primarily believe in the grassroots organizing power of communities.

Gabriel Lozano, MURP is a first generation Xicano scholar of the UCLA Luskin School of Public Affairs. He focuses on community and economic development, with a concentration in labor organizing and community empowerment.

Michelle Rolon, MURP is a first generation queer Xicana scholar from the UCLA Luskin School of Public Affairs. Her concentration is in Community Economic Development and Housing (CEDH), with a focus on multiethnic coalition building and affordable housing development.

COMMUNITY PARTNERS

Rosa Coronado is a Housing and Financial Counselor in Boyle Heights who advocates for consumer rights and helps folks navigate the financial system.

Marco A. Covarrubias is a lifelong resident of Northeast LA. He works at Inclusive Action for the City, a community economic development organization working to build strong local economies in underserved neighborhoods throughout LA. Marco studied Latin American history and politics at Cal Poly Pomona.

Leslie Ezeh is a program coordinator of Solidarity Research Center's Permanently Affordable Tenant Controlled Housing (PATCH) program, which assists tenants in their efforts to fight displacement and gentrification through community ownership of residential and commercial properties. Leslie also serves as a board member of the California Community Land Trust Network (CACLTN): a nonprofit coalition of community land trusts within California.

Yvonne Figueroa is a community organizer at LA Voice, a multi-racial, multi-faith community organization that awakens people to their own power and trains them to speak, act, and work together to transform our County into one that reflects the dignity of all people. She is a first generation college graduate with a B.A. in Political Science from California State University Long Beach.

Winnie Fong is a Principal at Estolano Advisors, an urban planning and public policy firm based in Los Angeles, and is involved with Chinatown Community for Equitable Development (CCED) as part of the Research Committee on policy issues.

Roberto Garcia-Ceballos is a community organizer with Community Power Collective and Fideicomiso Comunitario Tierra Libre. For the past 10 years, he has been involved in student, labor, and housing justice organizing. He is a co-founder of the first community land trust in Boyle Heights and East LA.

Laura Gracia-Santiago is the Climate Adaptation and Resilience Enhancement (CARE) Program Coordinator with Communities for a Better Environment (CBE). CBE is an environmental justice organization, working with low-income communities of color to build people power. She is a queer

Latinx first-generation graduate from the University of California, Santa Cruz with a BA in Art and Environmental Studies.

Frances Huynh is a community organizer with Chinatown Community for Equitable Development, a grassroots, multiethnic, intergenerational collective in LA's Chinatown that builds tenant power through anti-gentrification organizing, education, and mutual aid.

Zerita Jones is a native of South Central Los Angeles, a Community Organizer/Activist with the Baldwin/Leimert/Crenshaw local of the LA Tenants Union, the founder of a tenant's association of 425 units where she lives, a member of ACCE Action LA'sTenant Chapter, and the Vice Chairperson of Liberty Community Land Trust, a non profit dedicated to protecting the homes of long standing community members. An advocate for movements that show tenant power in unity, laws, and legislation that protects renters and housing rights, she believes in good customer service and a safe, clean community where the residents can live, work, and thrive.

Lyric Kelkar is a Senior Associate of Policy and Research at Inclusive Action for the City, a community economic development organization working to build strong local economies in underserved neighborhoods throughout LA. She researches issues affecting under-served communities across Los Angeles and drives equitable policy and community development solutions to counteract exclusion within the field of planning.

Keegan McChesney is a Program Fellow at Enterprise Community Partners—a national nonprofit focused on affordable housing—and a racial, economic, and environmental justice advocate. He has worked for community-based organizations across LA. He holds a BA in public policy and a joint-international MSc in climate science.

Gabriela Nuñez is Community Development Coordinator at Tenemos que Reclamar y Unidos Salvar la Tierra-South LA (T.R.U.S.T. South LA), a community land trust founded by low-income South LA leaders and governed by its grassroots membership. T.R.U.S.T. South LA serves as a steward of permanently-affordable, community-controlled housing.

Fanny Ortiz is a co-founder and co-president of Fideicomiso Comunitario Tierra Libre, the first community land trust in the Eastside. She is a queer woman of color and a mother of five, with the youngest of special needs. Fanny is an active grassroots community organizer with SEIU 2015, Right to the City, Community Power Collective, and ACT-LA.

Alicia Rhoden, co-founder of Baldwin-Leimert-Crenshaw Tenants Union (BLC), advocates on housing, incarceration, and mental health, as well as with Hunger Action, an organization that feeds people and teaches people about advocacy. She is a wife, a mother of twins, and a grandmother, and is committed to poor people getting their rights.

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SHOCK & RESPONSE:

The COVID-19 Crisis, its Anticipated Outcomes, and Solutions for the Los Angeles Housing Market

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INTRODUCTION

THE CURRENT CRISIS

As the COVID-19 pandemic continues to ravage communities across the United States and the world, there is a growing anxiety amongst the American public over what the true cost of this crisis—both in terms of human life *and* economic impact—will be when the dust settles. According to data from the Centers for Disease Control and Prevention (2020), there were over 80,000 confirmed Coronavirus deaths in the U.S within the first two months of the pandemic. As of June 2020 this number has reached nearly 110,000. The rapid spread of coronavirus cases in March of 2020 caused many state and local governments throughout the nation to announce "stay-at-home" orders, bringing their economies to a screeching halt; so far this has resulted in broad economic disruptions, including massive increases in the national unemployment rate, stock market crashes, and supply chain disruptions. Those who have died or lost loved ones from the virus have felt the pain and shutting down of the economy was necessary in order to avoid catastrophic numbers of coronavirus deaths. Nevertheless, this economic shutdown may prove to be the larger crisis at hand, with rippling impacts on working people that may prove longer lasting than the danger of the pandemic itself.

The COVID-19 pandemic exacerbated political and economic forces that were already destructive to socioeconomically and racially disadvantaged groups. While necessary to slow the spread of the coronavirus, the stay-at-home orders in place all over the U.S. have played a significant role in creating mass unemployment due to business closures and layoffs. According to the Bureau of Labor Statistics (2020), 20.5 million people went into unemployment in April 2020. As of May 28, 2020, over 40 million people have applied for unemployment insurance benefits ("US Jobless Claims Pass 40 Million," 2020). This level of job loss, the highest levels seen since the Great Depression, have devastated the average American's ability to pay rent and mortgages. According to data from the National Multifamily Housing Council (2020), nearly 31% of Americans could not pay their rent in the month of April. These numbers are unlikely to decrease any time soon; even as state and local governments ease stay-at-home orders, the unemployed will have a difficult time finding new jobs during the COVID-19 crisis. And while the Los Angeles County Department of Consumer Affairs (2020) notes that State of California and Los Angeles County eviction moratoria are still in place as of May 2020, it is unclear —especially given the minimal impact of the federal government's $1200 economic impact payments and the lack of any kind of temporary universal basic income similar to what other countries provided—how tenants will pay back their rents when the crisis period is declared over.

The 2008 financial crisis exacerbated already existing inequities in the country, creating conditions for the COVID-19 crisis to be worse than in more welfare-oriented capitalist countries in other parts of the world. Both crises have been exploited by corporate special interests, with the aid of some lawmakers at every level of government, to further consolidate the United States' wealth and political power. To better understand how America's elite have accomplished this and how it has specifically impacted the housing market in Los Angeles, this study will draw on the theoretical framework of Naomi Klein's *The Shock Doctrine* and ongoing studies of disaster capitalism. We use Klein's framework as a lens through which to analyze the connections and similarities between the government responses to the 2008 financial crisis and the COVID-19 crisis, their potential impacts on the Los Angeles housing market, and the potential policy solutions that housing advocates must demand be implemented in order to create a housing system that truly works for all people.

DISASTER CAPITALISM

Naomi Klein's analysis of the rise of neoliberal economic orthodoxy, characterized by "privatization, government deregulation and deep cuts to social spending" (10), and the term she coined, "disaster capitalism," provides a useful lens through which we may understand the socio-economic and political moment in which we currently find ourselves. Using historical moments like the 1973 military coup in Chile and the subsequent dictatorship of Agusto Pinochet, the covert torture operations during the Iraq War, and the post-9-11 building of the security state apparatus, Klein (2007) developed an analysis that she coined the "Shock Doctrine." The shock doctrine, as Klein articulated, is when corporate goals are advanced by "[using] moments of collective trauma to engage in radical social and economic engineering" (pg. 9). The housing market crash of 2008 and the current COVID-19 crisis surely count as "moments of collective trauma." Klein further developed her shock doctrine concept by incorporating critiques of free market capitalism's greatest apostle, Milton Friedman, who wrote that "only a crisis—actual or perceived—produces real change," and that "when this crisis occurs, the actions that are taken depend on the ideas that are lying around" (7). In the case of housing policy and finance, these ideas tend to be driven by apartment owner associations, finance-friendly think tanks and other so-called "experts."

Naomi Klein didn't just provide a framework from which we may analyze the responses to the 2008 housing and COVID-19 crises; she has also specifically stated how governments and the establishment have used and will use these crises to advance their capitalist agendas. Klein notes that while the bank bailouts that various countries provided in response to the 2008 market crash are examples of how disaster capitalism has played out, even more significant are the long term costs of the crash, primarily governments' resultant shift to economic austerity, such as slashes to social services (Solis, 2020). In thinking about disaster capitalism, we must think critically about long-term impacts.

In a recent interview, Klein highlighted how the Trump Administration's response to COVID-19 includes policies that it has long sought to implement; now, with people disoriented by the pandemic, it has found the right time to do so. For instance, President Donald Trump has spoken of payroll tax cuts before the pandemic and again since the first coronavirus stimulus bill was introduced in March (Solis, 2020), and at the beginning of May 2020, he reiterated the so-called need for these cuts in any new stimulus bills passed by Congress. Payroll taxes finance Social Security and Medicare, and while cutting workers' taxes and thereby increasing the sum on their paychecks may initially seem like a fine idea during the COVID-19 crisis, doing so would only assist presently employed Americans, rather than the unemployed who have been the most impacted by COVID-19 (Konish, 2020). Americans value Social Security and Medicare, and the Trump Administration's strategic exploitation of the COVID-19 crisis to cut funds to these programs is a prime example of a disaster capitalist agenda: using a disaster as an opportunity to advance an otherwise controversial proposal. Naomi Klein puts it perfectly: Government officials are "not doing this because they think it's the most effective way to alleviate suffering during a pandemic—they have these ideas lying around that they now see an opportunity to implement" (Solis, 2020).

Disaster capitalism can also be illustrated by government and corporate actors' responses to a natural hazard. In his master's thesis in city planning, Alexander Acuña imagines the potential for housing responses following a large earthquake in the San Francisco Bay Area, stating that a post-disaster recovery would present "malleable moments" to redefine housing access (Acuña, 2019, 30). However, the demand for quick recovery often causes a leap beyond equitable planning, allowing those in power to leverage their resources and enforce capitalist agendas. Acuña describes the especially vulnerable position of residents after disasters, saying they are still at the mercy of their institutional disadvantages, insurance companies, and slow-moving government assistance. "The familiar 'We buy homes for cash' signs are an ever-present reminder that someone is willing to take a bet on someone else's problem," Acuña states (2019, 36). While this property exchange may seem to meet the needs of both buyer and seller, Acuña cautions that power dynamics allow developers more resources and greater long-term benefits from this exchange.

Disaster capitalism is perhaps best illustrated through the actions of corporate real estate investors. These investors use the outcomes of housing crises to "profit from the distress of homeowners" by "trading distressed residential assets — mortgages and vacant properties in severe arrears" and modeling their business plans in such a way that "undermine[s] neighborhood and economic stability" (Razza, 2014) by flipping these properties into unaffordable housing. This type of investment reflects financial actors' parked assets rather than residents' stable, long-term homes. These actors' behavior is often facilitated by municipal governments, which cite investment in their cities as key to economic growth. While this may be true, a city's economic growth does not equate to its overall health, which ought to be measured at least in part by housing affordability. Nevertheless, highly capitalist cities appear to prioritize the former, and it is unsurprising that many of them have "turned responsibility for affordable rental housing over to the private market" (Fields, 2017: 1488), thereby empowering the same corporate real estate actors whose sole goal is to gain maximum profit from rental housing.

The federal government has also failed to deter disaster capitalists. For example, the U.S. Department of Housing and Urban Development's (HUD) Federal Housing Administration (FHA) created the Distressed Asset Stabilization Program (DASP) in 2012, whose purpose is to "return and protect FHA's Mutual Mortgage insurance capital reserves fund to a positive position and 'to encourage public/private partnership to stabilize neighborhoods and home values in critical markets'" (Razza, 2014: 2). Essentially, the FHA auctions off and sells insured mortgages to "qualified purchasers," yet the meaning of "qualified" appears to be unrelated to purchasers' goals. In practice, this program has destabilized neighborhoods and increased home values as 97% of the 98,100 mortgages auctioned "have been won by for-profit entities, largely private equity firms," since the FHA selects the highest bidders "without weighting the bidders' track record of good outcomes for homeowners and communities" (Razza, 2014: 2). Where homeowner distress is in many ways caused by the financial sector itself, Wall Street speculators are only interested in profiting from, not helping, struggling homeowners. In the case of the 2008 housing crisis, the financial sector took the disastrous impacts of the crisis on middle- and lower-income homeowners as an opportunity to expand its capitalist agenda. In sum, disaster capitalists have little regard for social costs, and they strategically utilize social distress to increase their power and profit.

Corporate disaster capitalism only works insofar as governments disregard their inhabitants' social welfare. The Trump Administration has failed to provide individuals regular and significant cash payments to supplement their economic losses. This failure is setting the foundation for real estate speculators to profit from the COVID-19 disaster, which is already resulting in small business property losses and will likely lead to evictions once the crisis period is declared officially over (unless a comprehensive rent relief policy is passed). This is why disaster capitalism is so much more prevalent in the United States than in Europe or the United Kingdom. Even in the United Kingdom, which has become increasingly austere since the 2008 recession, the government promised to pay workers 80% of their salaries if companies kept them employed. And in Denmark and France, the government is paying those who have become unemployed due to COVID-19 75% and 84% of their former incomes, respectively (Partington, 2020). Therefore, these citizens are able to continue to pay their rents and keep the economy running. In the U.S., on the other hand, rent and mortgage payments have come to a halt, leading to an economic shutdown and shock which is paving the way for disaster capitalists to advance their speculative agendas.

RESEARCH QUESTIONS

Nested in the historical shifts of housing following disasters, this team was interested in exploring the potential housing-related outcomes of the COVID-19 pandemic. We were especially interested in drawing comparisons with the most recent crisis, the Great Recession of 2008, and the political response that fundamentally altered the renter and homeowner relationship in favor of corporate landowners.

The project raised the following questions:

1. What policies did federal, state, and local governments pass in response to the 2008 economic crisis? How did these policies affect communities in the long term? How did they affect real estate speculation?
2. How can we use the lessons learned from the 2008 financial crisis to ensure positive outcomes following the COVID-19 pandemic?
3. What policies should federal, state, and local governments pass to advance community resiliency and deter real estate speculation? What policy areas have not been explored in the conversations about recovery?

METHODS

Our research team consists of six members. Three are Master of Urban Planning students at UCLA; one is a Master of Public Health in Community Health Science at UCLA; one is an Associate at Inclusive Action for the City; and one is an Organizer at LA Voice. As part of the 2020 UCLA Community Collaborative, this team explored a variety of research topics in Los Angeles displacement before defining this area of study. We approached our project with a variety of research methods.

We conducted an extensive literature review to establish historical background on the Great Recession of 2008 in the context of Los Angeles area housing. As a team, we also participated in the guest lecture and didactic series managed by the 2020 UCLA Community Collaborative, which included further background on the 2008 crisis and other supporting information about housing and displacement in Los Angeles among other case studies. Our Master of Urban Planning students incorporated material from their related coursework in disasters and real estate into the project. To survey housing-related responses already occurring in Los Angeles during this crisis, our team reviewed the websites and documents of advocacy organizations as well as responses of eviction defense lawyers, developers, and banks in the area.

The primary empirical contribution of our research constituted a series of interviews with practitioners and experts in the Los Angeles area. We reached out to 13 key informants for this project, and also attended meetings with two other informants who had been contacted for other projects. Our team established interview questions prior to each interview, planning for 20 to 30 minute time slots. We met with Los Angeles urban planners, real estate professors, affordable housing developers, and disaster resilience and recovery experts via phone and Zoom video conferences, with at least one team member at each meeting guiding questions and taking detailed notes. We compiled the interview notes and assessed their content in a discussion of shared themes and concepts.

THE GREAT RECESSION OF 2008

2008 FINANCIAL AND HOUSING CRISIS: WHAT HAPPENED?

As the world experiences the current public health and economic crisis, we should reflect upon the last time this country faced a crisis to recall the mistakes made by governmental and corporate actors as well as identify lasting impacts on communities everywhere. The causes of the recession of 2008 have been analyzed and debated by many. One definitive conclusion was that, leading up to the housing collapse, big banks and speculative investors were largely at fault for their irresponsible lending practices and fixation with profit-making, creating a culture of over-investment in real estate and losing sight of housing as a place to call home. Government took an active role in this irresponsible behavior: the state created and “actively contribut[ed] to the growth of the secondary mortgage market and mortgage securitization” (Fields, 2017: 4), tools which created the conditions that allowed for this economically irresponsible and harmful-to-borrowers speculation to occur in the first place. The housing bubble inevitably burst, and a foreclosure crisis and recession ensued. (Foreclosure crisis, housing crisis, subprime crisis, and financial crisis will be used interchangeably throughout this section.)

The effects of the 2008 housing crisis were far reaching, especially for“borrowers with shoddy mortgages” (Merle, 2020: page number). In Los Angeles, Hispanics/Latinos were disproportionately targeted by banks’ subprime loans, as revealed by their increase in homeownership rate from 2004 to 2007, while that of whites and other groups decreased during the same period. Furthermore, Hispanic/Latino and Black communities had a much higher likelihood than whites of obtaining expensive mortgages; in 2005, more than half of loans received by [Black and brown communities] were subprime, in comparison to a mere 16 percent for whites. These “subprime” or “risky” loans are defined as “primary loans with interest rate[s] of 3 percentage points or more above prime and/or a second lien loan” (Ong et al., 2013: 38). These subprime loans also refer to “lenders’ judgements of less-than-perfect borrowers,” and this quickly expanding subprime market has allowed these lenders to engage in predatory practices such as “abuse, fraud, and exploitation,” practices which increase the likelihood of victims’ resultant “delinquency, default, and foreclosure” (Wyly et al., 2007: 6).

The distribution of these loans to home seekers in Los Angeles was common prior to 2006 when the cost of real estate was rising, but once housing costs dropped and the market eventually collapsed in 2008, the banks had reduced their distribution by more than half (Ong et al., 2013). Rising unemployment following this collapse meant that many of those who had been paying these loans off before were no longer able to. In California, commonly viewed as the hardest hit out of any US state, the State's unemployment rate reached 12.4% by the end of 2009, with a net loss of more than one million jobs (Bardhan et al., 2010). In Los Angeles, a high percentage of those who had purchased homes between the boom period of 2005 and 2007, when the cost of housing was at its highest, had their homes foreclosed upon. Ultimately, this foreclosure crisis led to a long-term decline in homeownership and rise in renting and rent burden[1] (Ong et al., 2013). The impacts of this trend will be elaborated on below.

FEDERAL GOVERNMENT RESPONSE TO 2008 HOUSING CRISIS

The immediate response to the foreclosure crisis occurred in 2008 under the Bush Administration. As we will see, "economic recovery was valued more than social welfare: 'Rather than coming to the aid of mortgage holders, states largely opted to bail out financial institutions in order to restore capital market stability'" (Fields, 2017: 5).

The Bush Administration's major policy response was the Emergency Economic Stabilization Act of 2008 (EESA), which Congress passed to "provide authority for the Federal Government to purchase and insure certain types of troubled assets for the purposes of providing stability to and preventing disruption in the economy and financial system and protecting taxpayers…" (U.S. Congress, 2008) among other purposes less relevant here. The Troubled Asset Relief Program (TARP) was the most important part of EESA. The Treasury Secretary established TARP and its associated $475 billion programs in order to "help stabilize the US financial system, restart economic growth, and prevent avoidable foreclosures" (U.S. Department of the Treasury, 2016). These so-called "troubled assets" that the federal government would purchase from financial institutions were defined as "(A) residential or commercial mortgages and any securities, obligations, or other instruments that are based on or related to such mortgages" and that "the purchase of which the [Treasury] Secretary determine[d] promote[d] financial market stability; and (B) any other financial instrument that the Secretary, after consultation with the Chairman of the Board of Governors of the Federal Reserve System, determines the purchase of which is necessary to promote financial market stability" (U.S. Congress, 2008). Among these troubled assets were those guaranteed by Fannie Mae and Freddie Mac, entities which purchase mortgages and loans, "dominate the secondary mortgage market in the U.S." (Folger, 2020), and spurred the excessive issuing and demand of mortgage-backed securities (MBSs), which, along with the surge of real estate costs inevitably "encourage[d] banks to lower their lending standards and drive consumers to jump into the market at any cost" (Kagan, 2020). As we know, this resulted in the subprime crisis. Essentially, TARP saved the financial institutions at the heart of the cause of the housing crisis rather than the people at the heart of its impacts.

The other major Bush Administration policy was the Housing and Economic Recovery Act of 2008 (2008 Act), which aimed to address housing finance reform, foreclosure prevention, and tax-related provisions (Fine et al., 2009). In regard to housing finance reform, the creation of the new Federal Housing Finance Agency (FHFA), the HOPE for Homeowners Act, and Secure and Fair Enforcement (SAFE) Mortgage Licensing Act were central. The FHFA independently assumed the roles "formerly held by the Office of Federal Housing Enterprise Oversight

[1] Rent burden refers to when an individual spends more than 30% of their income on rent and a severe rent burden refers to when an individual spends more than 50% of their income on rent.

(‘OFHEO’), which [was] a part of the Department of Housing and Urban Development (‘HUD’)… the FHFA [would] have greater status and broader powers” (Fine et al., 2009). Among these “broader powers,” the 2008 Act allowed the FHFA to place regulated entities under receivership or conservatorship (Fine et al., 2009), which it did to Fannie Mae and Freddie Mac in order to “avoid contagion risk and prevent these failing firms from causing even greater damage” (Hennessey & Lazear, 2013). While possibly well-intentioned, the FHFA was just another tool to prevent a total collapse of the financial sector, while ignoring the needs of individual homeowners.

As a “private loan modification program” established under the HOPE for Homeowners Act, the Federal Housing Administration (FHA) “provide[d] insurance to lenders on eligible refinanced mortgage loans made to distressed borrowers” (Bernanke et al., 2018). Again, the concept was promising. However, the requirements to receive this insurance included a list of 12 strictly detailed conditions in addition to several more general ones (Fine et al., 2009). Clearly, the complex requirements for HOPE made it inaccessible to the very “distressed borrowers” it was allegedly meant to serve.

Lastly, the SAFE Mortgage Licensing Act, which was meant to correct banks’ irresponsible subprime lending practices, did nothing to hold them accountable for their past actions. Banks had victimized borrowers with subprime loans which were knowingly unsafe and inevitable to cause a housing collapse. SAFE “promote[d] the establishment, by the states, of a Nationwide Mortgage Licensing System and Registry” (Fine et al., 2009) for home mortgage loan originators (MLOs), with five objectives, in sum “aggregating and improving the flow of information to and between regulators; providing increased accountability and tracking of MLOs; enhancing consumer protections; supporting anti-fraud measures; and providing consumers with easily accessible information at no charge regarding the employment history of and publicly adjudicated disciplinary and enforcement actions against MLOs” (Consumer Finance Protection Bureau, 2012). While this program made loans safer for future borrowers, it was too late for the ones who were impacted by the subprime crisis.

The foreclosure prevention elements of the 2008 Act provided “funds for emergency assistance to state and local governments for the redevelopment of abandoned and foreclosed-upon homes” as well as “funds for certain foreclosure mitigation activities” (Fine et al., 2009: 33). Still, this program did not prevent the flipping of affordable housing by speculators, nor did it help those whose homes would be flipped in the future. All of these policies “were slow to take effect and reached a limited number of people threatened by foreclosure” (Bernanke et al., 2018: 58). As we will see, the number of California homeowners who were foreclosed upon confirms this conclusion. The following statement sums up the federal response: “The immediate assistance reduced the depth of the housing market collapse. The subsequent regulatory safeguards and consumer protections have made today’s housing market much safer and more resilient. However, more could have been done to aid homeowners in the crisis” (Calhoun, 2018).

STATE AND LOCAL RESPONSE TO THE 2008 HOUSING CRISIS

California and Los Angeles had their own experiences of and responses to the 2008 crisis. In 2008, several bank chains in California made mortgage loans amidst skyrocketing housing prices; as a result, the state’s institutions and homeowners were among the hardest hit in the crisis (Bardan and Walker, 2010). By the end of 2009, around 35% of California mortgage holders were underwater, compared to 14% nationally. With a deficit of over $35 billion in 2009, California faced a massive shortfall and, by many accounts, had no choice but to take austerity measures such as furloughing state employees (Steinhauer, 2009).

With more to lose than many other states, California took modest action to protect borrowers and hold lenders accountable. In early 2009, lawmakers passed a requirement that lenders first make reasonable efforts to adjust loan terms before moving forward with foreclosure (Calhoun, 2018). This measure kept more than 120,000 residents in their homes while retaining some market property value, though overall it lowered foreclosures by a mere 16%. Large corporate owners like Blackstone still proceeded to purchase thousands of foreclosed homes in California, particularly in communities of color that were disproportionately victimized by subprime mortgage lenders (Calhoun, 2018).

Los Angeles homeowners benefitted from the requirement that banks adjust loans, though the city independently did little to fortify housing or protect residents. In the words of then-Mayor Antonio Villaraigosa, Los Angeles faced uncertainty and a "formidable financial challenge" alongside many hard-hit California cities in 2008 (Villaraigosa, 2008, 8). In a series of cuts and efficiencies, Villaraigosa aimed to aggressively lead the city in balancing the budget. His plan did include a blueprint for fiscally responsible affordable housing development, including the completion of 700 new units already in construction. Villaraigosa highlighted the Los Angeles Affordable Housing Trust Fund as a pot of money that would make housing expansion possible even in a time of intense fiscal strain (Villaraigosa, 2008). Even with the construction of 700 new affordable units in Los Angeles, between 2008 and 2016 Los Angeles County overall lost 64% of its affordable housing funding from the state and federal governments, contributing to a substantial overall gap (*Los Angeles County Annual Affordable Housing Outcomes Report*, 2018). Overall, the City and County of Los Angeles were not unique during the 2008 financial crisis; leaders like Villaraigosa had progressive goals for housing, but were accountable for balancing their budgets as aid from higher levels of government diminished.

Following the crisis, Los Angeles was among the cities that saw a somewhat rapid regain of housing value. With demand remaining high, home values rebounded more quickly in Los Angeles than other areas, and by 2018 had returned to the same peaks as 2006(Daniels, 2018). Though the city and state continue to struggle with massive housing shortages and many remain permanently displaced from their pre-2008 housing, the Los Angeles area exited the crisis with regained property value reflecting high demand.

LONG-TERM IMPACTS OF THE 2008 CRISIS

Long-term impacts of the government's failure to help individuals are significant. Following the 2008 housing crisis, the proportion of homes in the U.S. forced to confront excessive rent burdens "reached historically high levels… According to many studies, the percentage of rent burdened households in the US now exceeds 50 percent" (Colburn & Allen, 2017). This is in large part due to the foreclosure crisis' resultant shift from homeownership to renting; too short a supply of multi-family rental housing; and income stagnation for middle- and working-class Americans (Colburn & Allen, 2017). All of these conditions were exacerbated by the 2008 crisis, and while the economy may have recovered, many individuals' well-being never did.

In Los Angeles, the housing market rebounded in 2013, meaning that buyers were once again facing competition for properties and at times even bidding higher than listed prices. Still, "approximately 143,000 households lost their homes" and many others ended up in massive debt as a result of the crisis. Furthermore, the crisis "deferred the American dream of moving up in social status through owning property for many families, especially those of color" (Ong et al., 2013: 33). In other words, the foreclosure crisis revealed to anyone with doubts about the danger of obtaining a subprime loan that doing so could result in losing everything, or at the very least being financially set back for years. The narrative that subprime loans could help people achieve the American dream became a starkly exposed lie.

In 2007 in California, "employment in Merced and Stockton grew more than 2%, despite crashing housing prices, whereas employment grew only 0.6% in California overall and even fell in Los Angeles, Orange County, Ventura County, and Riverside-San Bernardino – where home prices [held] up better than in the Central Valley" (Public Policy Institute of California, 2008). These patterns reveal that employment rebounds do not necessarily equate to housing market rebounds, or general economic conditions of the housing market. The State of California's report on the recession and California's "feat" of going from a $57+ billion budget deficit at the beginning of 2009 to having the largest budget reserves ever in the State's history in 2017 do not account for the fact that this transformation had negligible impact on many California residents (Hollingshead et al., 2018). The report does not consider how many Californians lost homes and gained insurmountable financial burdens which lasted long after California regained and expanded its budget reserves. In Los Angeles County, the State of California and beyond, economic statistics measured by budget reserves, home prices, unemployment, interest rates, gross products, and the like do not represent overall conditions of the housing market and how it impacts ordinary people, particularly renters. Nevertheless, the State and private sector almost invariably prioritize the statistical measurements.

In addition to declines in homeownership and increases in rent burdens, the foreclosure crisis also resulted in increased speculation and financialization of urban real estate. In California (and beyond), the crisis led to dense areas of unoccupied homes or rental conversions in severely impacted neighborhoods (Ong et al., 2013). The U.S. government played an essential role in this process by selling "distressed real estate and financial assets to private equity and hedge funds at a discount" (Fields, 2017: 4). Rather than learn from its pre-2008 mistakes of putting too much trust in the financial sector with little oversight, the U.S. Government used this terrible shock to expand the financial sector's power (Commins, 2020). It further financialized the urban landscape by increasing "capital's absorption in the urban process and its extension into new markets" (Fields, 2017: 5). Again, rather than help impacted residents recover, the U.S. government decided to increase economic investment which ignored the needs of and further harmed many homeowners, homeowners turned renters, and long-term renters, who would find it increasingly difficult to find an affordable place to live, especially given the crisis' impact on their incomes.

IMPLICATIONS OF 2008 CRISIS FOR HOUSING IN A PRESENT AND POST-COVID-19 AMERICA

Now more than ever, we must hold the U.S. government accountable for its past failure to help ordinary American homeowners and renters, who are again experiencing the impacts of a new health and economic crisis. The COVID-19-induced economic downturn "will stand out from the

Great Recession a decade ago for its speed and reach… This time the pain will be felt more broadly, particularly among renters who are more likely to have the service sector and hospitality jobs most affected by the crisis" (Merle, 2020). The public health turned economic crisis will particularly impact small landlords and renters, as "loan and rental forbearance don't change the fact that renters still have to catch up… In other words, the response does not address the "structural problem" (Commins, 2020).

The Coronavirus Aid, Relief, and Economic Security (CARES) Act's one-time payment of $1200 to individuals was insufficient to meet the basic needs of Los Angeles residents and the $500 billion set aside for large corporations is a classic big business bail out. These responses reflect the familiar government prioritization of the economy over individuals. While these corporations are not responsible for COVID-19 as the banks were for the 2008 housing crisis, the U.S. government has once again failed to adequately assist crisis-impacted *individuals*. The $377 billion set aside for small businesses, also known as the Paycheck Protection Program (PPP), and provided in the forms of "emergency grants," "forgivable loans," and "relief for existing loans" (Snell, 2020) is shown by the U.S. Chamber of Commerce to be flawed as well: in April 2020, a poll revealed that "one in four small businesses (24%) sa[id] they [were] two months or less from closing permanently amid the economic downturn caused by the coronavirus pandemic. One in 10 (11%) sa[id] they [were] less than one month away from permanently going out of business" (Thaddeus, 2020). And just under half of Black- and Latino-owned small businesses said they would probably shut down by the end of the year, given that only 12 percent of them received what they applied for from the Small Business Administration (Flitter, 2020). Furthermore, the majority (56%) of all small businesses stated that "direct cash payments to Americans" would best assist them to stay afloat (Thaddeus, 2020). The sole and minute $1200 direct cash payment to Americans and closures of many small businesses reveal that the CARES Act's small businesses fund was either too slow, complex, and/or insufficient to address their needs. Most importantly, the CARES Act's stimuli fail to reach or provide sufficient funds for individuals, who would be able to keep the economy functioning if they were simply given the means to do so. Helping individuals almost always helps the economy, and as we have shown, the same cannot be claimed the other way around.

As a result of COVID-19's economic impacts, many small landlords will likely lose their properties due to not being able to pay maintenance fees while rent is on hold. Many renters will face eviction when the moratoria end and they are unable to catch up. And real estate speculators will once again assume their vulture role. Following the 2008 recession, the construction of multifamily rentals grew, but they were mostly expensive rentals (Calhoun, 2018). This way of reducing affordable housing stock is likely to repeat as a result of the current crisis. And while multifamily housing construction may have increased after 2008, there was a significant reduction in [overall] housing production (a pattern following all US recessions since 1960), with a whopping 38.6% decrease in 2008 (Hermann, 2020). This is highly relevant today; aside from increased real estate speculation due to COVID-19, the associated recession is also likely to exacerbate the affordable housing shortage due to declines in housing production alone. The fundamental supply-demand principle of economics allows us to conclude that stagnant supply is bad for renters.

In regard to speculation, thus far government policies are doing nothing to prevent behaviors seen in 2008. The trend of financialization, in which financial institutions expanded in influence and ownership, was striking after the 2008 crisis and has already reemerged in response to the newest crisis. Venture capitalist firms such as “Blackstone Group Inc., Brookfield Asset Management and Starwood” have reportedly been “eyeing hotels, retail properties, mortgage-backed securities and other assets that [came] under stress in [March 2020]” as COVID-19’s rapid spread forced American businesses to shut down, thereby eliminating business and property owners’ abilities to pay their rents and mortgages, respectively. Such predatory investors claim “their investments may help the market bounce back” (Putzier et al., 2020). This is a familiar claim which yet again prioritizes the market over people. And the stakes are even higher now than they were in 2008: “In December [2019], private real-estate funds that focus on opportunistic and distressed-asset investments held $142 billion in dry powder, according to Preqin—up from $94 billion in December 2008” (Putzier et al., 2020). The 2015 American Housing Survey revealed that 22.7 million units out of 48.5 million units (almost 50%) are owned by “individual investors,” otherwise known as “mom and pop” landlords who are more likely to rent affordable units (PD&R Senior Leadership year). They are highly threatened by predatory owners of “private real-estate funds;” supporting these landlords and their tenants during this pandemic will be crucial for housing market stability and affordability (Peiffer, 2020). During our interview with UCLA urban planning professor and disaster management and response specialist, Steve Commins, he stressed that not all landlords are Blackstone, and while the government must protect renters, it must also consider the situation of the landlord, which may be an individual who relies on that income (Commins, 2020). As a result of “mom and pop” landlords losing their properties, our cities may “end up with a lot of fraud and a lot of people living in unsafe, unsanitary environments” (Peiffer, 2020).

Nationwide solutions have already been laid out by others and are for the most part beyond the scope of this report. It is useful, however, to briefly discuss proposed renter protections at the federal level. On April 17, 2020 Representative Omar Ilhan brought forth the Rent and Mortgage Cancellation Act of 2020. This bill “suspends rental and mortgage payments for primary residences for a period lasting until 30 days after the termination of the federal emergency declaration relating to COVID-19” (Ilhan, 2020). While perhaps well-intentioned, the idea that hard hit tenants and small homeowners will be able to catch up within 30 days is highly misleading, so it is unclear whether this policy would actually help them. It will be further discussed in our exploration of community resilience in Los Angeles.

On May 8, 2020 the U.S. House Committee on Financial Services released a statement that members of Congress introduced as the “Emergency Rental Assistance and Rental Market Stabilization Act of 2020: legislation to create a $100 billion emergency rental assistance fund” (Waters, 2020). While the possibility of this rental assistance act is preferable to no response and does more to help impacted tenants and mom and pop landlords than did any policy response to the 2008 housing crisis, it still has significant limitations. Firstly, $100 billion is the bare minimum required to address renters’ needs and may actually turn out to be insufficient (National Low Income Housing Coalition, 2020) . Furthermore, the true value of this sum is minimized when compared to the $1.45 trillion of cash that private equity firms currently hold (Rooney, 2020). In addition, while “HUD would be required to allocate the first 50 percent of the funds within 7 days,” the rest of the funding would take up to 45 days to distribute, meaning that some renters would either not see these funds, or receive them too late (U.S. House Committee on Financial Services, 2020: page number). Lastly, federal rental assistance without a proper system to distribute these funds means that many renters may not receive them at all. Not only does the federal government lack a comprehensive rental database, which should have been created in response to the 2008 housing crisis (Friedman, 2020), but also the bill gives power to states to decide whether applicants may receive the funds or not; in fact, “states and communities that have already taken actions to provide emergency rental assistance would be permitted to use these funds to reimburse themselves for activities eligible under this bill” (U.S. House Committee on Financial Services, 2020). This can become problematic in some states if renters have received assistance already but are still in need. Overall, this policy shows that the federal government may have learned from its failure to assist those affected by an economic crisis. However, these short-term subsidies are short-term solutions that do not contribute to overall tenant protections and stability.

One promising housing protection policy is the Homes Guarantee. This platform calls on the federal government to take several actions in response to and/or for the duration of the COVID-19 crisis: cancel rent and mortgages, establish a national eviction moratorium, house the unhoused, provide emergency cash assistance to individuals, improve public housing, and ensure a transition to a green economy (Homes Guarantee, 2020). Along with the staff at Homes Guarantee, we support the U.S. House of Representatives Bill - Rent and Mortgage Cancellation Act of 2020, which we have briefly explained above and will further detail in the section titled *Community Resilience During COVID-19*. Again, this bill does much more than did any post-2008 bill to prevent the disaster capitalist real estate speculators from flipping affordable housing units and increasing inequality for years to come.

The State of California is attempting to address immediate needs of the state’s renters in response to the coronavirus pandemic economic crisis. California Senate Bill 1410 - COVID-19 Emergency Rental Assistance Program, to be carried out by the Director of Housing and Community Development, “would deem a household eligible for rental assistance payments under the program if the household demonstrates an inability to pay all or any part of the household’s rent due between April 1, 2020, and [December 31], 2020, due to COVID-19 or a response to COVID-19, as specified, and the owner of the dwelling unit consents to participate in the program” (Gonzalez, 2020). While the details of how the program would be administered and determine participants’ eligibility make the program more complex than this statement implies, this bill is absolutely essential to ensure survival of California renters and mom and pop landlords and does much more to assist them than did any policies following the 2008 foreclosure crisis.

While the responses to and effects of the 2008 housing crisis have implications that are useful for the current crisis, the latter provides different opportunities because of its severity, rapid onset and associated unemployment, and particular impact on at risk renters and small landlords (Lens, 2020). Whereas the 2008 crisis had the negative side effect of “blaming low income people for buying houses,” even though the banks and U.S. Government were at fault, COVID-19 is different in that it provides an opportunity to “assert how the public sector can keep [citizens] safe, how health care should be for everyone, and perhaps housing too” (Abood, 2020). Unlike the 2008 crisis, the coronavirus pandemic cannot be blamed on any group of people, especially not vulnerable groups. In fact, the pandemic has quickly revealed “that we are so much more interconnected to one another than our quite brutal economic system would have us believe” (Solis, 2020). This time, we must consider how rights such as healthcare and housing are more essential than ever, lifting tenants’ struggles to the ears of our region’s policymakers. The next section will highlight how nonprofits and renters are fighting for justice in Los Angeles County.

COVID-19 RESPONSES & ANTICIPATED PROBLEMS

NEOLIBERAL CAPITALIST RESPONSE TO CRISIS

As the COVID-19 pandemic impacts communities across the nation, it is evident that the federal government is failing to create policies that uphold housing as a human right. Recently the housing market has only further worsened as a lack of renter protections, high rent burden, lack of affordable housing, and homelessness all rise to a boiling point. Traditionally, the United States government has a biased dependency on and belief that the market will resolve current issues, including housing. This belief might be summarized as: “the economy will take care of itself, that’s what underpins capitalism anyway, the market will decide. Apparently with a whole lot of intervention…the rebuild [to post disasters] would be led by developers and investors” (Cretney, 2019: 502). As mentioned by Cretney, this market approach has yet to bring a just and equitable post-disaster recovery because since the 1980’s it has been seen through a neoliberal capitalist lens. With the intersection of race, class, and socioeconomic status deeply ingrained in the functionality of institutions of power, the most vulnerable are yet again those who have been historically disenfranchised and underserved; an intersectionality of the working class, communities of color, and immigrants.

The COVID-19 global pandemic has shed a spotlight on the precarity of housing in the U.S. As those who have been organizing and living the paycheck-to-paycheck reality of a Los Angeles renter know, this precarity existed and had been worsening before the outbreak of the pandemic. Under capitalism, housing operates as a wealth building tool that has been commodified. The United Nations designates housing as a human right - a belief “affirm[ing] that the government has an obligation to guarantee all people a safe, decent, affordable place to live” (Card and Breidenbach, 2019). But the constitution of the United States does not designate housing as a human right. Los Angeles has one of the most unaffordable housing markets in the U.S., and rents in Los Angeles continue to rise annually at a rate that is unaffordable for many of its lower-income residents. Local Consumer Price Index measures indicate that LA County rents are increasing faster than at any point in the past 12 years. This rate is far outpacing the rate at which incomes are increasing, causing many lower-income residents to face housing instability including rent burdens and homelessness.

In addition to these burdens, Los Angeles does not have a right to counsel for tenants. The County of Los Angeles recently approved a pilot right to counsel program called the Eviction Defense Program that will provide legal support to tenants facing evictions, but it has not been codified as a legal right. The scope of the Eviction Defense Program has also shifted amidst the pandemic. These many intersecting issues faced by tenants create an ecosystem of uncertainty and housing precarity for tenants in Los Angeles. The rapid and intense spread of COVID-19 has added another layer of uncertainty. Tenants who were previously living paycheck to paycheck cannot confidently know that they will be capable of paying back rent following the end of the emergency protocols.

Additionally, when developing frameworks for disaster mitigation and recovery, “...the United States fails to take serious account of local capacities and needs, and…[is] often reluctant to engage inhabitants in the project of identifying and expanding community resilience” (Jon et al., 2018: 247). In previous catastrophic events such as Hurricane Katrina, government agencies continuously created agendas and policies that failed to prioritize community insight or current needs. Agencies such as the 'Bring New Orleans Back Commission' made proposals suggesting the redevelopment of majority low income, immigrant communities with no intention of conducting outreach or providing reparations. Similarly, in response to the COVID-19 pandemic, the current U.S. government leadership has continued to prioritize financial stimulus for the stock market, while failing to support its citizens through needs such as universal testing, financial/unemployment support, and housing rights. Based on a neoliberal capitalist lens, market driven approaches continue to uphold individualism and privatization that ultimately hurt vulnerable populations and community resilience.

COMMUNITY RESILIENCE DURING COVID-19

In response to the inadequacy of the federal, state, and local government response, a collective of entities across Los Angeles have begun their own grassroots efforts of community resilience. The Healthy LA coalition strives "to propose concrete solutions to the many hardships caused by the COVID-19 pandemic" (Healthy LA Coalition, 2020). This coalition is composed of over 350 entities ranging from nonprofits, advocacy groups, lawyers, affordable housing developers, organized labor, faith institutions and community groups. Through a combination of LA City and LA County proposals, the coalition seeks to advocate and demand equitable for housing, worker rights, undocumented status, and much more. Specifically for housing, Healthy LA has emphasized a 'Housing Stability' section with policy recommendations of rent forgiveness and mortgage suspension, moratorium on evictions, rent freeze, foreclosure protections for tenants, homeowner assistance, and enforcement and outreach.

On a national level, Representative Ilhan Omar of Minnesota has brought forth the Homes for All Act and, more recently, the Rent and Mortgage Cancellation Act of 2020; as stated previously, this puts rent and mortgage payments on pause for thirty days after the COVID-19 crisis period is deemed over (Ilhan, 2020). Both pieces of legislation encompass the push for universal housing rights. The Rent and Mortgage Cancellation Act of 2020 not only outlines renter protections, but also requires that the Department of Housing and Urban Development (HUD) "establish an Affordable Housing Acquisition Fund to support the acquisition of multifamily housing projects by nonprofit organizations, public housing agencies, cooperative housing associations, community land trusts, and state and local governments. For a five-year period, entities that are approved for such assistance shall be provided the first right of purchase with respect to such projects" (Ilhan, 2020: 14).

These responses uphold the framework of the 'emergence of possibility,' which is described as, "the rupture provoked by crisis may provide hope for potential transformation and new possibilities for social and economic organisation" (Cretney, 2019: 498). Community responses during the COVID-19 pandemic have essentially highlighted the institutional flaws that limit government response to equitably serve its constituents/citizens.

Healthy LA and Representative Ilhan Omar challenge the current status quo of the "normal" housing market by pushing for policies that re-envision housing as a human right for the multiple parties involved in the fragmented housing market. Additionally, these policy recommendations go beyond text to constitute grassroots mobilization as a means of hope and change. Members of the Healthy LA coalition have engaged in strategic community organizing and advocacy efforts ranging from phone banking, online engagement, direct advocacy with electeds, and participation in public city council and County Board of Supervisor meetings. Independently, Healthy LA members have also assisted community members with defense and legal advice amidst accruing rent and evictions. To ensure the passage of specific legislation, the central mission of the Healthy LA coalition is to mitigate the economic and political ramifications of the COVID-19 health crisis, and subsequent economic crisis.

Ultimately, these tactics of disruption of neoliberal capitalism represent the power and efforts of community resilience during times of crisis. It is an instance where the creation of new ideals and engagement are simultaneously birthing new forms of livelihood and values.

BAD ACTORS DURING COVID-19

Community resilience has its opposition, especially in those whose businesses and profits depend on renter compliance. Los Angeles area landlords and eviction lawyers threaten to maneuver through and around tenant protections during this crisis. On April 7th, a webinar presented by the Apartment Owners Association of California declared rent forgiveness and rent control forms of “tenant welfare” from the pockets of income property owners that threatens the “fabric of our society” (Apartment Owners Association of California, 2020). Ironically, they also instructed landlord attendees to apply for CARES Act loans, stating, “It’s free money! Don’t let your pride get in the way... It’s kind of a refund on all the taxes that we’ve paid all these years.” Acquiring government aid while still vehemently opposing tenant protections, LA’s housing industry is navigating this crisis by following the rules most convenient to profits.

In the webinar and at his firm’s toll-free advice line (1-877-EVICT), eviction lawyer Dennis Block offered tips to landlords who have no ability to enforce rent collection. He suggested to counsel tenants that rent will eventually be owed, and to establish contracts to collect at least half of rent owed or make other arrangements for those who have legitimately lost income (Apartment Owners Association of California, 2020). For those that can pay rent but won’t, he suggested filing small claims that produce judgments against tenants to eventually support future eviction.

The position of Block and the Apartment Owners Association of California is that landlords have no responsibility in ameliorating statewide and regional housing strains inside and outside of the pandemic. They say that any restrictions on their ability to collect rent will prevent them from being able to continue offering housing, making the crisis worse (Apartment Owners Association of California, 2020). Nobody will be building apartments with these kinds of “crazy laws,” Block assured listeners. The victims of this legislation, he continued, would be landlords who could no longer feed their families, let alone lawfully evict tenants who evade payment responsibilities.

In May, Block’s firm tweeted, “Enough is enough. I am bringing suit against the Judicial Council for their enactment of Emergency Rules, which prevents landlords from initiating unlawful detainers” (Block, 2020). This firm and the Apartment Owners Association have also been working to organize landlords to oppose measures proposed to protect tenants locally and statewide through email blasts.

IMMEDIATE RESPONSES IN LOS ANGELES

Already, the parallels to the 2008 crisis are becoming apparent in the use of federal and local funds to benefit real estate, not tenants and homeowners, in Los Angeles. In an interview with Maya Abood, a Housing, Planning, and Economic Analyst for the City of LA, the team learned that apartment owners are disproportionately benefitting from stimulus funds, especially in the form of small business loan support (Abood, 2020). From her position in city government, Abood had previewed the City's plan to assist landlords with direct unconditional payments, remarking that the landlords will have no requirement to freeze evictions or rent in return for this assistance. Landlords, and especially those with tenants receiving rental assistance, are an active lobby that pressured this outcome. It is apparent that the City is redistributing resources to landlords, not tenants, in an effort to quell their demands during this time of crisis. However, with few restrictions on use of these funds and many challenges facing renters as they cover housing and other costs, it is clear that the City is acquiescing power to large and small landlords much as these groups gained power in 2008.

In general, Los Angeles and many other municipalities are struggling with lost income from low sales tax and declines in investment values (Abood, 2020). Municipal income will continue to decline with the loss of income tax as workers are laid off. Already the city budget has begun to mirror that following the 2008 crisis, with steep declines in collection of permits, licenses, fees, and interest that impair growth of the city's Reserve Fund and General Fund (Galperin, 2020). While the city saves in a good economy to make up for losses in economic downturns, Mayor Garcetti has already declared a fiscal state of emergency and made plans to tighten spending "to prevent more drastic measures" in the future (Garcetti, 2020). Considering the city's financial state, it appears unlikely that the city of Los Angeles will be able to contribute to tenant woes after tenant protections expire. Many will need counsel and other legal services to remain in their homes, but the government will have little capacity for response following initial emergency measures. Landlords with power over tenant outcomes will likely face little government-backed pressure to retain tenants once protections lift and the city finds itself in a deep financial hole.

At a federal level, landlords and housing investors also have an upper hand in taking advantage of purchase opportunities during this crisis. With the Federal Reserve slashing interest rates, real estate has an opportunity to invest where smaller buyers seeking bank loans with tighter lending requirements would not necessarily (Abood, 2020). Investors have powerful lobbies at the state and local level, and clearly also have privileges that facilitate purchases at a national level. Just as in 2008, corporate landlords have government incentives to buy with cheap credit during this crisis.

Still, the Los Angeles area has already seen resistance to the corporate and landlord power that threaten our housing market in this crisis. Abood commented that the rent strikes and LA Tenants Union had substantial political influence, with much potential for enforcing renter justice and the community acquisition of land (Abood, 2020). Healthy LA coalition wins, referenced earlier, have pressured the Los Angeles City Council and the Los Angeles County Board of Supervisors to expand eviction moratoria, rent freezes, and responsible banking for mortgage relief. Abood also stressed that the city has pools of money available to potentially purchase distressed homes, which would possibly be an opportunity to acquire land in the case of many evictions (Abood, 2020).

NOVEL POLICY SOLUTIONS

A MORAL AND STRATEGIC ARGUMENT FOR EMINENT DOMAIN

Our research has demonstrated innovative roles for the government in response to this crisis. Community organizations and coalitions such as Healthy LA have extensive policy platforms which address protections during the pandemic and policies necessary for a just recovery. This research will focus on eminent domain as one key example of a tool to remove housing units from the speculative market. Eminent domain has the potential to promote community stability, particularly following the events of this pandemic. Corporate landlords are rapidly purchasing land in the current housing system; single community organizations cannot compete, and the government has the opportunity to intervene as a large-scale buyer. This team is interested in developing community awareness and influencing public sentiment to force LA City Council policy action. We anticipate that advancing community support through education and awareness will be an initial step in leveraging this political tool and believe this research will demonstrate a role for City Council Members to advance affordable housing through this mode. We recognize that utilizing eminent domain is not the sole solution to housing speculation, but it is one of several tools available.

A BRIEF BACKGROUND & EXPLANATION OF EMINENT DOMAIN

Eminent domain (also referred to as condemnation or expropriation) allows federal and state governments the power to acquire private property for a public use or public benefit. Consent is not required but fair and adequate compensation must be paid to the previous owner. Eminent domain powers can also be delegated to other local entities such as cities, school districts, utilities, and housing development authorities (Torgrimson, 2015). In addition to land and buildings, other private property rights such as air rights and easements can be taken using eminent domain (Torgrimson, 2015). The entity that wishes to use eminent domain (the condemnor) must first make an offer of fair compensation to the owner of the property (the condemnee) before moving forward with condemnation. Three general approaches to calculating fair compensation include a sales comparison approach, income capitalization approach, or a cost approach (Torgrimson, 2015). If an agreement cannot be made, then formal condemnation procedures begin through either an assessor method, a special master method, or a declaration of taking method (Torgrimson, 2015). These procedures may result in a jury trial if an appeal is requested.

Eminent domain is largely influenced by the last clause of the U.S. Constitution's Fifth Amendment which states, "nor shall private property be taken for public use, without just compensation." An early eminent domain case is *Berman v. Parker* in 1954 which set precedent for the allowance of mass takings for urban redevelopment (Kanner, 2015). The most recent and far stretching eminent domain case is *Kelo v. City of New London* which was decided in 2005 (LexisNexis). The case focused on economic development where eminent domain was used to take land from a private owner and give to another private owner, specifically from a homeowner to a private real estate developer (LexisNexis). The economic development that would result from the use of eminent domain was determined to be sufficient in meeting the requirements of serving a public good.

In a 2015 legal journal publication, Gideon Kanner discusses his experience as an eminent domain lawyer in California since the 1960s. He states that discovery has the potential to be abused by condemnors and fair and just compensation is often challenged by condemnees (Kanner, 2015). Kanner reflects on the power imbalance often imbued within eminent domain proceedings. He notes that in 1952, the California legislature had the California Law Revision Commission study and revise eminent domain law to increase the fairness of proceedings, but revisions that benefited the interests of condemnees were not adopted until 1976 (Kanner, 2015). Kanner's critique of the potential abuse and unequal power relationships present within eminent domain proceedings is an important consideration in keeping condemning authorities accountable. Using eminent domain to extend affordability would need to move forward without abusing its power through land grabs. Use of eminent domain must also be paired with in-depth legal analysis to ensure that it will not face challenges that hinder its use. UCLA School of Law Professor Scott Cummings argues for the necessity of ensuring that the use of eminent domain complies with state level statutes as well as constitutional case law (Cummings, 2020). There is the potential of an eminent domain case rising to federal courts and setting precedent for similar takings cases. This potential outcome is why we believe it is crucially important to gain public approval of using eminent domain to maintain affordable housing before moving forward with additional eminent domain cases.

HILLSIDE VILLA AND THE LIMITS OF AFFORDABLE HOUSING

Hillside Villa is an affordable housing development in Los Angeles's Chinatown with an expiring affordability covenant. Following the end of the covenant, the owner Tom Botz, will legally be able to raise rents to market rate (Brey, 2020). In addition, the affordability covenant does not allow for the building to be covered by Assembly Bill 1482, new legislation that went into effect this year which prevents rent gouging in California. In response to the demands of the Hillside Villa Tenants Association and other housing organizers, LA City Councilmember Cedillo has filed a proposal to utilize eminent domain to procure the Hillside Villa apartments from Tom Botz. Tenants at Hillside Villa who face an uncertain future are facing additional harassment on top of the public health fears of the pandemic, with expectations to pay rent in full during this uncertain economic time. The expiration of their affordability covenant in addition to landlord harassment during a global pandemic fuels the argument for the utilization of eminent domain by the Los Angeles City Council. The situation of Hillside Villa is one of many where eminent domain could be used as a tool to keep tenants in their homes and to retain affordable rents.

In addition to the moral argument of keeping people housed, it is also more cost efficient to extend the affordability of buildings than to allow these covenants to expire and develop new affordable buildings. Current estimates of constructing affordable housing put developing each unit at a cost of $500,000 and an entire building may cost upwards of $40,000,000 (TRD Staff). The Low Income Housing Tax Credit (LIHTC) program was created under the Tax Reform Act of 1986 and through the use of tax credits incentivizes the use of private equity to develop affordable housing (NALHFA). About 90% of affordable housing developments are financed using the LIHTC program which has become increasingly competitive and difficult to receive (NALHFA). New affordable developments in California fall under a 55-year affordability covenant but laws and preservation tools fall short in elongating their life spans. Affordable developments which were built three decades ago such as Hillside Villa are also currently reaching the ends of their affordability covenants with the threat of rent rising dramatically to market rate. According to the Los Angeles Housing + Community Investment Department

(HCIDLA), some 11,000 units are set to end their covenants in the next few years, following in the path of Hillside Villa if no intervention is implemented (HCIDLA, 2017). HCIDLA also estimates that "approximately 71% of the at-risk units in the city are wholly owned by for-profit entities" (HCIDLA, 2018: 8). For-profit entities do not have the financial motivation to extend affordability past the end of the covenant expiration dates. The urgency of these statistics are further amplified by the projections of mass displacement following the COVID-19 pandemic.

Looking to past responses to address the lack of affordable housing in the U.S., the Housing and Economic Recovery Act of 2008 (2008 Act) was in part passed to address the economic downfall in relation to affordable housing production. The 2008 Act was posed to create more LIHTCs, to bring in more investors, and to concentrate more credits with each development (NOVOCO, 2017). In addition, the American Recovery and Reinvestment Act of 2009 (ARRA) also included provisions to support affordable housing production through LIHTC financing including the Tax Credit Assistance Program (TCAP). There was recognition that the recession affected the production of affordable housing, and these acts sought to spur new development. In response to a drop in tax credit equity pricing and a drop in federal borrowing rates that help finance affordable housing due to the current pandemic, 67 mayors (including Mayor Garcetti) across the U.S. wrote Congress asking to include provisions that would support the LIHTC program in the next pandemic response package (A.C.T.I.O.N., 2020). Based on the lessons learned from the Great Recession, interventions that stabilized communities and prevented evictions and foreclosures would have benefited communities far more than a forward looking increase in affordable housing production. From this lesson learned, the benefits of retaining existing affordable housing and preventing evictions will create more positive community outcomes than increased funding for new affordable housing production alone. With the high and rising cost of construction, it appears more and more feasible to retain affordable units rather than allow current units to convert to market rate rents.

EMINENT DOMAIN IN LOS ANGELES & OTHER CITIES

Los Angeles has an unjust history in relation to eminent domain, with a shameful past of using it as a tool for the city's economic gains at the expense of predominantly low-income communities of color. LA must face these histories of violent displacement to acknowledge the negative impact it has had on this city and to argue for its potential use in keeping housing affordable and to deter displacement and increases in homelessness. LA is a city built on occupied Tongva lands with histories of forced removal of marginalized communities. The city has a moral obligation to address and rectify present inequities that are a result of a history of stolen land and racial segregation. Some of these histories include the razing and forced evictions of Chavez Ravine residents through the use of eminent domain, originally for the planned construction of public housing, which was ultimately turned over to develop Dodger Stadium (Avila, 2006). Furthermore, eminent domain displaced the low income communities of Bunker Hill starting in the 1960s to aid in the redevelopment of Downtown LA (Davis, 1990, 230). In his 1990 book *City of Quartz*, Mike Davis discusses how Hill St. became a de facto barrier between the redeveloped Bunker Hill and the old Broadway core. Angels' Flight was out of service for some years, effectively removing pedestrian links to the new Bunker Hill (Davis, 1990, 230). The Federal Aid Highway Act of 1956 also led to mass displacement of low-income communities of color for freeway construction through the use of eminent domain (Avila, 2014). Neighborhoods such as Boyle Heights were largely displaced by this construction while neighborhoods such as Hancock Park were able to effectively organize against freeway plans that would uproot their area. LA has accepted the price of displacing long term communities in order to build out its wealth and influence. It now has the opportunity to stabilize communities and save livelihoods by using eminent domain in service of renters and those most vulnerable.

There is no precedent for using eminent domain to preserve affordable housing in Los Angeles but there are examples from other cities in the U.S. with varying degrees of success. In 2015, Philadelphia's City Council voted to allow the Philadelphia Housing Authority (PHA) to use eminent domain on over 1,300 properties as a part of PHA's plan to redevelop the Sharswood neighborhood (Marin, 2015). An argument voiced by a constituent against PHA using eminent domain on these properties stated that PHA and the city have not proven themselves to be competent property managers and landlords, referencing the current state of housing run by PHA (Marin, 2015). There are some accounts of homeowners not receiving their fair compensation in a timely manner but as of December 2019 the PHA has completed four out of seven phases of their redevelopment project (Gregg, 2019). The outcome of this use of eminent domain has been complex and warrants further research into individual stories of those living in Sharswood. This case raises the question of the trajectory of these buildings following the use of eminent domain. LA could potentially become the property managers of these buildings or could potentially pass them over to communities or non-profit organizations through community land trusts.

A community-based example of eminent domain use in the U.S. is the Dudley Street Neighborhood Initiative (DSNI). The DSNI is located in several low-income neighborhoods of Boston, MA and was the first community-based organization in the U.S. to be delegated authority to utilize eminent domain (Loyola University Chicago). The DSNI utilized eminent domain to increase housing opportunities and to stabilize the housing of low-income communities who were at risk of displacement (Loyola University Chicago). Analysis of this process and the effects on the neighborhood exemplify the positive power eminent domain can have in city planning.

Utilizing eminent domain following the 2008 housing market crash was considered to aid homeowners. A 2013 interview with Robert C. Hockett by Jason Renker of The Century Foundation discusses cities such as Richmond, California and Irvington, New Jersey that considered using eminent domain to "purchase underwater loans at fair market value, then write down the loans to bring homeowners above water" (Renker, 2013). Grassroots organizers including Alliance of Californians for Community Empowerment (A.C.C.E.) and Mayor McLaughlin led Richmond, CA to pass the eminent domain motion in late 2013 (Dewan, 2014). Organizing to gain public approval led to a passing vote by the City Council, but a bill signed by President Obama in late 2014 now prevents private mortgages from being renegotiated using eminent domain (Richman, 2017).

One international example of utilizing eminent domain (otherwise referred to as expropriation) to increase housing security is that of Berlin, Germany. "A city-wide referendum is underway to expropriate 'mega-landlords' with 3,000 apartments or more. If successful, the campaign could tip the scales away from speculation and essentially decommodify 250,000 apartments" (McGath, 2019). With the past decade of corporate landlords who have purchased large numbers of households in the U.S. and Los Angeles, Berlin's referendum appears to be a tool that could stabilize housing and deter speculation rates following the pandemic.

CONCLUDING THOUGHTS

As of June 2020, Los Angeles is still awaiting the report back from our City Attorney on the legality of taking Hillside Villa with just compensation from Tom Botz. If Councilmember Cedillo's motion does not pass, California should explore statewide policy in utilizing eminent domain to preserve affordable developments. For example, California passed the policy that mandated cities to regulate street vending which was the final push for LA to vote on legalizing and regulating street vending. We are considering the dynamics between multi-level legislation in our exploration of this option (Acuña, 2019). With an uncertain future for renters post COVID-19 and vulture capitalists gearing up to reenact the consolidation of housing that we have seen in the past decade, Los Angeles needs to take bold and decisive action such as utilizing eminent domain as a tool to prevent displacement. We hope for our analysis of eminent domain to be used by community groups to increase public approval and support for using eminent domain in certain situations.

RECOMMENDATIONS

1. Use eminent domain on affordable housing developments with expiring covenants.
2. Use on buildings with landlords who are repeat offenders in violating tenant rights.
3. Following the use of eminent domain, shift ownership of buildings to community land trusts or other forms of community control.
4. Explore using eminent domain on the mortgages of homeowners with underwater loans on the brink of foreclosure to reset to affordable rates. Address the federal limits of this.
5. Drawing from Berlin's referendum, research the legality of utilizing eminent domain on large corporate landlords above a certain threshold of units.
6. Advocate for statewide policy on using eminent domain to retain affordability.
7. Attain public approval of using eminent domain to maintain affordable housing before moving forward with additional eminent domain cases.

CONCLUSION

From our historical analysis, literature review, and key expert interviews, below we distill some key ideas in response to our research questions.

1. **What policies did federal, state, and local governments pass to respond to the 2008 economic crisis? How did these policies affect communities in the long term? How did they affect real estate speculation?**

   We know that the 2008 crisis was caused in large part by irresponsible lending, with over-investment in real estate and predatory mortgages at a state and national level. Relief programs facilitated the purchase of troubled mortgages and securities to correct failing financial markets, stabilizing the financial crisis but turning property over to corporate landlords with an ever-growing share of the market. Federal opportunities for refinancing did not reach borrowers in greatest need, and efforts to correct bank lending behavior did not involve consequences for past predation. In California, the state made efforts to hold banks accountable and facilitate modification of mortgages, which reduced foreclosures somewhat. In Los Angeles, despite good intentions, the city faced such immense financial deficits that plans to invest significantly in affordable housing during the crisis failed to materialize.

Because the 2008 crisis caused stagnant and lost wages, and also turned many single-family homes into rentals, the crisis and the inadequate political response to it resulted in high rent burdens and even fewer opportunities for individuals to own property. Successes in balancing the state budget did not equate to housing opportunities or stability for renters; in fact, a balanced budget came at the expense of appropriate housing. Immense financialization benefitted the government as it sold assets and made investments, but restricted many renters to the confines of corporate landlords.

2. **How can we use the lessons learned from the 2008 financial crisis to ensure positive outcomes following the COVID-19 pandemic?**

Political responses to the 2008 financial crisis fell into three broad categories: (1) responses that actively hurt tenants and mortgage holders in the interest of broad financial stability and government budgets, such as corporate bailouts; (2) policies that supported the interests of tenants and mortgage holders, but were too limited in scope, such as the policies that held banks responsible for loan modification before proceeding with foreclosure; and (3) responses that could have occurred but never materialized, which may have greatly reduced the housing impacts of the crisis on tenants and mortgage holders, such as expansive rent control and mortgage assistance programs that would have kept residents in their homes. These categories illuminate a path forward as we face a new crisis and its fallout.

We argue that responses to the COVID-19 pandemic involving further financialization would result in short-term benefits to our local government's budget, but would likely harm residents' housing in the short and long term. Based on evidence from the 2008 crisis, this team would oppose efforts to purchase struggling mortgages and sell to private corporations for the sake of restoring financial markets. It is likely that many will struggle to pay their mortgages even with the scaffold of protections and delayed payments already enacted, but 2008 shows that keeping people in their homes through direct assistance and through high standards for bank foreclosure would yield the best outcomes. Actions to stabilize the economy and serve large corporations harm the individual's housing prospects, and 2008 is an example of a failure in meeting resident needs.

Similar to 2008, proactively preventing eviction and property flipping at all stages will also be a priority, both for the sake of keeping residents housed and preventing the corporate buy-up of vacated properties. If renters are unable to catch up on payments after the rent moratorium lifts, it is likely that many will be evicted. Additionally, without funds to maintain properties or support themselves, small landlords may be willing to sell their properties at low prices, facilitating vulture capitalist purchases. Providing resources and assistance to renters will produce the stability necessary for them to stay in their homes as the crisis eases, and will give small landlords the ability to maintain their properties. Successful efforts to keep residents from losing their housing in 2008 teach a valuable lesson and demonstrate the capacity for scaled-up protective responses.

The 2008 crisis involved big visions for making future housing more affordable and equitable, but most plans did not translate to action. In this COVID-19 crisis, we are in a similar place to Mayor Villaraigosa in 2008, considering the plans for affordable housing while facing a challenging financial situation. The 2008 crisis made affordable housing even more scarce than it was before, limiting construction of new housing while pressuring the rental market with many who lost their homes. With lost jobs and an unclear picture of economic prospects for the foreseeable future, demand in this crisis will soar again. Where leaders may hesitate to invest in sustainable resources during this mode of survival, this team sees great capacity for action in affordable housing and protections for homeowners and borrowers during this time. With some funds available for housing-related city ventures, we see this as a crucial moment to spend and invest in city residents. A balance of direct assistance to keep residents housed, preservation of existing affordable housing, and strategic support for affordable housing expansion could yield massive benefits compared to 2008.

3. **What policies should federal, state and local governments pass to ensure community resiliency and deter real estate speculation?**

   This team explored many policies that could assist communities throughout this crisis. We discuss the limited one-time payment from the CARES Act, and argue that ongoing payments and more liberalized access for groups such as college students or undocumented residents could produce more housing stability and a greater ability to keep small landlords afloat. With massive investment from governments of all levels in real estate bailouts and other bailouts, investment in individuals to meet their basic housing needs is at the very least a companion to larger corporate aid. Unconditional payments to landlords will temporarily quell the demands of this powerful lobby, though we feel that governments covering rent in payments to landlords should also include conditions such as restrictions on evictions or rent hikes.

   We show that the Healthy LA coalition is emphasizing housing stability as a priority in this crisis, advocating for aggressive rent forgiveness and mortgage suspension, moratoria on evictions, rent freezes, foreclosure protections for tenants, and homeowner assistance. As bad actors continually seek to maneuver around existing protections, our research has shown that extending these ambitious practices as long as needed to maintain housing stability will serve communities as they weather the storm.

   Finally, we see this crisis as an opportunity for governments to engage in intentional land acquisition for development and retention of affordable housing. In the undesirable case of many evictions, we would recommend land banking as a means to both collect and protect properties at risk of speculation. Eminent domain is an under-utilized policy tool that can remove housing units from the speculative market, and it is particularly important following the events of this pandemic. As other cities such as Philadelphia have successfully used eminent domain to acquire thousands of properties for redevelopment, this option is feasible and replicable. It is possible that statewide policies to promote eminent domain for the sake of affordable housing development would also be feasible, and would widen the scope of such pilot-sized efforts. With adequate legal support, it is possible that eminent domain could make for an especially potent and sustainable response to troubled properties, dwindling affordable housing markets, and residents in need during a moment of shock and response.

02

HOUSING IS A HEALTH RIGHT!

Sol Dressa
Sara Beth Harrell
Abou Ibrahim-Biangoro

CONTENTS

INTRODUCTION

Terms in this document that are bolded are defined in our glossary/appendix

MAKING THE CASE FOR HOUSING AS A HEALTH ISSUE

> ***"Anything that you do that makes housing less secure makes health less secure."***
>
> *- Samuel Stein, Author of Capital City: Gentrification and the Real Estate State*

Housing is a human right. We define human rights based on the idea that all human beings are born free and equal in dignity and rights (United Nations, 2020). This is the foundation that this report aims to build on when looking at housing through various angles, and specifically centering health. Health is also a human right, and every person deserves equitable access to resources to ensure their health and well-being are taken care of. We set the stage as we discuss speculative practices as mechanisms to speed up gentrification and how that will impact health. For the purposes of this report, we have included an academic definition of gentrification in the appendix that acknowledges the process of neighborhoods changing. However, we know that gentrification is a multifaceted and complex issue that takes many shapes and faces. We aim to address some of that complexity throughout this report.

Housing is a health issue, and this derivative requires the dismantling of speculative practices to lessen the impact they have on vulnerable communities. Throughout each section of this report, our aim is to integrate the relationship between each theme and its health ramifications. Our hope is to highlight case studies and explore historical contexts of our current housing issues, and offer long-term and short-term measures that serve as a call to action to planners, public health officials, and community members.

We will first describe some of the relationships between housing and health through an external and internal lens.

HEALTH AND THE BUILT ENVIRONMENT (EXTERNAL)

A healthy community first begins with housing. When referring to health and housing, we must talk about the built environment. The built environment refers to human-made surroundings that provide the setting for human activity, ranging in scale from buildings and parks or green space, to neighborhoods and cities (Olden, 2005). Additionally, this can often include their supporting infrastructures, such as water supply or energy networks. The built environment allows a "platform for physical, cognitive, and social health" (Urban Land Institute, 2013).

Below highlights components of the built environment and how they impact health outcomes:

Housing and Active Commuting

Rising housing costs, due to speculation, are driving many low income and middle class families out of their neighborhoods. Once driven out, it becomes hard for families to find affordable housing; the shrinking pool of affordable housing is felt most acutely by minorities. The farther people commute by vehicle, the higher their blood pressure and body mass index, and the less physical activity the individual tends to participate in (Brown, et al., 2009). Each additional hour spent in a car or bus per day is associated with a 6% increase in the likelihood of obesity. Longer commute times have also been associated with poorer mental health.

Social and Emotional Connections
The built environment plays a factor in fostering healthy social connections amongst neighbors. Design elements may foster social interactions within the built environment, such as open spaces, seating, and housing clusters. These design elements are known to be more conducive to promoting socialization between neighbors (Brown, et al., 2009).

SUBSTANDARD HOUSING (INTERNAL)

Substandard housing is defined as "housing that poses a risk to the health and physical well-being of its occupants, neighbors and visitors" (Healthy Rowhouse Project, 2020). There are various ways that living in substandard housing compromises health; the most pressing ones are sanitation, asthma, and indoor pollution. Hernandez et al (2016) found that those living in poor neighborhoods reported dealing with pest infestations, cracks, holes in the walls, mold, plumbing leaks, and problems with cooling and heating. Damp, cold, and moldy housing conditions are associated with asthma and chronic respiratory problems, and introduce infestation of mites and cockroaches (Krieger & Higgins, 2002). Indoor temperatures, particularly cold temperatures, have been associated with increased risk of cardiovascular disease and lower general health status (Krieger & Higgins, 2002).

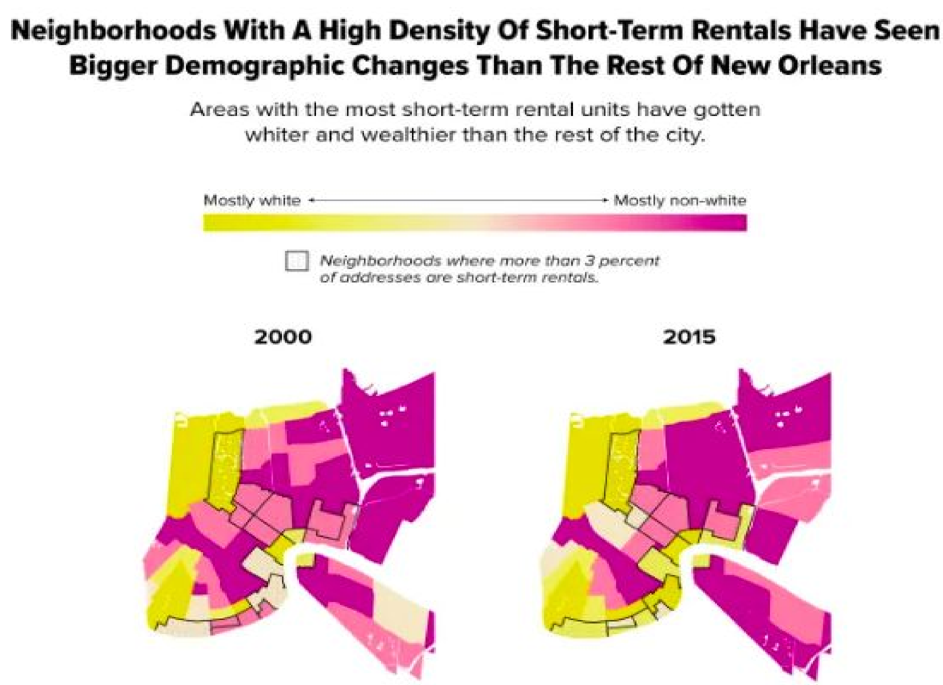
SPECULATIVE & ABSENTEE OWNERSHIP, AND GENTRIFICATION

> ***"We need to challenge the notion that homeownership is freedom."***
>
> *- Rebekah Israel Cross, PhD Candidate at UCLA Fielding School of Public Health*

Absentee ownership has become a common practice for corporations (or small landlords) to accumulate wealth. Historically, homeownership was deemed a rite of passage to the "middle class American dream" (HUD User, 2020). However, homeownership has taken a new face since the 2008 recession as wealthy investors buy multiple homes as investments, and then sell when the value of the home or property rises. Access to homeownership as a result of policy-driven racial disparities is important to address. Historically, nonwhite individuals have owned homes at a significantly lower percentage compared to white homeowners , and it has not been improving (HUD User, 2020). In particular, there was a 27-point gap between Black homeowners and white homes in the 1960s, and this gap reached 30 points in 2017 (McCargo & Strochak, 2018). The wealth disparities between races have also been stark; in 2016, an average white family made $700,000 more than an average Black family (McKernan et al., 2017). Not only do racial minorities make lower wages than white workers, but they are also assessed with higher lending bank fees (six to nine base points higher) than white workers, and are more likely to be rejected by private lenders, which further exacerbates the disparities (Ho, 2019). The result of absentee ownership erodes the community, as investors are not engaged in the neighborhood. It also means that homes are empty in neighborhoods while many individuals remain houseless. This is a dystopian reality with long-term consequences on society.

NEW ORLEANS AND SPECULATIVE OWNERSHIP OF AIRBNBS

One example of individual **speculative ownership** practice is the New Orleans Airbnb crisis that came following the Hurricane Katrina rebuilding effort. Hurricane Katrina was a natural disaster that took place in New Orleans, Louisiana (NOLA), but its impact was also felt in Mississippi, Florida, Georgia, and Alabama (CNN Wire, 2018). Hurricane Katrina washed away and tore down 800,000 homes, which resulted in 1,833 deaths and left more than 25,000 people houseless and searching for shelter (Edwards, 2015). These statistics foreshadowed how the response to this natural disaster might parallel what we're seeing in the Airbnb crisis today. At the time, the Bush administration did not immediately declare Hurricane Katrina a state of emergency until 29 days later; this delay in response impacted the community, and was a leading cause for high death tolls (Walsh, 2015). Furthermore, corruption of federal agencies was brought to light due to their negligence of NOLA residents (Edwards, 2015).



Some examples (Edwards, 2015) include:

- FEMA blocked aid from various entities such as hospitals, organizations, and corporations, to supply or transport victims.
- Emergency supplies were mishandled, and were not allocated to the right people in a timely manner.
- Fraudulent activity took place where almost $2 billion in aid was given to hundreds of thousands of individuals who either did not live in the affected areas, or did not live in homes that even existed before the storm.

NOLA is a predominantly Black region, and given the history of disparities seen in Black communities, it should not come as a surprise that the response from the government was not only delayed, but also inadequate and violent. Although Hurricane Katrina occurred in 2005, the city's recovery was slow, and its residents are still feeling the impact the hurricane had on their housing, livelihood and health (Walsh, 2015).

The increase of Airbnb homes was a way to bring tourism back to NOLA and rebuild the city. Historically, NOLA has been a vacation hotspot for people, given all the culture and diversity in the city. Holidays like Mardi Gras see an estimated 1.4 million vacationers per year (Mack, 2020). Because the current economy of NOLA is highly dependent on tourism, investors saw an opportunity to buy multi-unit buildings, turn them into family homes, and rent them out to Airbnb users. A decade after Hurricane Katrina, Airbnbs were popping up in neighborhoods (1,500 in 2015), and in 2018 this number had risen to 6,500 (Gibson, 2019). This is more than a 300% increase in NOLA in the span of only five years; this is important because these numbers do not seem to be decreasing any time soon, which will continue to impact disparities in NOLA.

Residents in neighborhoods felt the impact that the growing number of Airbnbs had not only on housing prices, but also in the shift in culture and demographic makeup of NOLA. Airbnb ownership grew increasingly common in historically Black neighborhoods like the Treme and Lower Ninth Ward. This contributed to a shift from NOLA being a predominantly Black city (92.4% in 2000) to 62.8% Black and 28.2% White in 2010 (Gibson, 2019). While Airbnb ownership was not the only cause of this shift, it is also a symptom of a failed recovery system that transferred property ownership and wealth. In an interview with Samuel Stein, author of *Capital City: Gentrification and the Real Estate State*, he noted that, "The federal government failed people, and then a number of forces descended on the city and used it as an experiment" (S. Stein, personal interview, April 21, 2020). This is only one example of **shock doctrine** and how speculative practices are often utilized in times of crisis. In the case of Airbnb ownerships in NOLA, wealthy individuals have displaced and disrupted vulnerable communities through their ownership of multiple properties.

CALTRANS AND ABSENTEE OWNERSHIP

While absentee ownership is often portrayed as one neglectful landlord who owns multiple properties, the state's role in taking up valuable housing units is often overlooked. In 2013, the California Department of Transportation (CalTrans) began buying homes in Los Angeles adjacent neighborhoods of El Sereno, South Pasadena, and Pasadena in preparation to build an extension of the 710 freeway (Scauzillo, 2019). These homes were under threat of **eminent domain,** or actually eminent domained, and the purchase displaced residents from homes that many had lived in for years. The targeted nature of the effort displaced entire blocks of families in certain neighborhoods. Caltrans canceled the freeway extension in 2015 which brought construction on the project to a halt; this rendered the homes that Caltrans had acquired useless, and many continue to sit vacant.

In the fall of 2016, Caltrans announced it would sell the homes at "affordable rates" (Scauzillo, 2019). However, four years later only 10 homes have been sold and the majority remain vacant. After consistent opposition from community members and organizations, Caltrans tried to make amends with displaced residents by allowing previous residents to buy the homes back; unfortunately by that time, many original residents had died. In March 2020, houseless individuals started Reclaiming Our Homes, a campaign to reclaim the properties (Chou, 2020). The people moving into the homes called themselves The Reclaimers, and started moving into the properties in response to Los Angeles' shelter in place order during the COVID-19 pandemic. The Reclaimers asserted that reclaiming vacant, state-owned properties is more important now than ever, as many people in California remain houseless and at risk for contracting and spreading COVID-19. Properties owned by Caltrans, and other vacant properties, could contribute to a long term solution to California's houselessness crisis and slow the spread of COVID-19 by housing those who are the most at risk. While it is easy to dismiss Caltrans' ownership of a few properties as a small part of California's housing crisis, it is important to think critically about the ways that government agencies participate in the displacement of vulnerable groups and the destruction of stable communities.

While the practice of wealthy investors buying properties in New Orleans and using them as Airbnb rentals falls under absentee ownership, Caltrans buying housing and leaving them empty is a case of state-sanctioned speculative ownership. While ownership of this kind also falls in the realm of absentee ownership, it is markedly speculative as it intentionally disrupts communities and contributes to housing instability, resulting in adverse health outcomes. Furthermore, we know that low-income, communities of color are often the first to be displaced by government sponsored developments. By purchasing property under the guise of a public works project and failing to utilize the property, Caltrans ultimately participated in the whittling away of the El Sereno, South Pasadena, and Pasadena communities.

RELATING IT ALL BACK TO HEALTH

Speculative Ownership Drives Up Housing Costs
When speculative ownership is concentrated in a community, like that of investors buying homes to accumulate wealth, the neighboring residences are impacted. An increase in housing costs of one home is a domino effect that leads to increasing housing costs for other neighboring residents. This causes stress to tenants and uncertainty of whether they can stay in their current home. It can also lead to overcrowding, as families double or triple up to meet housing expenses, which carries a host of health impacts.

Lack of Housing Results in a Lack of Shelter and Safety
In a natural disaster, living conditions are jeopardized, leading people to take refuge in the streets. This exposes them to unsafe weather conditions, militarized policing and criminalization, and abuse which can impact an individual's mortality rate and life expectancy.

Lack of Engagement in the Community Creates a Lack of Unity
When looking at the home sharing or vacation rental industry, tenants are temporarily staying in a neighborhood for personal leisure without connecting with the community, then leaving. This creates a divide in the community, which results in a lack of trust. Without trust, residents are less likely to participate in the development of a neighborhood, which decreases their social health.

FORCED DISPLACEMENT

Displacement can occur for a number of reasons: rising housing costs, discriminatory housing policies, the replacement of affordable units with market value (Johnson, 2010), among others. Policies that exacerbate displacement often disproportionately impact communities of color and are targeted at neighborhoods that have historically established social services around affordable housing units. Specifically, the demolition of multi-family housing in neighborhoods that have been deemed affordable can lead to long-term neighborhood residents being forced to relocate. This results in a multitude of health problems, for example: social and emotional health problems associated with splitting social connections, long commute times from moving further away, and increased financial strain that comes with moving.

Dr. Frederick Zimmerman, economics expert and professor at the UCLA Fielding School of Public Health, describes displacement as a chain of events: the middle class displaces the lower middle class, who displace those in inexpensive housing, who then become houseless (F. Zimmerman, personal interview, April 21, 2020). It is also important to consider who historically makes up each of these class groups, and how power dynamics can be weaponized to displace certain people. As mentioned in the section above, government agencies can also participate in speculative practices by enacting policies that disrupt communities of color. Using the case of Chicago after the 2008 crisis, we explore the role that both the market and individuals play in disrupting and displacing communities. Then, we discuss the demolition of the Big Four in New Orleans post-Hurricane Katrina in order to examine the impact that governments and NGOs, who often appear to be well-meaning, can have on affordable housing policy, and how those policies destroy communities.

CHICAGO AND THE 2008 FORECLOSURE CRISIS

The 2008 financial crisis hit homeowners in large metropolitan areas especially hard. Many homeowners fell behind on mortgage payments, and as a result had their homes foreclosed on by their lending bank. This phenomenon was problematic and complicated, when homeowners were renting their properties out to other people. Those living in the units were responsible for paying rent, but they were not the mortgage holder of the property. It is estimated that around 10% of Chicago's rental units, about 50,000 units, went into foreclosure following the 2008 financial crisis (Hiller, 2013). The majority of these units were in low-income, minority neighborhoods and had initially been purchased by speculators with the intent of selling them for an elevated profit after a few years of ownership (Hiller, 2013; Johnson, 2010).

At the height of the crisis in Chicago, landlords and banks used coercive practices to drive tenants out once the buildings they lived in had foreclosed. One tactic landlords employed was letting foreclosed buildings fall into disrepair to the point that they were uninhabitable (Hiller, 2013). Some started neglecting buildings as soon as they had fallen behind on mortgage payments and would not respond to tenants' requests for repairs. This left tenants unaware that their landlord was in financial trouble, as well as confused on how to get in touch with them. Other landlords might stop neglecting repairs after being served an eviction notice, as a means of forcing tenants out as quickly as possible. Illinois law allows a 90-day grace period for tenants to vacate a building that has been foreclosed on (Hiller, 2013). Nevertheless, it was common for landlords to neglect building maintenance at the beginning of this period to force tenants to vacate buildings sooner out of necessity (Johnson, 2010). In addition to letting buildings fall into disrepair, landlords were also known to take measures as drastic as neglecting to pay utilities

(Hiller, 2013). Thus, some tenants were left in units with no heat or water, with no place else to go. Landlords were also known to force tenants out without returning their security deposit, leaving tenants in an especially compromised financial situation, with little power for reclaiming their funds. These malicious practices were targeted and intentional by leaving vulnerable tenants in compromised, unsafe living conditions.

The weaponization of substandard conditions by landlords and banks against tenants created a precarious situation in Chicago where people were forced out of units they oftentimes legally had a right to be in. Many tenants who were forced out with these coercive practices already faced barriers to finding affordable housing, including: not being able to afford a new security deposit without receipt of their prior deposit, mental illness issues, and discrimination in rental policies based on race or prior criminal conviction (Johnson, 2010). This led to doubling up into households, overcrowding in low-income neighborhoods, and driving housing standards down further. Namely, landlords were able to capitalize on renters' desperation and rent out substandard units to tenants who had been displaced by foreclosure. Those tenants who weren't able to find new places to live had to resort to shelters, and in many cases were forced into houselessness on the streets.

The 2008 foreclosure crisis and its impact on Chicago exemplifies how displacement often occurs in a sequence of events. As speculators went into foreclosure, landlords forced tenants out of their units by letting them fall into substandard conditions, and these tenants had to find new housing in other neighborhoods which often resulted in the displacement or eventual houselessness of other groups. Not only can displacement lead to houselessness and its well documented negative health impacts, but displacement also tears apart communities and comes with a host of negative social and emotional outcomes.

DEMOLITION OF THE NEW ORLEANS "BIG FOUR" POST-HURRICANE KATRINA

As evidenced by the 2008 foreclosure crisis, government and economic institutions often drive displacement trends, and people of color tend to be the group most impacted by malicious and speculative practices. An infamous example of government-sanctioned displacement is the HOPE VI initiative that was started in the 1990s. HOPE VI sought to demolish public housing units that the US Department of Housing and Urban Development (HUD) categorized as "severely distressed" with the intent of replacing them with mixed-income housing (Brandes Gratz, 2015). The policy was used in New Orleans in the late 1990s to justify tearing down the St. Thomas public housing project, and was later used to demolish the city's four major housing projects, known as The Big Four, after Hurricane Katrina (Brandes Gratz, 2015). As Hurricane Katrina approached NOLA, many residents of public housing lacked access to transportation and readily available funds to evacuate the city. Many sheltered in place in public housing projects, and were then forced to evacuate despite the buildings remaining habitable after the storm. Residents who were displaced historically relied on access to public benefits and community resources centered around public housing units. Not only were residents forced to leave their homes and belongings, but they were also pulled away from essential resources that they urgently needed.

Demolition of the Big Four sparked controversy and protest for this reason, and developers responded by promising to include affordable units in the mixed-income housing developments that would replace them. Destruction of the four housing projects led to 4,500 units of public housing being demolished, while only 700 were included in the replacement mixed-income developments (McClain, 2015). Original residents of the Big Four were promised that they would be considered first for affordable replacement units; however, developers did not hold true to this promise. Many displaced residents relocated to other neighborhoods of the city or were forced out of the city entirely (Henrici, 2015).

In the year following Katrina, New Orleans' Black population decreased by 57%, while the white population only decreased by 36% (Frey, 2007). Those who were displaced from the city entirely were more likely to be young, low-income, Black residents who had children; those who came into the city after the storm were more likely to be older, white, and childless (Frey, 2007).

Black women were disproportionately impacted by the lack of replacement housing, as 75% of households in the Big Four were led by Black women with children under the age of 18 (McClain, 2015). While the storm damaged many homes and triggered displacement, speculative developers and disaster capitalists worsened the situation by prioritizing the development of mixed-income housing over affordable housing. The lack of affordable units to accommodate residents displaced from the Big Four contributed to a significant out-migration of low-income, Black residents (Henrici, 2015). By prioritizing the creation of mixed-income housing over affordable housing, city planners and NGO officials displaced residents from adequate housing that many had been living in for years prior. Similar to the situation in Chicago, this put tenants in financially precarious situations, which resulted in them relocating to find affordable housing, or becoming houseless.

RELATING IT ALL BACK TO HEALTH

Splitting Up of Communities
Residents are displaced from communities where they have established relationships and family ties, in turn experiencing adverse effects of social and emotional health. The trauma of seeing neighbors and friends being displaced, and the stress of having to quickly find a new place to live in increases the **allostatic load** on tenants who experience displacement.

Transportation
Traditionally, social housing projects and affordable units are located close to community resources and public transit. Displaced residents often face transportation struggles after resettling. Conversely, some residents have to move far away from work and family in order to afford new housing, and end up having to commute long hours after resettling.

Economic
Many residents who are vulnerable to being displaced do not have cash ready to cover moving costs and new security deposits. This might lead them to seek help from institutions that might be exploitative, and this increased debt and financial burden can lead to making sacrifices in paying for food, healthcare services, and education.

HEALTH IMPACTS OF HOUSELESSNESS

Forced displacement introduces an increased presence of houselessness. Houselessness is a historic epidemic in the United States affecting tens of thousands of individuals and disrupting their **social determinants of health** (The Time Editorial Board, 2018).

LOS ANGELES AND THE RACIALIZATION OF HOUSELESSNESS

There are inequities when looking at demographics of those experiencing houselessness. These become even more apparent when looking at the disproportionate rates of houselessness amongst Black populations. These are due to the effects of historic discrimination perpetuating disparities through poverty, housing, the criminal justice system and healthcare. A literature review done by the University of Maryland School of Public Health found that Blacks make up a little over 41% of the total houseless population, which is 13% of the general population (Jones, 2016).

> ***"We need to remember that based on our privilege, [houselessness] may not be a crisis to us. However, for people experiencing [houselessness], this is a crisis they face every single day."***
>
> *- Dr. Brian Cole, DrPH; Program Manager of Health Impact Assessment Group at UCLA*

Los Angeles County is the epicenter of the current houselessness crisis in the United States, both in terms of the number of houseless individuals present and also the magnitude of public resources and political capital expended to address this problem. Houslessness in LA emerged as a crisis during the '80s when an increase of encampments appeared near freeways and overpasses. The City of Los Angeles has a history of houselessness that stems from the 1976 Policy of Containment. Through this policy, Los Angeles intentionally created Skid Row as an area to "contain" the houseless population and contain problems within the area (Gibbons, 2018). Policing practices are further pushed by real estate and commercial development. This hidden policy and plan of containment was also a policy of exclusion, in divesting and containing the Black houseless and housed residents.

In Andrea Gibbons's book, *The City of Segregation*, she describes that the "desire to 'clean up' Skid Row" is nothing new (2018). The Los Angeles Mirror News reported in 1955 that **boosters** found Skid Row as limiting the creation of a revitalized downtown. A campaign initiated by the Downtown Business Men's Association resulted in closed bars and arrests (2018). Downtown Los Angeles during the early 1900's had grown in population size. Growth was due to globalization and the acceleration of immigrant flows driven by income differentials, social networks, and various state policies (Modares, 2003). Many were drawn to the area by social services that have been purposefully relocated from other parts of the city (Finkleman, 2009). During the 1960's, Skid Row became a hub for many, with the rise in transnational business and interstate tourism. Many of those jobs provided an income to the large Black middle class, bolstering the Black population in Skid Row. This changed during the 70's, as there was a shift towards deindustrialization. As a result, many Black families fell into poverty.

The large houseless population saw national attitudes change towards a "zero-tolerance" policy. These were policies that criminalized activities associated with extreme poverty, which included sitting on the sidewalks, panhandling, and loitering (Gibbons, 2018). Due to zero-tolerance policing actions, there was an increase in citations and arrest. Additionally, there were high levels of houseless individuals, with a large percentage of those individuals in jail. Zero tolerance policy formed a cycle of police interaction that has been shown to compound chronic houselessness. The policy created significant obstacles in finding stable employment, securing affordable housing, receiving adequate health care, and maintaining ties with family and friends. Collectively, these policies had negative impacts on an individual's health and well-being.

RENTAL HOUSING DISCRIMINATION

HUD recognizes racial disparities among homeless populations, with demographic data demonstrating approximately half of those living in sheltered locations being Black and Immigrant people of color (BIPOC); however, there has been minimal action on how to address these disparities. Although HUD does have block grant funding from **Continuums of Care,** they do not require specific prevention strategies for houselessness. In addressing houselessness, HUD must follow rules furthering fair housing. This requires the advancement of the Fair Housing Act of 1968, promoting fair housing and analyzing reasons for lack of equal housing opportunities (Jones, 2016).

Local leaders, including Mayor Eric Garcetti, have made houselessness one of their major priorities. In the last three years, voters passed Proposition HHH, a $1.2 billion bond measure to build 10,000 housing units over the next decade, and Measure H, which instituted a 25% increase in the sales tax to fund houseless services and outreach. By all accounts, progress has been slow, and the number of unhoused individuals continues to rise.

In addition to racially discriminatory practices, houselessness is also a result of income inequality, shortage of housing, lack of services surrounding mental health, and substance abuse (Tran, 2019). We then begin to see a steady year-to-year increase in houselessness; the 2019 Homeless Count estimated that some 58,000 individuals experienced houselessness in LA county. Though a majority are concentrated in Central LA and South LA, each of the county's eight **Service Planning Areas** (SPAs) has thousands of residents experiencing houselessness (Los Angeles Almanac, 2019). This is upheld by historic displacement, through acts of redlining (real estate agents and lenders marked neighborhoods as undesirable for investment, preventing residents from obtaining home loans), and further supported by a hidden policy agenda. These factors are also seen in other places in the country, such as the San Francisco (SF) Bay Area.

THE INCREASED PREVALENCE OF HOUSELESSNESS IN THE SAN FRANCISCO BAY AREA

In November 2019, a group of women and mothers, Dominique Walker and Sharena Thomas, brought attention to the lack of housing affordability in Oakland. They reclaimined a vacant three-bedroom house (Magnolia Street House) owned by a Redondo Beach-based investment group called Wedgewood Properties; they helped in creating awareness of issues of equity around houselessness and unequal wages.

The movement grew as more people joined the unhoused collective, eventually calling the movement Moms 4 Housing. With attacks and threats looming, many community organizers and activists stepped up. On January 10th, 2020, Judge Patrick R. Mckinney ruled that it was illegal to squat on the property, stating, "the court recognizes the importance of these issues, but, as raised in connection with Ms. Walker's claim of right to possession, finds that they are outside the scope of this proceeding" (Shepard, 2020). By January 14th, heavily armed Alameda County Sheriff's Office Deputies sent in dozens of armed deputies. They barged into the house using battering rams and a robot, arresting two of the women.

Moms 4 Housing created awareness not only of the issues of rising housing costs but additionally, the houseless epidemic in California, and the criminalization of houseless individuals. On January 24th, 2020 an open letter was sent to the CEO of Wedgewood, on behalf of Oakland based healthcare practitioners. They pushed for the real estate company to sell the Magnolia Street houses to the Oakland **Community Land Trust**. They mentioned that by providing housing, Wedgewood could eliminate some of the upstream health determinants that they, as health professionals, see on a daily basis in hospitals and clinics. The letter briefly stated the direct consequences of houselessness (including the risk of rape, assault, and death). Additionally, they emphasized the impact of severing community ties. For instance, this took place in a historically Black community of Oakland. Neighborhoods offer a sense of support because of social networks fostered in communities.

RELATING IT ALL BACK TO HEALTH

Race and Houselessness
An individual's race plays a role in their accessibility to the quality of housing, the location of their housing and the opportunity of homeownership. There is a lack of response (both from a federal/state/city level) that address a range of issues wrestling from racial inequity and housing accessibility.

Development of Mental Health Issues like Depression and Anxiety
Referencing Maslow's Hierarchy of Needs, home or shelter is one of the basic foundations of self-actualization. What this means is that individuals who suffer from a lack of shelter do not even have the means to live a healthy life on a foundational level. This increases their chances of developing depression and anxiety.

Development of Chronic Health issues, like Chronic Depression and PTSD
Long-term exposure to the above conditions rapidly decreases an individual's mental stability and decreases self-efficacy.

MEASURES ADDRESSING HOUSING AND HEALTH RE: COVID-19

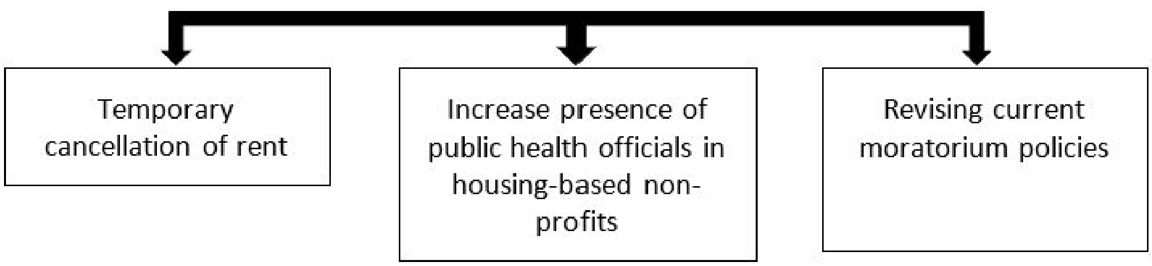
The case studies that have been presented can help us identify common themes and practices that emerge after a crisis occurs. There are lessons to be learned that can shape housing policy in response to the current COVID-19 pandemic. Considering the unpredictable nature of the crisis at hand, it is important that planners, public health officials, community organizers, and residents act now. Reflecting on the 2008 recession, there are similarities in our current situation, but there are also differences. In an interview with geographer and author Samuel Stein (2020), he notes that in response to the economic recession brought on by COVID-19, buildings will go into bank foreclosure before they go into tax foreclosure; the consequence of this practice is that we lose the opportunity to use these properties in equitable ways. Additionally, UCLA PhD candidate

Rebekah Israel Cross (2020), who is researching the impact that housing speculation has on Black women, notes that we will once again begin to see the values of homes in big cities go down. Both interviewees shared similar sentiment that the federal government focus for COVID-19 will again likely be primarily on businesses, and not on people.

SHORT-TERM RESPONSE

In looking at short term measures to address the COVID-19 crisis, suggestions were made by Dr. Brian Cole, a **Health Impact Assessment** expert and professor at UCLA Fielding School of Public Health. The solutions are a three-pronged approach focusing on (1) cancelling rent, (2) increasing the presence of public health officials, specifically in housing-based non-profits, and (3) revising current moratorium policies that are present in some cities.

Figure 1.



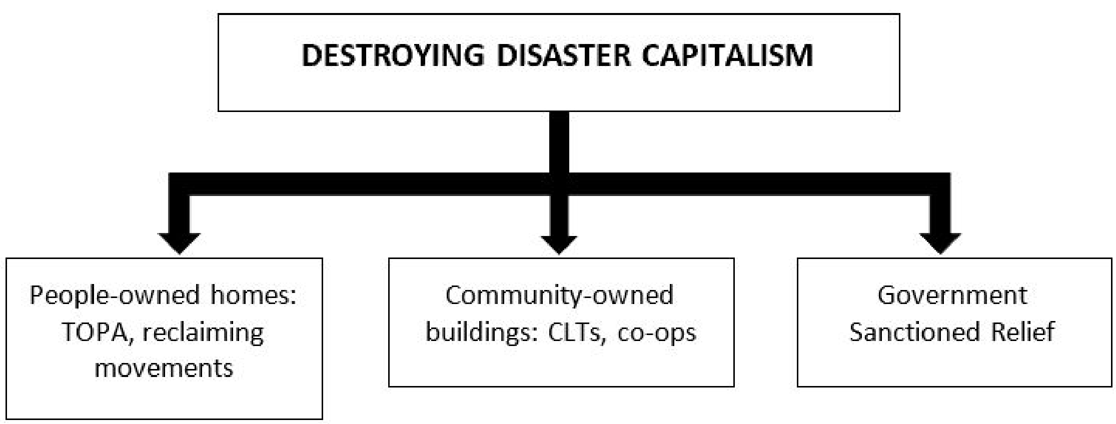
- On canceling rent, the question is, how are people expected to pay rent if they are not working, or if their work hours have been reduced? This is an obvious temporary solution to the problem, because it addresses individuals' immediate needs during this pandemic.
- Increasing the presence of public health officials in housing-based non-profits allows for accountability from both parties. On the one hand, public health officials are working directly with community members, so they are aware of the immediate housing needs of the population. On the other hand, having visibility of public health officials increases the likelihood that equitable policies can be established that reflect community needs.
- Finally, revisiting current policies in cities where there are moratoriums. Many of these policies were developed in a rushed attempt to address the unprecedented loss of wages, but there needs to be critical assessment on how these policies will be implemented once the pandemic dies down. This requires local municipalities to address the following questions:
    - What happens when the moratorium is lifted?
    - Are tenants still expected to pay the cumulative balance, especially when they saw no income during the time the moratorium was put in place?
    - What happens after one year post-moratorium and the tenant has not paid the remainder?
    - Will there be interest that accumulates, or will they be pardoned?

LONG-TERM RESPONSE

In order to respond to the current crisis and mitigate the impact of future pandemics, long-term solutions for how to house the houseless, and to counter speculative practices that will inevitably lead to increases of houselessness in the post-pandemic period, need to be implemented. In May 2020, District Judge David Carter ordered that LA County must make arrangements to accommodate all houseless individuals living under or near freeway overpasses, underpasses, and ramps (Dillon, 2020). Carter asserted that individuals near freeways were at elevated risk for contracting and spreading COVID-19, as well as a host of other toxic materials and carcinogens (Dillon, 2020). While the order is a step in the right direction, LA County currently does not have enough beds to meet the needs of all individuals who would be impacted by the order (Dillon, 2020). It is all too likely that another pandemic will occur in the foreseeable future, and city, state, and federal governments need to enact policy to protect the houseless. This can be done in a number of ways, some of which are explored further below.

> ***"The most important thing is to force the system to intervene rather than letting them play out their course. The radical right is very poised to take advantage of this situation. The left doesn't need to be timid right now."***
>
> *- Samuel Stein, Author of Capital City: Gentrification and the Real Estate State*

Figure 2.



- The Tenant Opportunity to Purchase Act (TOPA) program, if enacted in the City of Los Angeles, would require owners of rental units to offer tenants a right-of-first-refusal when the owner decides to sell the building. Additionally, the Reclaiming Our Homes movement in Southern California is demanding vacant housing owned by big conglomerates be turned into affordable housing to protect the well-being of at-risk groups during COVID-19.

- Community-owned buildings aim in providing land stewardship and ownership. For example, Community Land Trusts are founded on a "for us, by us" model, emphasizing the need to keep housing in and managed by the community. These structures are usually owned by nonprofit or community-based organizations. Additionally, it prevents wealthy corporations from buying up land and building luxury housing. The structure explicitly tries to prevent people from eventually profiting if their politics change further down the line (Huron, 2015)

- Finally, federal and state governments should prioritize financial recovery practices that protect those who are vulnerable to displacement. Following the 2008 financial crisis, a number of recovery practices were used that prioritized banks and lending institutions over borrowers and tenants, including: bailing out banks, tax cuts for the wealthy, and budget cuts to social services. In order to start on a path of sustainable economic recovery, financial policies should invest in groups that are vulnerable to displacement and subsequent houselessness. This will require community organizers and the radical left to mobilize and prevent financial institutions from capitalizing in this moment.

CONCLUSION

Below are actions (both short and long term) taken to prevent displacement and protect the health and well-being of tenants in response to speculative practices. The steps are a call to action for planners and public health professionals, and should be used to stop or prevent projects that foreshadow gentrification and speculative practices.

CALL TO ACTION FOR PLANNERS

1. **Create or Fund Project-Based Subsidies**
   "Project-based subsidies are attached to housing and they offer long term affordability. They provide a steady stream of income that an affordable housing landlord can borrow to finance improvements to the property" (Damewood & Young-Laing, 2011). Below are different subsidy types that can be pushed (through creation or expansion of funding opportunities) by planners:

   - **Below Market Interest Rate Loans (BMIR):** BMIR is a rate that is below the prevailing commercial bank interest rate in effect at that time. Loans that are given under BMIR terms involve an interest rate below the applicable federal rate, or may even involve no interest rate at all (Hayes, 2019).

   - **Subsidized Mortgages:** Subsidized mortgages can be used to reduce barriers to homeownership. For example, interest rate subsidies can be used to reduce the cost of nominal housing costs by allowing first time homeowners to only pay the real interest rate on their mortgage (Abelson, 2009). Subsidized mortgages can also be utilized in conjunction with down payment assistance to significantly undercut the cost of borrowing to purchase a home (NYU Furman Center, 2020).

   - **Long-Term Section 8 Project-Based Rental Assistance Contract (PBRA):** Programs enable more than 2 million people in 1.2 million low-income households to afford modest apartments by contracting with private owners to rent some or all of the units in their housing developments to low-income families (Center on Policy and Budget Priorities, 2017).

2. **Inclusionary Zoning**
   "Inclusionary zoning ordinances require that housing developments over a certain size contain at least some affordable units. San Mateo County, California requires that at least 20% of all rental and for-sale housing developments of 5 or more units be affordable, with half affordable to low-income households and half affordable to very low-income households" (Damewood & Young-Laing, 2011).

   "Selection criteria include but are not limited to household income, assets, household size, and size of affordable units. In addition, priority may be given to current residents of San Mateo County and second to persons employed in San Mateo County" (San Mateo County Planning and Building Department, n.d.).

3. **Supporting Equity Protection Services**
   Provide homeowners free legal services to obtain and protect ownership of their homes. Homeowners received help negotiating affordable payment plans with lien holders, and those who lacked legal ownership received free legal help to obtain clear legal title to their homes (Damewood & Young-Laing, 2011).

4. **Rent Stabilization Ordinance**
   Rent stabilization is a local law that standardizes the amount of rent increases, and extends eviction protections (LA County Consumer and Business Affairs, 2020). Recently, there was a Temporary Rent Stabilization Ordinance announced during the unfolding of COVID-19, though its effects only lasted until March 31, 2020. Its target area included unincorporated areas of Los Angeles County.

   Support the repeal of the Costa Hawkins as Urban Planners (continued on "Call to Action for Community Organizers/Members" section on page 24)

CALL TO ACTION FOR PUBLIC HEALTH OFFICIALS

1. **Push for Health Impact Assessment (HIA) in order to stop housing development that can be harmful towards neighborhood health.**

   HIA's are done to help decision makers make better choices by bringing together scientific data, health expertise, and public input. Its purpose is to gain input from public health officials and community members regarding overlooked public health issues of a potential law, regulation, project, policy, or program.

   HIA's additionally look at environmental, social, and economic impacts on a community's health and well-being. Health Impact Assessments are best utilized in project planning. For example, an HIA could be used to direct community efforts or to inform policy. HIA's can also be used as a tool for including the community in project planning. Data can be collected from community members and data collection also creates an opportunity for community education about proposed projects and their impacts.

Health Impact Assessments (HIA): There are six different steps that must be fulfilled as part of an HIA.

1) During the **screening process**, the HIA team and involved stakeholders check to see what kind of HIA can be done. Key concepts screening identifies include;
    a) Potentially significant health impacts
    b) Specific proposed action
    c) The added value (Would health effects still be understood and managed without the HIA?)

2) The HIA and stakeholders identify the potential health effects and create a plan for completing the assessment through the second phase, **scoping**.
    a) During the scoping phase, a couple of questions need to be answered to identify the focus, goals, and outcomes of the project. The questions below can be established with stakeholders, who can provide knowledge, as well as access to data sources (potentially someone within this expertise can be brought onto the project)
        i. What data resources and assessment methods will be employed to describe baseline conditions and predict possible health impacts?
        ii. What indicators can be used to measure baseline conditions and the potential effects of the proposed action?

3) The **assessment** evaluates the potential project, program, policy, or plan, and identifies the health effects through data sources, analytic methods, and stakeholder input.

4) In the fourth step, **recommendations include** possible solutions and action items to promote positive health effects and minimize negative effects.

5) The fifth step is **reporting**, in which the HIA and stakeholders disseminate the results to decision-makers. This includes the purpose, process, findings, and recommendations of the HIA.

6) The last phase is **monitoring and evaluation**. At this stage, those involved in the HIA evaluate the HIA in relation to the accepted standards of practice.

Examples of Cases in Los Angeles where HIAs are used:

- Crenshaw Mall Health Impact Assessment
- The Reef Development Health Impact Assessment

CALL TO ACTION FOR COMMUNITY ORGANIZERS/COMMUNITY MEMBERS

1. **Demand an HIA be done before a proposed project, policy, or regulation is implemented.**
    a. Partner with the following organizations to complete an HIA
        i. County of Los Angeles: Center for Impact and Evaluation
        ii. Human Impact Partners

2. **Support the passage of TOPA and other community reclaiming efforts.**
    a. Support local community land trusts and become involved in their work around TOPA and other sustainable housing policies.
    b. Learn about local reclaiming movements in your area and support actions to reclaim unused properties.
        i. Los Angeles Area: Caltrans reclaiming efforts in El Sereno
        ii. SF Bay Area: Moms 4 Housing

3. **Fight to repeal Costa Hawkins Law.**
    This law was created in 1995, setting limits on the kind of rent control policies cities are able to impose. Right now, more than a dozen places statewide have their own rent control policies—many of them stricter and more comprehensive than the new state law (Tenants Together, 2020).

    Costa Hawkins is composed of three provisions:
    - Protecting a landlord's right to raise the rent to market rate on a unit once a tenant moves out.
    - Preventing cities from establishing rent control—or capping rent—on units constructed after February 1995.
    - Exempts single-family homes and condos from rent control restrictions.

    Community members can organize and create the formation of independent tenant groups. The Rental Affordability Act, a statewide ballot initiative aimed at developing and implementing rent control policies, would repeal the Costa Hawkins Law. The act has a potential to be on the ballot this upcoming November.

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03

RECLAIMING THE LAND AND COMMUNITY OWNERSHIP

Gabriel Lozano
Ashley Hernandez
Lyric Kelkar

Artwork by JooHee Yoon

CONTENTS

INTRODUCTION

Understanding real estate market conditions and trends is critical to understanding why and how a Right to Purchase policy is an equitable and sustainable path forward given the current health crisis and projected economic crisis. The push for a Right to Purchase policy in Los Angeles has emerged from a specific set of local political and economic conditions that structure the landscape of inequality, housing finance, and housing affordability in the city and greater Southern California. Such conditions reveal a local market that is rapidly changing and consolidating. Speculation, gentrification, and deepening economic inequality are effectively making Los Angeles less and less accessible to working-class and low-income communities in the city. The COVID-19 pandemic and the ensuing local public health crisis sharpened conditions of inequality and the severe lack of affordable housing, making them impossible to ignore.

However, the current pandemic and state of the real estate market build off of historical trends of previous financial crises, targeted divestment, and structural racism. Undeniably, the historical and current conditions of inequality reveal a terrain whereby the combined effects of severe disinvestment, predatory banking and lending practices, and the long-standing affordable housing crisis are concentrated in low-income neighborhoods of color, such as those in South and East Los Angeles. Such neighborhoods in Los Angeles County and greater Southern California are disproportionately home to populations that are vulnerable to regional economic changes, including renters, working-class families, and immigrants. Adding the current public health crisis and the economic crisis that is projected to follow, low-income neighborhoods of color will further become targeted for speculation and displacement by actors who have greater and more immediate access to capital, while it's residents become further alienated from economic stability and the housing market.

A Right to Purchase Policy, such as the Tenant Opportunity to Purchase Act (TOPA) or Community Opportunity to Purchase Act (COPA), provides a mechanism with potential to slow the detrimental effects of an impending economic crisis and predatory speculation practices that continue to escalate in low-income communities of color in the city. Simultaneously, it provides greater choice and opportunities for long-standing residents in gentrifying neighborhoods to remain in place and engage in collective decision-making over their own environments. This section provides a multi-level overview of the real estate market beginning with Los Angeles County, layering our analysis with the market conditions of the City of Los Angeles, and then analyzing how such conditions manifest themselves in two neighborhoods - Boyle Heights and the Crenshaw Corridor. As two historically working-class and low-income neighborhoods of color that were already showing signs of gentrification, Boyle Heights and the Crenshaw Corridor not only provide a window into some of the most severe effects of economic instability and changes, but also present two strong communities that have the political will to put a Right to Purchase policy into action immediately.

METHODOLOGY

There were four main sources of information used to develop the charts, facts, and figures in this report. Descriptions of them and how the information was manipulated can be found below.

Zillow Data

Zillow is a Seattle based business which is used for real estate and rental marketplace listings throughout the U.S. Since 2006 they have provided online listings and collected data on all listings they have hosted.[2] Aside from generating their own reports from collected data, they also make much of their data publicly available for research. This research draws from data at the county level for a comparison of rent price shifts as well as listing times for properties on the market from 2009 to the present. All data can be downloaded directly from the Zillow website to an Excel format.

American Community Survey (ACS) 2018 Data

The American Community Survey (ACS) is a yearly survey which is conducted nationwide in the U.S. This survey asks for additional information not asked by the decennial census but is conducted with a sample size of 3.5 million addresses nationwide.[3] Data is compiled and released in 1-year, 3-year, and 5-year versions. The 5-year version is the most reliable as each year's samples are combined for a more accurate analysis of the nation. For this analysis all ACS data was drawn from the 5-year ACS estimates.

Geographic Information Systems (GIS)

Geographic Information Systems (GIS) is computer software used for capturing and projecting data across Earth's geography. For this analysis, the ArcMap software was used. This was used to project ACS data across Los Angeles by Census Tract.

ArcMap can also be used to extract ACS data for smaller geographies. Once boundaries are set for the City of Los Angeles, Crenshaw Corridor, and Boyle Heights at the census tract level, ArcMap can be used to extract all ACS data associated with these smaller geographies. This allows for data manipulation at smaller geographies for fine grained analysis that is not able to be drawn directly from ACS data.

Open Data - City of LA (Foreclosures)

The Foreclosure data was taken from the City of Los Angeles open data website. The information was downloaded in CSV format and then saved into an Excel workbook. The information in the "Registered Date" field was pulled and a new column created to determine which month the foreclosure was registered. Once all line items had an associated month of occurrence, pivot tables were created on a separate tab to count how many foreclosures each lender had in three metrics: per month, per council district, and multi-family units vs single family units.

[2] https://www.zillow.com/corp/About.htm
[3] https://www.census.gov/programs-surveys/acs/about/acs-and-census.html

LOS ANGELES COUNTY

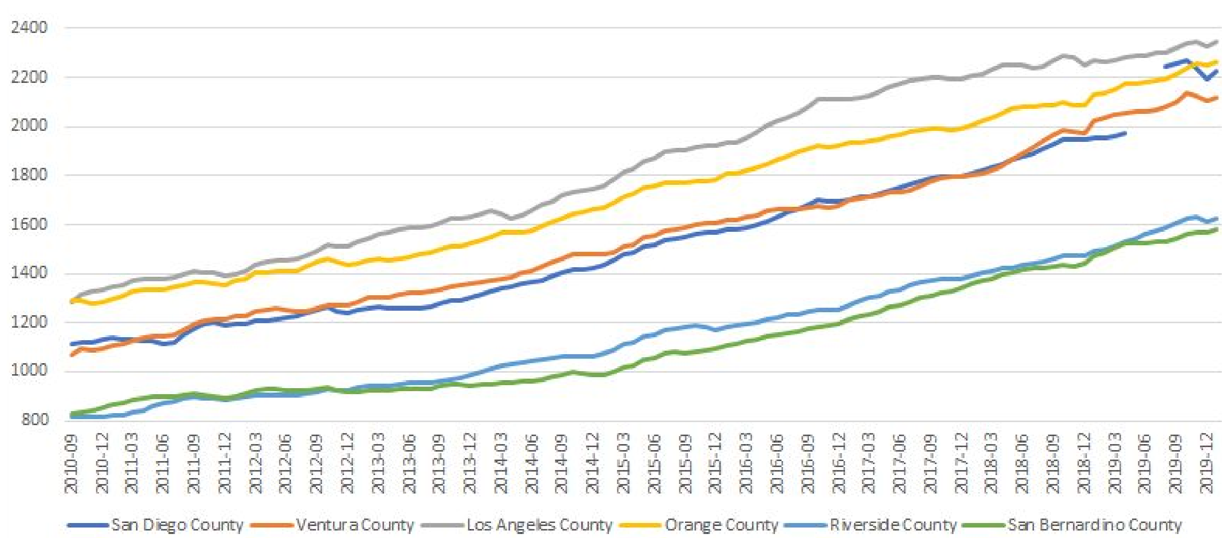
Los Angeles County real estate data provides an important window into the structural conditions of the real estate market, its changes throughout the past ten years, and some of the enduring effects. The tables and figures below point to two overarching trends: (1) increasing structural inequality and (2) property ownership and economic stability pushed further out of reach.

A PORTRAIT OF INCREASING INEQUALITY

Over the past ten years, LA County has experienced a dramatic increase in rents and cost of living, while wages have largely remained stagnant. Together, this has effectively increased the rent burden for people throughout the County.

Figure 1 and **Figure 2** illustrate the changes in rent of multifamily units within Southern California Counties as calculated by Zillow Rent Index (ZRI).[4] No data was available for Imperial County. Los Angeles County has experienced a steady increase in rent throughout the past ten years. Los Angeles has shown an increase by $1,043 (83.1%) from September 2010 to January 2020. Figure 1 shows that Los Angeles has consistently had the highest rent throughout Southern California. **Figure 2** shows the county's rent change from 2010 to 2020 both in dollars as well as in % change.

Figure 1. **Change in Rent in Southern California Counties (2010-2020)**



[4] A smoothed measure of the typical estimated market rate rent across a given region and housing type. ZRI, which is a dollar-denominated alternative to repeat-rent indices, is the mean of rent estimates that fall into the 40th to 60th percentile range for all homes and apartments in a given region, including those not currently listed for rent. https://www.zillow.com/research/data/

Figure 2. Zillow Calculated Rent Changes in Southern California (2010-2020)*

County	Raw Change	% Change
San Diego County	$1,078	99.8%
Ventura County	$1,036	97.7%
Los Angeles County	$1,043	83.1%
Orange County	$958	74.9%
Riverside County	$798	98.5%
San Bernardino County	$741	90.6%
*adjusted to January 2020 Dollars		

It is generally accepted that a household should spend up to 30 percent of their income for rent. Although this amount is an arbitrary number, it is widely accepted as the norm. Tenants paying more than 30 percent of their income are considered rent burdened households. **Figure 3** outlines the percentage of incomes that Los Angeles County residents pay towards rent. Within Los Angeles County, about 56% of all renters are rent burdened by paying over thirty percent of their income for rent. 53% of those that are rent burdened (or 30% overall for data collected) are spending fifty percent or more of their income on rent. And an astonishing 600,000 people in LA County are spending over 90% of their income on rent. This means that less than half of their income is able to be used for other basic necessities such as transportation, food, electricity, internet and other basic bills, let alone saving for future expenses like buying property or even emergency funds.

Figure 3. Rent Burden by Household in LA County

% of Income for Rent	# of Households	% of Total
Less Than 10.0 Percent	45,569	3%
10.0 To 14.9 Percent	108,581	6%
15.0 To 19.9 Percent	173,980	10%
20.0 To 24.9 Percent	194,136	11%
25.0 To 29.9 Percent	189,230	11%
30.0 To 34.9 Percent	161,146	9%
35.0 To 39.9 Percent	124,688	7%
40.0 To 49.9 Percent	179,183	10%
50.0 Percent Or More	528,626	30%
Not Computed	86,341	5%
Total	**1,791,480**	**100%**

Illustrated in **Figure 4** we can see renter median income for each census tract within Los Angeles County for 2018. They are aggregated by quintile which means the dark green tracts have the 20% highest median renter income for Los Angeles County, while the white tracts have the lowest 20%. In Los Angeles, census tracts with lower median renter income are clustered in and around historically working-class neighborhoods throughout the county. Both Boyle Heights and Crenshaw Corridor renters have lower median incomes than the city and county. As seen in **Figure 4** and **Figure 5**, Boyle Heights and Crenshaw Corridor renters earned about 76% and 68% as much as the county median in 2018.

Over time, the gap between income and rent has widened. The trends in income stagnation and continued increases in rent have exacerbated, and will continue to exacerbate, inequality and housing burden. This trend is unsustainable and will intensify from the public health and economic crisis caused by the COVID-19 pandemic.

Figure 4. Renter Median Income in LA County

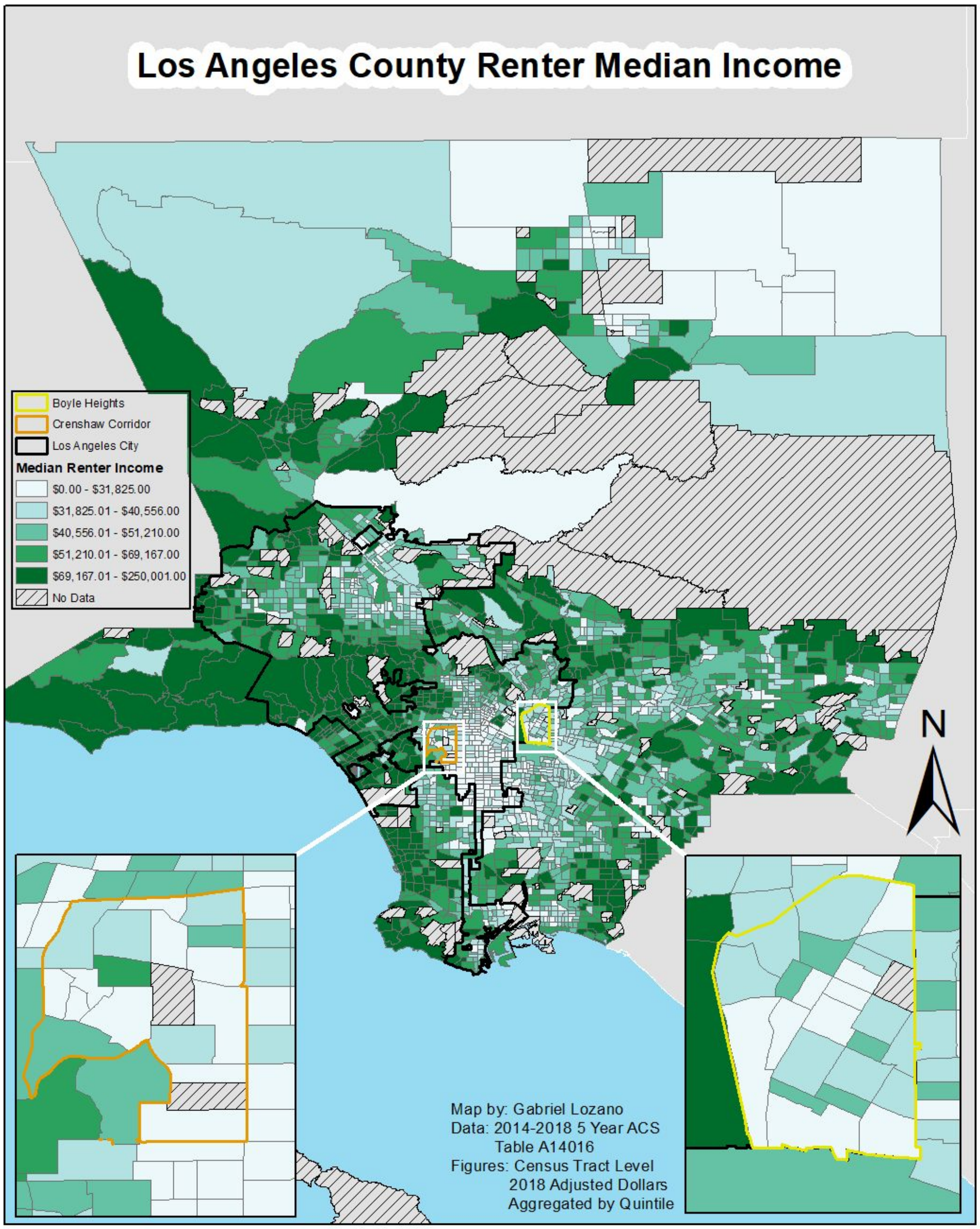


Figure 5. Renter Median Income in LA County

Households	2009	2018
Owner Occupied	$93,817	$95,132
Renter Occupied	$44,424	$45,786
Total Households	**$64,325**	**$64,251**

Looking at income change over time from 2009 to 2018, as shown in **Figure 6**, we can see that each geography's income has changed differently. In all geographies the Owner-Occupied Household income has increased. The largest percentage increase happening in the Crenshaw Corridor, with a growth of 14%. The Crenshaw Corridor is also the only region of analysis to show a decrease in income over the same time. The renter occupied households and cumulative household incomes of the area have decreased by 7% and 8% respectively, while rents have risen substantially for all geographies, as noted in the previous section.

Figure 6. Change in Area Median Household Income by Tenure (Average of Medians)

Households	LA City			Crenshaw Corridor			Boyle Heights		
	2009	2018	% Change	2009	2018	% Change	2009	2018	% Change
Owner Occupied	$89,635	$97,073	8%	$66,988	$76,492	14%	$60,327	$62,840	4%
Renter Occupied	$49,708	$50,899	2%	$33,689	$31,338	-7%	$33,332	$34,703	4%
Total Households	**$63,184**	**$64,566**	**2%**	**$47,619**	**$43,951**	**-8%**	**$38,515**	**$39,300**	**2%**

STAGNANT WAGES AND DIMINISHING OPPORTUNITIES FOR HOMEOWNERSHIP

Based on the information provided above, it is clear that tenants in Los Angeles County have little to no ability to save money to buy property. Property ownership has long been regarded as a means of accumulating wealth and establishing oneself for financial stability. However, throughout the past twenty years, access to property ownership and opportunities for economic mobility has grown increasingly out of reach, especially for working-class and low-income communities of color. Additionally, as seen through the crisis of 2008, homeownership and the financing mechanisms that accompany it have not created a sustainable nor equitable path forward for low-income communities to save money and build equity. Understanding that individually, tenants within Los Angeles County are unable to buy property for reasons far beyond their control, it is urgent that we spend our efforts reviewing the merits of policies like TOPA and COPA. Collectively, tenants have more chances of gaining ownership of properties and gaining greater financial stability.

In order for us to understand where the best chance for a policy intervention lies and the ability of tenants to gain a foothold for collective ownership, there must be a review of the existing housing stock within the County and the City of Los Angeles. Overall, we found that although single-family housing makes up the majority of housing in Los Angeles, the greatest opportunities for collective ownership lies within multi-unit spaces due to vacancy rates, as well as percentage of renters living in these buildings. Below you will find the information on the current state of the housing stock in the County and why it serves as the most plausible location for a policy intervention and implementation of the TOPA or COPA.

As seen in **Figure 7**, LA County's housing stock is 55% single-family housing. Although dominated by single family housing, LA County has a large amount of multi-unit housing development. Over one third (35%) of LA County's housing consists of housing developments with 5 or more units.

Figure 7. LA County Housing Stock

Housing Type	# of Units	% of Total
1 Unit	1,951,721	55%
Detached	*1,724,098*	*49%*
Attached	*227,623*	*6%*
2 Units	93,299	3%
3 or 4 Units	202,067	6%
5 to 9 Units	274,676	8%
10 to 19 Units	272,170	8%
20 to 49 Units	316,075	9%
50 or More Units	355,675	10%
Mobile Home	56,280	2%
Boat, Van, RV, etc.	2,358	0%
Total Units	**3,524,321**	**100%**

Figure 8. LA County Housing Occupancy by Type

Housing Type	Occupied Units	Occupancy Rate	Vacant Units	Total Units
1 Unit	1,852,440	95%	99,281	1,951,721
Detached	*1,637,572*	95%	*86,526*	*1,724,098*
Attached	*214,868*	94%	*12,755*	*227,623*
2 Units	85,529	92%	7,770	93,299
3 or 4 Units	188,226	93%	13,841	202,067
5 to 9 Units	258,406	94%	16,270	274,676
10 to 19 Units	253,941	93%	18,229	272,170
20 to 49 Units	294,080	93%	21,995	316,075
50 or More Units	319,226	90%	36,449	355,675
Mobile Home	51,903	92%	4,377	56,280
Boat, Van, RV, etc.	2,358	100%	0	2,358
Total Units	**3,306,109**	**94%**	**218,212**	**3,524,321**

The occupancy rate is above 90% for all of LA County Housing. Proportionally this is a high occupancy, but when looking at total numbers, this means that there are over 200,000 vacant units throughout Los Angeles County. Additionally, the occupancy rate decreases the more dense the housing type gets, with the lowest occupancy rate being associated with housing developments with 50 or more units which accounts for about 17% of all of LA County's vacant units. Single unit housing has the lowest vacancy rate proportionally, but due to the higher overall amount of this type of housing this ends up being the highest portion of vacant units in real terms, accounting for about 45% of all vacant housing.

Figure 9 outlines the different types of housing stock in Los Angeles County. As we can see from the chart, almost all multifamily buildings are renter-occupied, while most single-family homes are owner-occupied. All other housing types, with the exception of mobile homes, are majority renter occupied. This means that single family housing is overwhelmingly occupied by homeowners and all other housing types are 90% or more occupied by renters. Given that rent is largely subject to the control of landlords and the market, renter housing and renters themselves are vulnerable to any and all market changes. With the conditions of increasing inequality and rent burden outlined above, renters are systematically forced to survive on smaller and smaller means, unable to effectively save money, and, thus, largely excluded from homeownership and other opportunities to generate wealth.

This information also helps us locate the types of buildings in the built environment we can consider as viable candidates for collective ownership. Because multi-family buildings are overwhelmingly tenant-occupied, they can provide important opportunities to organize tenants politically and financially to utilize a Right to Purchase Policy.

Figure 9. LA County Housing Units by Tenure

Housing Type	Owner Occupied	% Owner Occupied	Renter Occupied	% Renter Occupied	Total Occupied Units
1 Unit	1,339,447	72%	512,993	28%	1,852,440
Detached	*1,240,109*	*76%*	*397,463*	*24%*	*1,637,572*
Attached	*99,338*	*46%*	*115,530*	*54%*	*214,868*
2 Units	12,820	15%	72,709	85%	85,529
3 or 4 Units	18,087	10%	170,139	90%	188,226
5 to 9 Units	21,059	8%	237,347	92%	258,406
10 to 19 Units	21,546	8%	232,395	92%	253,941
20 to 49 Units	28,784	10%	265,296	90%	294,080
50 or More Units	36,062	11%	283,164	89%	319,226
Mobile Home	35,975	69%	15,928	31%	51,903
Boat, Van, RV, etc.	849	36%	1,509	64%	2,358
Total Units	**1,514,629**	**46%**	**1,791,480**	**54%**	**3,306,109**

Figure 10 and **Figure 11** show the median number of days on the market of homes sold for each month. Figure 10 shows each month from 2010-2020. This shows there are seasonal fluctuations in median days on the market for listings sold with homes being listed for the longest before sale around January of each year. Additionally, the overall length of time listed appears to be decreasing, indicating that housing is being sold at increasingly faster rates. **Figure 11** attempts to remove seasonal fluctuations by displaying only the values of January for each year. This smooths out the trend line further showing the decreasing listing time of housing stock throughout Southern California. Los Angeles County specifically has decreased from a median listing time of 120 days in January 2010 to 80 days listing time in January 2020, a

decrease of 33%. This information coupled with information on vacancy rates above shows that when collective ownership is a viable option, tenants and their allies need to act quickly in acquiring the properties because they are in increasingly higher demand.

Figure 10. Median Days Properties Listed on the Market in Southern California Counties by Month (2010-2020)

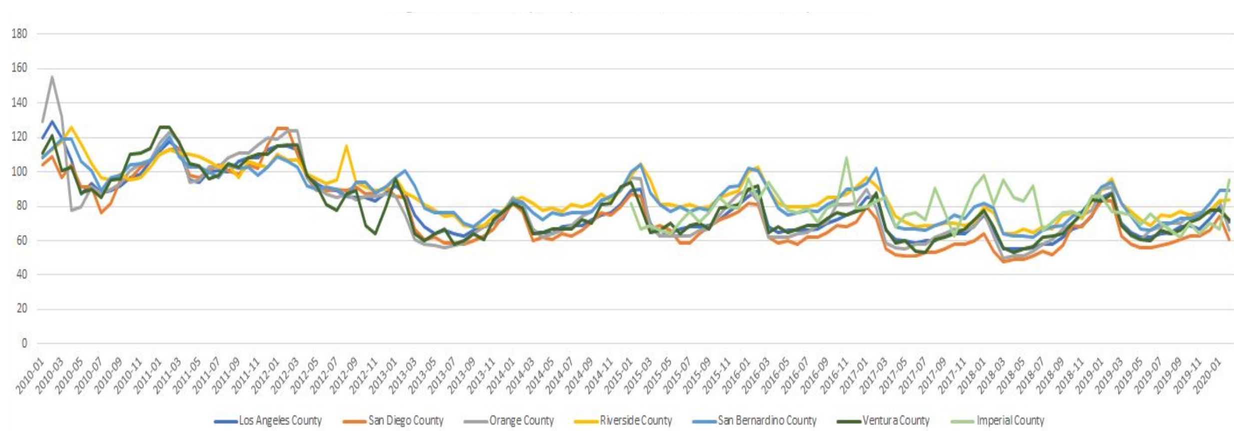
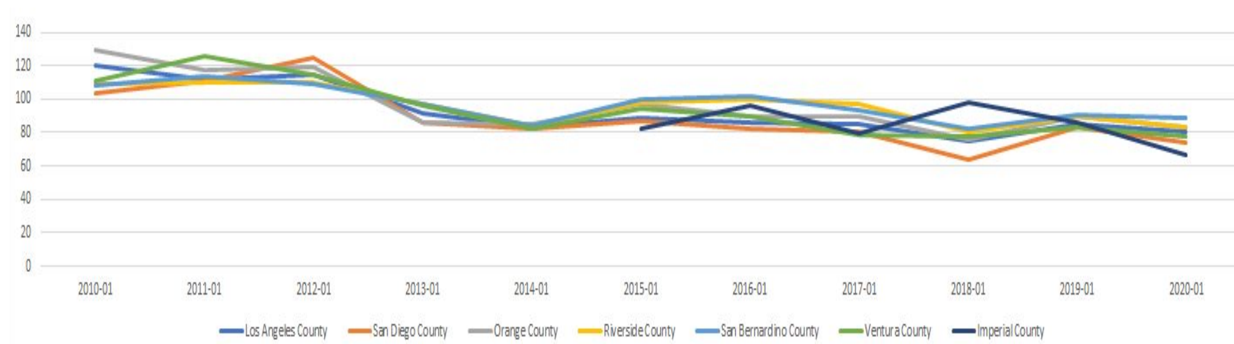


Figure 11. Median Days Properties Listed on the Market in Southern California Counties by Year (2010-2020)



LOS ANGELES CITY CONTEXT

The city of Los Angeles closely mirrors the levels of inequality outlined above. As the county seat and one of the largest cities in the United States, it presents an important case to observe the appropriateness and viability of a Right to Purchase policy such as TOPA or COPA.

INEQUALITY AND HOUSING IN THE CITY TODAY

Figure 12 breaks down the types of housing in the City of Los Angeles today. It is evident that the city has a majority of single-family housing, but these levels do not surpass those of Los Angeles County.

Figure 12. Housing Type Comparison of LA City and LA County

Housing Type	LA City		LA County	
	# of Units	% of Total	# of Units	% of Total
1 Unit	650,689	44%	1,951,721	55%
Detached	*561,816*	*38%*	*1,724,098*	*49%*
Attached	*88,873*	*6%*	*227,623*	*6%*
2 Units	42,606	3%	93,299	3%
3 or 4 Units	85,811	6%	202,067	6%
5 to 9 Units	127,919	9%	274,676	8%
10 to 19 Units	142,762	10%	272,170	8%
20 to 49 Units	196,843	13%	316,075	9%
50 or More Units	216,474	15%	355,675	10%
Mobile Home	9,481	1%	56,280	2%
Boat, Van, RV, etc.	819	0%	2,358	0%
Total Units	**1,473,404**	**100%**	**3,524,321**	**100%**

Figure 13. Housing Occupancy by Type Comparison of LA City and LA County

Housing Type	LA City			LA County		
	Occupied Units	Occupancy Rate	Total Units	Occupied Units	Occupancy Rate	Total Units
1 Unit	614,707	94%	650,689	1,852,440	95%	1,951,721
Detached	*531,390*	*95%*	*561,816*	*1,637,572*	*95%*	*1,724,098*
Attached	*83,317*	*94%*	*88,873*	*214,868*	*94%*	*227,623*
2 Units	38,693	91%	42,606	85,529	92%	93,299
3 or 4 Units	79,420	93%	85,811	188,226	93%	202,067
5 to 9 Units	120,701	94%	127,919	258,406	94%	274,676
10 to 19 Units	134,006	94%	142,762	253,941	93%	272,170
20 to 49 Units	183,055	93%	196,843	294,080	93%	316,075
50 or More Units	193,089	89%	216,474	319,226	90%	355,675
Mobile Home	8,535	90%	9,481	51,903	92%	56,280
Boat, Van, RV, etc.	819	100%	819	2,358	100%	2,358
Total Units	**1,373,025**	**93%**	**1,473,404**	**3,306,109**	**94%**	**3,524,321**

Similar to the county, within the City of Los Angeles single family housing units have a higher occupancy rate than multi-unit housing. The lowest occupancy rate is for developments with 50 or more units with a occupancy rate of 89.2%. This means that more than 1 in every ten units in this housing type is vacant.

Figure 14. LA City Housing Units by Tenure

Housing Type	Owner Occupied Units	% Owned	Renter Occupied Units	% Rented	Total Units
1 Unit	432,015	70%	182,692	30%	614,707
Detached	*399,173*	*75%*	*132,217*	*25%*	*531,390*
Attached	*32,842*	*39%*	*50,475*	*61%*	*83,317*
2 Units	7,121	18%	31,572	82%	38,693
3 or 4 Units	6,447	8%	72,973	92%	79,420
5 to 9 Units	8,398	7%	112,303	93%	120,701
10 to 19 Units	10,439	8%	123,567	92%	134,006
20 to 49 Units	14,927	8%	168,128	92%	183,055
50 or More Units	19,727	10%	173,362	90%	193,089
Mobile Home	5,721	67%	2,814	33%	8,535
Boat, Van, RV, etc.	173	21%	646	79%	819
Total Units	**504,968**	**37%**	**868,057**	**63%**	**1,373,025**

While single family homes make up the majority of Los Angeles' housing stock, they are primarily owner occupied. All other housing types are dominated by renters except for mobile homes. The City of Los Angeles has a higher proportional amount of renters than owner occupied housing both within Los Angeles, and relative to the County. The City of Los Angeles accounts for 48.5% of Los Angeles County's 1,791,480 renters.

Figure 15. Rent Burden Comparison of LA City and LA County

% of Income for Rent	LA City		LA County	
	# of Households	% of Total	# of Households	% of Total
Less Than 10.0 Percent	21,399	2%	45,569	3%
10.0 to 14.9 Percent	50,458	6%	108,581	6%
15.0 to 19.9 Percent	78,945	9%	173,980	10%
20.0 to 24.9 Percent	89,253	10%	194,136	11%
25.0 to 29.9 Percent	91,186	11%	189,230	11%
30.0 to 34.9 Percent	78,613	9%	161,146	9%
35.0 to 39.9%	60,844	7%	124,688	7%
40.0 to 49.9 %	88,486	10%	179,183	10%
50.0 Percent or More	268,924	31%	528,626	30%
Not Computed	39,949	5%	86,341	5%
Total	**868,057**	**100%**	**1,791,480**	**100%**

57% of Los Angeles' renters are considered rent burdened. The highest proportion of this population is people who spend 50% or more of their income on rent (31%). There are all similar rent burden rates seen throughout the County of Los Angeles.

As of April 2, 2020, there have been 2,667 foreclosures within Los Angeles this year. As shown in **Figure 16,** a vast majority (84%) of these foreclosures have been for Single Family properties with Multi-Family properties being the 2nd most common at 14%.

Figure 16. LA City Foreclosures (Q1, 2020)

Property Type	# of Foreclosures
Multi-Family	382
Non-Residential	18
Single Family	2,253
Vacant Residential	14
Total Foreclosures	**2,667**

Figure 17. Top 10 Lenders for 2020 Foreclosures in LA City

Name of Lender	# of Foreclosures
Nationstar Mortgage. LLC	300
Select Portfolio Servicing	295
PHH Mortgage Corporation	266
Shellpoint Mortgage Servicing	131
Wells Fargo Bank N.A.	124
JP Morgan Chase N.A.	67
Celink	60
Fay Servicing LLC - Eric Moore	59
Champion Mortgage	51
Caliber Home Loans	45

Considering only Multi-Family properties which are the targets for TOPA/COPA policies, the lenders shift around. The top 10 lenders again account for over half (53%) of the listed properties.

Figure 18. Top 10 Lenders for 2020 Multi-Family Foreclosures in LA City

Name of Lender	# of Foreclosures
PHH Mortgage Corporation	43
Select Portfolio Servicing	43
Nationstar Mortgage. LLC	38
Shellpoint Mortgage Servicing	17
Wells Fargo Bank N.A.	17
Danco, Inc.	10
Fay Servicing LLC - Eric Moore	9
Mr. Cooper LLC	9
Champion Mortgage	8
PennyMac Loan Services	8

Landlords of units subject to the Rent Stabilization Ordinance (RSO) can gain the most from sales and invoking laws like the Ellis Act to remove housing units from the rental market. Crenshaw Corridor has more RSO Units than Boyle Heights overall. In absolute terms the Crenshaw Corridor has 10,058 more RSO Units than Boyle Heights. Boyle Heights and Crenshaw Corridor have 11% and 56% more RSO units per census tract than the City of LA respectively. This means that these neighborhoods are at higher risk of speculation and subject to having landlords invoke laws like the ELlis Act to evict more tenants and create market rate housing. Based on the map in **Figure 19**, more tracts in Crenshaw are in the 5th quintile of RSO unit density. Boyle Heights still has many tracts within the 4th quintile.

Figure 19. **Rent Stabilization Unit Estimates by Census Tract in Los Angeles County**

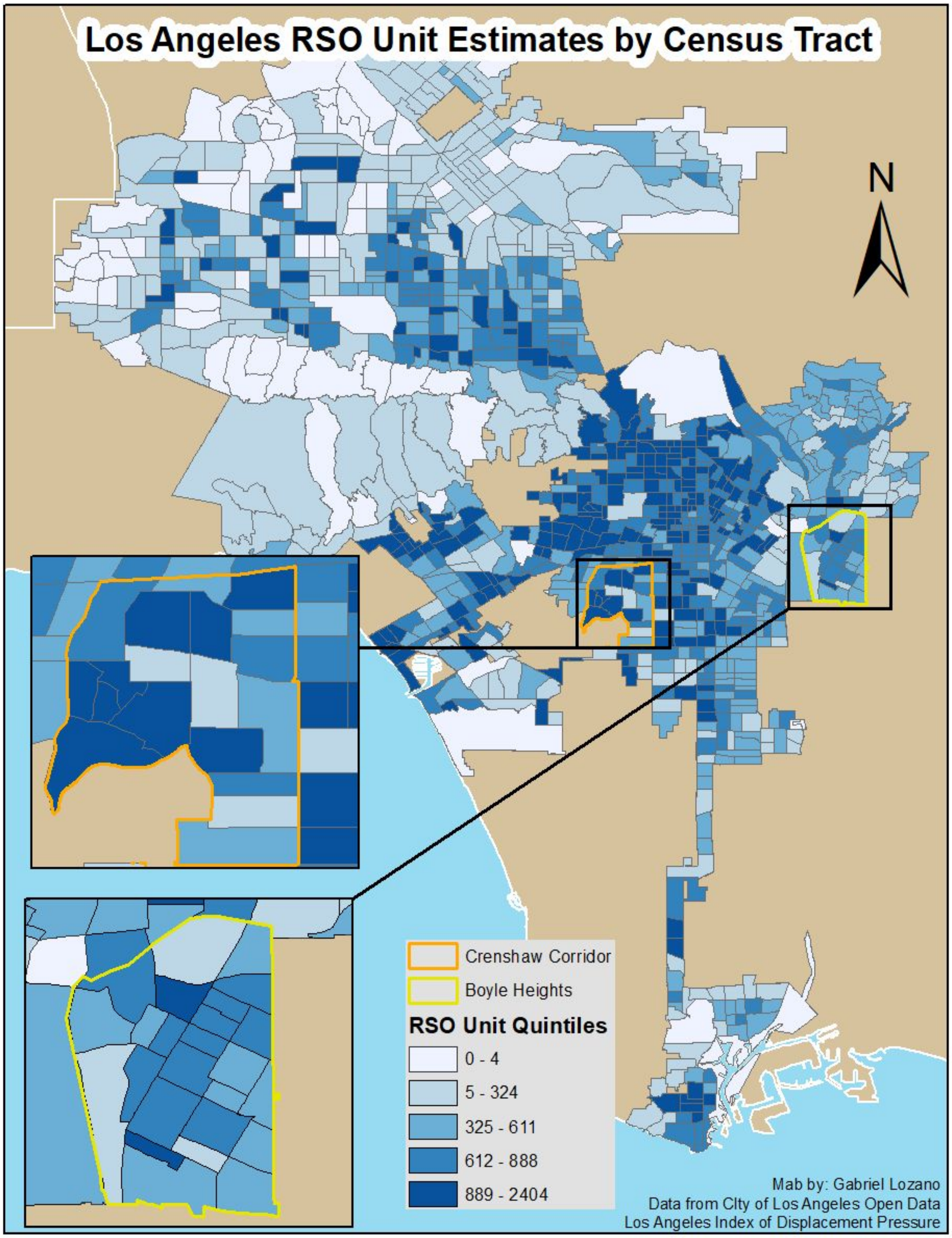


Figure 20. Rent Stabilization Unit Estimates in LA County

Geography	Total RSO Units	Average/Tract
LA City	602,142	516.4
Boyle Heights	14,889	572.7
Crenshaw Corridor	24,947	805.6

Figure 21. Total Rent Stabilization Ordinance Unit Count

Geography	Total Occupied Units (2014)	RSO Units
Los Angeles	1,323,266	602,142
Boyle Heights	23,129	14,889
Crenshaw Corridor	42,958	24,974

Figure 22 and **Figure 23** map out a segregated Los Angeles. Making up 26.3% of the county population, large concentrations of White communities can be seen along the western coast of the county. The largest population is Hispanic or Latinx people who have clear and large concentrations in areas of the county. One neighborhood of analysis, Boyle Heights, reflects this concentration with the neighborhood being 92.8% Hispanic or Latinx. A large concentration of the Black community can be seen in the southern section of the City of Los Angeles and continuing south of the city boundary. The Crenshaw Corridor is within this region and is made up of mostly Black and Hispanic and Latinx people, accounting for 47.5% and 40.9% of the neighborhood population respectively. Understanding this within the context of all of the previous facts and figures shown, these populations are more affected by lower incomes, higher rents, higher occupancy rates, and higher chances of speculation.

Figure 22. Racial Demographics of LA County

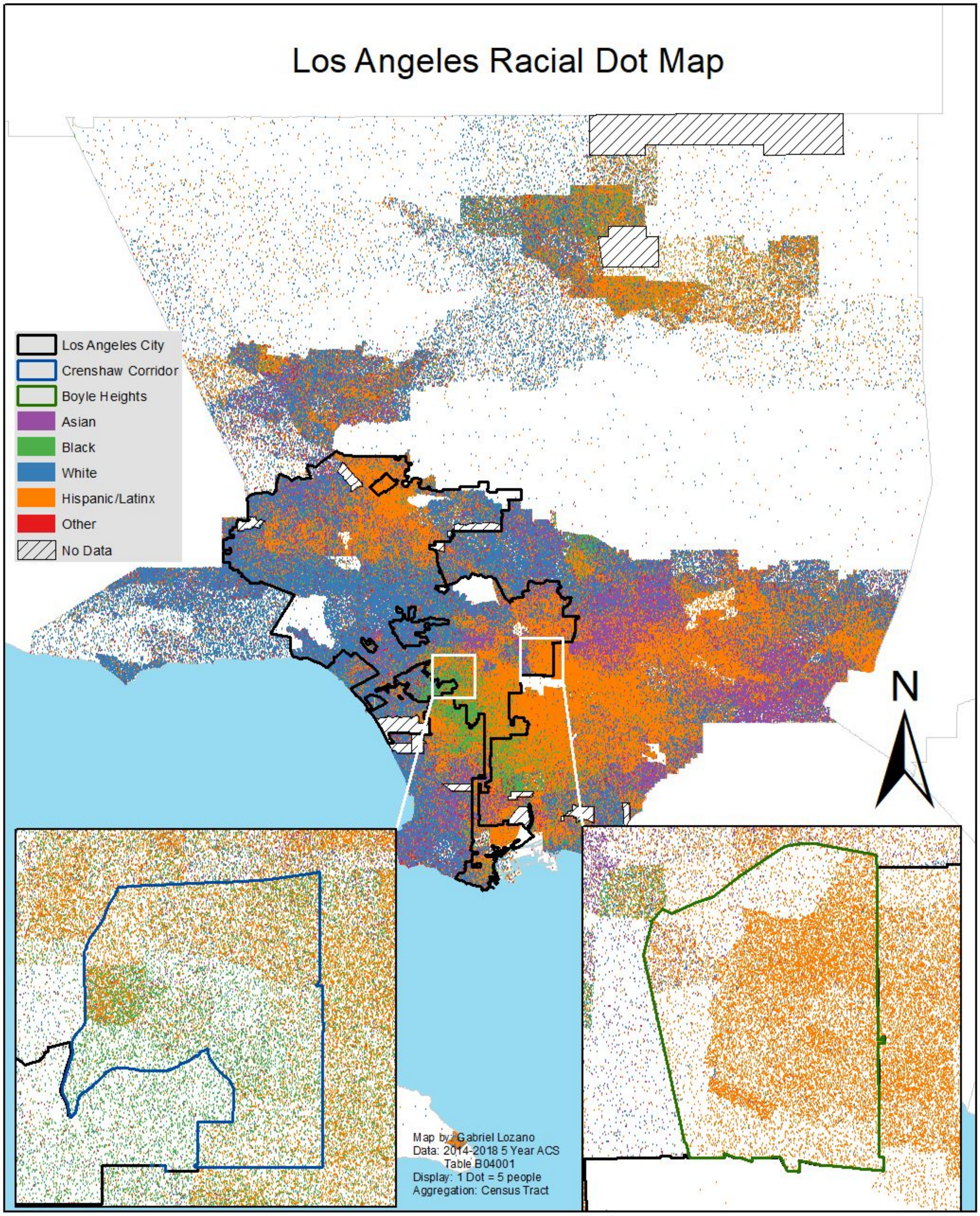


Figure 23. Racial Demographics of LA County (2014-2018, 5-Year ACS)

Geography	White	Black	Asian	Hispanic or Latinx	Other
LA County	26.3%	7.9%	14.4%	48.5%	3.0%
LA City	28.5%	8.6%	11.5%	48.5%	2.9%
Boyle Heights	2.6%	1.4%	2.7%	92.8%	0.5%
Crenshaw Corridor	5.1%	47.5%	3.6%	40.9%	2.9%

NEIGHBORHOOD CONTEXT - BOYLE HEIGHTS AND CRENSHAW CORRIDOR

Figure 24. Boyle Heights and Crenshaw Corridor Neighborhood Housing Type

	Boyle Heights		Crenshaw Corridor	
Housing Type	# of Units	% of Total	# of Units	% of Total
1 Unit	14,216	55%	13,982	43%
Detached	*10,404*	*41%*	*11,467*	*35%*
Attached	*3,812*	*15%*	*2,515*	*8%*
2 Units	999	4%	1,889	6%
3 or 4 Units	2,052	8%	4,440	14%
5 to 9 Units	2,221	9%	3,767	12%
10 to 19 Units	1,509	6%	3,385	10%
20 to 49 Units	1,668	7%	3,511	11%
50 or More Units	2,922	11%	1,611	5%
Mobile Home	37	0%	48	0%
Boat, Van, RV, etc.	16	0%	0	0%
Total Units	**25,640**	**100%**	**32,633**	**100%**

Similar to the larger housing patterns of the Los Angeles area, both Boyle Heights and Crenshaw Corridor's housing is dominated by single-family housing. However, the second most common housing type differs. Boyle Heights follows the greater Los Angeles trend of 50 or more unit developments having the second-highest amount of units. Crenshaw Corridor, on the other hand, differs from the second largest number of units belonging to 3 or 4 unit developments. Crenshaw Corridor is also the only geography considered where the proportion of single family is less than half of the housing stock, coming in at 42.8 %.

BOYLE HEIGHTS

Figure 25. Boyle Heights Occupancy by Housing Type

Housing Type	Occupied Units	% Occupied	Total Units
1 Unit	13,602	96%	14,216
Detached	*9,911*	95%	*10,404*
Attached	*3,691*	97%	*3,812*
2 Units	902	90%	999
3 or 4 Units	1,912	93%	2,052
5 to 9 Units	2,129	96%	2,221
10 to 19 Units	1,449	96%	1,509
20 to 49 Units	1,568	94%	1,668
50 or More Units	2,824	97%	2,922
Mobile Home	16	43%	37
Boat, Van, RV, etc.	16	100%	16
Total Units	**24,418**	**95%**	**25,640**

Within Boyle Heights occupancy of all housing types are above 90%, except for mobile homes. Excluding Boats, Vans, RV's etc., the highest occupancy is for housing developments with 50 or more units with an occupancy rate of 96.6%. This runs counter to all other geographies considered, which have had single family housing as the highest occupancy rate.

Figure 26. Boyle Heights Housing by Tenure

Housing Type	Owner Occupied	% Owner Occupied	Renter Occupied	% Renter Occupied	Total Occupied
1 Unit	5,812	43%	7,790	57%	13,602
Detached	*4,807*	*49%*	*5,104*	*51%*	*9,911*
Attached	*1,005*	*27%*	*2,686*	*73%*	*3,691*
2 Units	142	16%	760	84%	902
3 or 4 Units	133	7%	1,779	93%	1,912
5 to 9 Units	8	0%	2,121	100%	2,129
10 to 19 Units	0	0%	1,449	100%	1,449
20 to 49 Units	42	3%	1,526	97%	1,568
50 or More Units	11	0%	2,813	100%	2,824
Mobile Home	11	69%	5	31%	16
Boat, Van, RV, etc.	0	0%	16	100%	16
Total Units	**6,159**	**25%**	**18,259**	**75%**	**24,418**

When looking at tenure for residents of Boyle Heights, figures again run counter to the greater LA area. Single family housing has been dominated by owner occupants throughout Los Angeles, but Boyle Heights has a greater amount of renters than owners living within housing with 1 unit.

All other housing types also are majority renter occupied, giving Boyle Heights a much higher proportional renter population than Los Angeles.

Figure 27. Boyle Heights Rent Burden

% of Income for Rent	# of Households	% of Total
Less than 10.0 Percent	365	2.0%
10.0 to 14.9 Percent	971	5.3%
15.0 to 19.9 Percent	1,685	9.2%
20.0 to 24.9 Percent	1,730	9.5%
25.0 to 29.9 Percent	1,999	10.9%
30.0 to 34.9 Percent	1,649	9.0%
35.0 to 39.9 Percent	1,483	8.1%
40.0 to 49.9 Percent	2,086	11.4%
50.0 Percent or More	5,687	31.1%
Not Computed	604	3.3%
Total	**18,259**	**100.0%**

59.6% of renters in Boyle Heights are considered rent burdened. Within the rent burden categories, the largest number of renters are again in the highest category, spending 50% or more of their income on rent.

Figure 28. Boyle Heights Foreclosures in 2020 by Housing Type

Property Type	# of Foreclosures
Multi-Family	16
Single-Family	21
Total	**37**

CRENSHAW CORRIDOR

Figure 29. Crenshaw Corridor Occupancy by Housing Type

Housing Type	Occupied Units	% Occupied	Total Units
1 Unit	13,307	95%	13,982
Detached	*10,920*	95%	*11,467*
Attached	*2,387*	95%	*2,515*
2 Units	1,727	91%	1,889
3 or 4 Units	3,998	90%	4,440
5 to 9 Units	3,414	91%	3,767
10 to 19 Units	3,160	93%	3,385
20 to 49 Units	3,257	93%	3,511
50 or More Units	1,457	90%	1,611
Mobile Home	48	100%	48
Boat, Van, RV, etc.	0	0%	0
Total Units	**30,368**	**93%**	**32,633**

While the housing type distribution is different than the large Los Angeles area, occupancy rates for Crenshaw Corridor are similar to the city and county proportions at 93.1%. The lowest rate is for housing developments with 3 or 4 units and the highest occupancy (besides mobile homes) is single family housing.

Figure 30. Crenshaw Corridor Housing Units by Tenure

Housing Type	Owner Occupied	% Owner Occupied	Renter Occupied	% Renter Occupied	Total Occupied Units
1 Unit	9,349	70%	3,958	30%	13,307
Detached	*8,544*	*78%*	*2,376*	*22%*	*10,920*
Attached	*805*	*34%*	*1,582*	*66%*	*2,387*
2 Units	362	21%	1,365	79%	1,727
3 or 4 Units	95	2%	3,903	98%	3,998
5 to 9 Units	62	2%	3,352	98%	3,414
10 to 19 Units	104	3%	3,056	97%	3,160
20 to 49 Units	63	2%	3,194	98%	3,257
50 or More Units	105	7%	1,352	93%	1,457
Mobile Home	18	38%	30	63%	48
Boat, Van, RV, etc.	0	0%	0	0%	0
Total Units	**10,158**	**33%**	**20,210**	**67%**	**30,368**

The distribution of owner-occupied housing to renter occupied housing is roughly a ratio of 3 to 1 in Crenshaw Corridor. This is similar to larger Los Angeles trends, with the highest percentage of owner-occupied housing being single family housing. All other housing types are majority renter occupied.

Figure 31. Crenshaw Corridor Rent Burden

% of Income for Rent	# of Households	% of Total
Less than 10.0 Percent	287	1.4%
10.0 to 14.9 Percent	1,139	5.6%
15.0 to 19.9 Percent	1,101	5.4%
20.0 to 24.9 Percent	1,679	8.3%
25.0 to 29.9 Percent	2,069	10.2%
30.0 to 34.9 Percent	1,827	9.0%
35.0 to 39.9 Percent	1,331	6.6%
40.0 to 49.9 Percent	2,106	10.4%
50.0 Percent or More	7,700	38.1%
Not Computed	971	4.8%
Total	**20,210**	**100.0%**

64.1% of renters within Crenshaw Corridor are considered rent burdened. This is the highest concentration of any geography considered thus far.

CONCLUSION

It is clear that renters in LA County have the odds stacked against them, and current systems make it nearly impossible to be able to save enough to buy a house. In Boyle Heights and the Crenshaw Corridor, there is an even heavier rent burden, and therefore lack of ability to save money. As established throughout the entire County of Los Angeles, rent has been increasing for a decade. From 2009 to 2019 rent has nearly doubled in LA County, while incomes have remained stagnant. Communities of color, like Boyle Heights and the Crenshaw Corridor, are hit hardest by this issue, as wages are lower in these areas and rent burden is higher. Current housing practices in Los Angeles clearly are not beneficial to the working-class communities. Trends indicate that this has been an issue for years and current practices must change in order to make housing more equitable.

Property ownership has not been a steadfast tool for wealth generation for Black and brown communities like it has for white families; we need to come up with alternatives to protect these neighborhoods, and serve the residents who have been there for decades. Tools like rent stabilization are useful and can have some benefits in combating displacement, but RSO units alone cannot support neighborhoods. As discussed prior, RSO units can protect renters from debilitating rent increases, but these units become targets for landlords and developers who hope to maximize profit by converting these units to market rate. Alternative methods of community ownership can be used to address the disparities in benefits of homeownership for people of color, while also providing an alternative to neighborhood speculation.

This report focused on the housing situation of Los Angeles throughout the past decade, but only up to what available data allows us to analyze. This research was done in the midst of the COVID-19 pandemic and the effects of this global event have not yet been fully realized. In Los Angeles this pandemic has already led to mass unemployment, essentially freezing incomes and making it nearly impossible to pay rent for multiple months. With the ongoing pandemic, renters will come out of it with more debt than before due to back rent owed from what was not paid during COVID-19. Local government has made some efforts to alleviate the stress with temporary protections for renters, but complete mitigation is impossible. There will be a wave of evictions once the temporary protections are lifted after the pandemic. We must act now in finding solutions to this issue, and protect those most vulnerable.

04

RECLAIMING OUR HOUSING:
ESTABLISHING THE RIGHT TO PURCHASE

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CONTENTS

INTRODUCTION

THE PROBLEM: DISPLACEMENT FUELED BY SPECULATIVE INVESTMENT IN HOUSING

Los Angeles residents were already struggling with an affordability crisis, gentrification, and homelessness prior to March 2020, when the federal government declared a health crisis due to the COVID-19 pandemic and the state government issued a stay-at-home order. According to a recent report by California Housing Partnership , California lost over 15,000 affordable rental homes in twenty years, with 35 percent of homes lost in Los Angeles County (California Housing Partnership, 2019). Another 34,000 affordable rental homes were at risk of being lost before the current Covid-19 crisis. While California issued rent and mortgage moratoriums meant to protect people in the immediate fallout of the Covid-19 economic crisis , emergency moratorium policies will not be enough to fully address our housing crisis, now or in the future (Ca. Exec. Order No. 37-20, 2020). The same problems that existed before the crisis - rampant speculation, high rents and fees, and low wages - will still exist and likely worsen after California's stay-at-home order is lifted.

After the 2008 financial crash, Wall Street firms were able to enter the residential real estate market at a previously unseen scale - buying up single-family homes and renting them out at high prices with unnecessary fees, often to the same people who had lost their homes (Brenner, et al., 2011). Federal, state, and local governments, eager to restart their own economies and deal with the housing crisis, passed policies that made it incredibly lucrative for financial firms to enter the housing market. Housing was reimagined as a financial investment that could turn significant profits for large national and multinational firms. This helped create entire communities where stable, affordable housing and homeownership are unattainable to long-standing working-class residents. It is likely that Wall Street firms will act similarly in response to the Covid-19 crisis (Putzier & Grant, 2020). People will not have the funds necessary to pay their back rent and missed mortgage payments, which will effectively cause them to lose their homes and properties in the fallout of the crisis. Wall Street stakeholders and firms are strategically positioned to buy up more housing in cities across the country.

If strong, protective policies are not enacted now, affordable units will be lost to the market in the coming months and years, and housing in Los Angeles will become even more unaffordable. A city- or county-wide Right to Purchase policy, supported by strong public funding, could mitigate the loss of affordable units by giving tenants and community housing organizations, especially community land trusts, the chance to take rental buildings out of the speculative market and into collective, community ownership, while also making them permanently affordable. Other policies will surely be needed as a housing crisis does not have a one-fix-all solution. We have an opportunity to learn from the mistakes of 2008. We have an opportunity to reassess what kind of housing we want to support.

THE SOLUTION: CODIFYING THE COMMUNITY'S RIGHT TO PURCHASE

This chapter investigates the Tenant Opportunity to Purchase Act (TOPA) and its potential for implementation in Los Angeles. This research is intended to inform advocates and support a current campaign to push for a Right to Purchase policy in Los Angeles, which includes the efforts of the Healthy LA Coalition. The Healthy LA Coalition formed to organize a policy response to the COVID-19 crisis and to ensure that poor and working class people of color in Los Angeles have pandemic-related needs addressed during the pandemic, and that they also are not left out of any recovery. This research is also meant to inform policymakers at the City, County and State levels, as well as financial institutions interested in providing acquisition loans. Finally, this research contains infographics and popular education materials that will be circulated to tenants and the general public to inform them of the benefits of a Right to Purchase policy.

This research provides the following:

1. Overview and lessons learned from existing and proposed Right to Purchase policies across the country;
2. Discussion on community land trusts as an effective strategy for tenant organizing in the TOPA process;
3. Financial analysis and resources for tenants, non-profits, community land trusts, and public agencies to acquire multi-family buildings under TOPA; and
4. A Popular Education Toolkit for community-based organizations to learn and advocate to tenants about the first right to purchase opportunity.

A Right to Purchase policy is essential to achieving a just and equitable recovery from the ongoing housing and impending economic crises spurred by the COVID-19 pandemic.

TENANT OPPORTUNITY TO PURCHASE ACT (TOPA)

The Right to Purchase has elsewhere been defined and implemented as a Tenant Opportunity to Purchase Act (TOPA). TOPA was first enacted in 1980 in Washington DC, which provided tenants the first choice at purchasing the home they were renting and occupying, if their landlord decided to put the property up for sale. Please refer to the following section for more information about DC's TOPA law. Since then, TOPA policies have been implemented and used as an effective tool in the following:

- Stopping the immediate displacement of low and moderate income tenants in gentrifying neighborhoods and preserve housing affordability in the area;
- Empowering tenants with a choice and control regarding their housing; and
- Creating pathways to home ownership for low and moderate income residents.

Other Right to Purchase policies have extended this mechanism as a subordinate to TOPA to empower public agencies and non-profit groups to purchase property on the market to prevent tenant displacement and create long-term affordability. This is commonly referred to as District Opportunity to Purchase Act (DOPA) or Community Opportunity to Purchase Act (COPA).

TENANTS FIRST RIGHT TO PURCHASE PROCESS (DC TOPA LAW)

This legislative method is designed with steps to allow the tenant to have ample time to form a tenants' association, secure financing, find a development partner, negotiate a sales contract, and make an offer to the landlord. The following section summarizes the process for tenants to acquire property modeled after the DC's existing TOPA law. A more detailed outline is displayed in **Figure 1**.

Figure 1. TOPA Process

1. **<u>Landlord Issues TOPA Notice and Offer of Sale</u>**: Prior to selling a renter-occupied unit, landlords must provide the renter with a written document, known as the "Offer of Sale." If there is an additional third-party contract in place, the landlord must provide a copy to the tenant in a timely manner to the request. When the "Offer of Sale" is provided, the tenant can request information regarding the home/property within one week. During this time, the tenant may request information from the landlord, such as floor plans, itemized lists of operating expenses, utility usage rates, and capital expenditures for the past two years.

2. **<u>Tenants Submit Statement of Interest (First Right of Offer):</u>** The tenant must submit a written "Statement of Interest" to the landlord. This statement must be either delivered in person or sent by certified mail within a specified number of days of receiving the "offer of sale" by the tenant. TOPA requirements differ based on the number of units in the building as shown by example below from the DC TOPA law:[5]

    a. **Single Family** - DC TOPA law allows tenants to directly submit a statement of interest for single family homes within 20 days
    b. **2-4 Unit Buildings** - These buildings must submit a statement of interest within 15 days.
    c. **5 or more units** - Only incorporated tenant organizations are allowed to purchase a building of 5 or more units under TOPA.
        i. Existing tenant organizations have 30 days to submit a statement of interest to acquire a property.
        ii. If an organization does not exist, tenants can incorporate a new tenant association and submit a statement of interest within 45 days of the Offer of Sale issuance. This timeline can be challenging as tenants would need to organize and collect at least 51 percent of the tenants from the building, incorporate as a non-profit, elect leadership, and adopt bylaws prior to

[5] https://ota.dc.gov/page/tenant-opportunity-purchase-act-topa

submitting a statement of interest.[6]

3. **Negotiation Period**: The DC TOPA policy allows a minimum time frame for negotiations once the landlord receives the tenant's "statement of interest." Under TOPA rules, this negotiation period is extended if a landlord fails to provide information requested by a tenant. Additional days can be added to the negotiation time allotted if the landlord enters into a contract with a third party, which is called the "right of first refusal period," and the landlord along with the tenant must negotiate in good faith. The tenant is given an opportunity to match the contract. In DC, buildings of 2-4 units have 90 days for negotiation, whereas buildings with 5 or more units allow 120 days.

   During the negotiation process, tenant associations have the following options to consider:

   a. Determine whether the building remains for rent or converted into co-op housing or condominiums
   b. Choose an affordable or market-rate development partner to assist in securing financing,
   c. Hire a TOPA attorney to assist in the negotiation

4. **Settlement:** Once the tenants and the landlord have reached a settlement under the DC TOPA policy, tenants and/or the tenant association will need to secure financing to acquire the property. In DC, buildings with 2-4 units will have 90 days to secure financing, whereas buildings with 5 or more units will have up to 120 days. This timeline can be extended by the lending institution that can provide an estimated time frame to fully secure the financing.

EXISTING AND PROPOSED RIGHT TO PURCHASE POLICIES

This section summarizes examples of current Right to Purchase policies in Washington DC and San Francisco, as well as other recently proposed policies in Berkeley, Oakland, and Berlin. Based on these case studies, the best practices to institute a TOPA policy successfully includes technical assistance, education and support in organizing tenants (i.e. organizers, community land trusts, lawyers), and robust financing for acquisitions and rehabilitation.

Washington, D.C. - TOPA (Enacted 1980, Amended 2018)

The District of Columbia's Tenant Opportunity to Purchase Act was first implemented in 1980. With approximately 3,500 units preserved as affordable housing through the TOPA process, it has proven to be an important tool in preserving affordable housing (cite). Additionally, about 30% of annual multi-unit sales go through the TOPA process City of Berkeley, 2020). Alternatively, DC also enacted a District Opportunity to Purchase Act (DOPA), which allows the Mayor the right to purchase buildings with five or more rental units of which 25 percent are deemed as "affordable" subordinate to TOPA.

TOPA Reform

Investigations of renters exploiting the law for decades prompted the City Council to amend the law. Renters have found a loophole in using TOPA by using their first right to purchase

[6] https://oakclt.org/wp-content/uploads/2018/12/NCS_AmberGruner_TOPA-Presentation_Nov2018.pdf

the property and then selling that right to the highest bidder rather than purchasing the home for themselves; thus, keeping a portion of the profit from the sale (Fleischer, Yarborough, Jones, & Piper, 2017). DC revised the law in 2019, which exempts most single family dwellings from TOPA, unless the dwelling is occupied by elderly and disabled tenants. It also exempts single family dwelling with an Accessory Dwelling Unit and a single rental unit in a condo, co-op or homeowners' association.

Financial and Technical Assistance
DC's Department of Housing and Community Development (DHCD) runs programs that provide both financial and technical assistance to low and moderate income tenants (DHCD, 2018). The following programs below are funded by the DC Housing Trust Fund (HTF), which allocates approximately $10M annually for TOPA acquisitions (Pelletiere,D., Wilson,E., 2018).

- **First Right Purchase Assistance Program** - DHCD provides low cost loans to low income tenant residents and tenant groups to be used for (1) down payment; (2) earnest money deposits; (3) purchase; and (4) legal, architectural and engineering costs.
- **Tenant Purchase Technical Assistance** - DHCD for tenant groups pursuing the purchase of their apartment buildings as cooperatives or condominiums, including: (1) assistance with organizing and structuring the group; (2) preparation of legal organizational documents; and (3) help with loan applications.

San Francisco — Community Opportunity Purchase Act (Enacted 2019)
The San Francisco Community Opportunity Purchase Act (COPA) became effective June 2019. COPA qualifies non-profit organizations the right of first offer and right of first refusal, an opportunity to intercept an offer from a potential buyer. In contrast to DC's TOPA, San Francisco tenants have no say on which nonprofit provider will own their building, though there is a vetting process for determining which organizations qualify as affordable housing organizations. If the property is acquired via COPA, a deed restriction will be placed, thereby acknowledging that the building will not exceed 80% Area Median Income (AMI), making it affordable housing in perpetuity (Catalano, 2019).

The City's COPA law applies to any multi-family residential building with at least three residential rental units. While most buildings qualify for COPA, a 3-unit building where one unit was constructed without permits required by the City cannot be considered for COPA. The seller is obligated to notify qualified non-profits intent to sell; qualified non-profits then have 5 days to respond with an offer to purchase the building. If qualified non-profits enter a Purchase-Sale agreement, they have 25 days to work with tenants and complete the process. If an offer is accepted by a Seller, qualified non-profits have a minimum of 60 days to secure financing. If the non-profit is unsuccessful in getting its offer approved by the buyer, it can practice its right of first refusal to match a competing offer (MOHCD, 2019).

This City has also set aside $40M-90M to support first time homebuyers and its Small Sites Program that could potentially be used to support efforts in COPA, including funding for deposits, down payments, and bridge loans (City of Berkeley, 2020).

Berkeley, CA - TOPA Ordinance (Currently Under Consideration)
In 2015, efforts to establish the Berkeley: Small Sites Acquisition Program and Tenant Opportunity to Purchase Act was convened by Mayor Arreguin, East Bay Community Law Center (EBCLC), and Northern California Land Trust (NCLT). It has since been discussed and continues to transform, and the proposed ordinance is expected to return to the full council at the end of 2020.

In order to ensure permanent affordability, the proposed ordinance has protections built in throughout the process. If tenants choose to waive their rights, the opportunity then goes to a qualified affordable housing organization. However, qualified affordable housing organizations are obligated to uphold permanent affordability and democratic residential control. If a property enacting TOPA receives City investment, the deed will reflect permanent affordability. If a TOPA property is purchased without City investment, the deed will reflect a restricted upper limit for property appreciation. If a building is mixed with TOPA buyers and tenants, who opt out of ownership, the building must abide by tenant protections and enforcement of tenants' rights.

While owners and sellers are not forced or pressured to sell, there are incentives. Due to the longer escrow period for a TOPA sale, owners and sellers will receive the City's portion of the Real Property Transfer Tax (.75%) and the proportional amount from Measure P, a voter-approved tax increase on the transfer of real property (Ballotpedia, 2018).

Possible funding for the required infrastructure, legal and technical assistance for tenants can be acquired through local, state, and federal funding such as the Small Sites Program, Measure U1 tax receipts, the Housing Trust Fund, and Measure O (City of Berkeley, 2020).

Oakland, CA TOPA Efforts (Currently Proposed)
Oakland's TOPA efforts emerged from the leadership of Councilwoman Nikki Fortunato Bas who was inspired by the Moms 4 Housing activist group; as discussed previously in this report, Moms 4 Housing is a collective of homeless mothers who were evicted from a vacant home they were illegally occupying in Oakland in 2019. The topic of TOPA was first discussed at the Oakland City Council in January 2020 after being formulated by community land trusts, tenant advocacy organizations, and the East Bay Community Law Center in 2018 (City of Berkeley, 2020). The policy is currently being drafted.

Berlin, Germany Land Expropriation Law Proposal (2019)
In April 2019, citizens of Berlin concerned about rising rents began campaigning for a referendum that allows the city to take back properties from private landlords of real estate companies that own more than 3,000 units.[7] This proposal would affect over 240,000 apartment units owned by private landlords of real estate companies that could fall under public control. As of September 2019, Berlin's Social Democrats Party rejected the proposal. However, the Berlin Parliament passed a 5-year rent freeze as a means to address the housing crisis (Copley, 2019).

7 https://www.reuters.com/article/us-germany-housing/berlin-activists-march-to-demand-city-seize-housing-from-landlords-idUSKCN1RI0EG

CASE STUDIES: COMMUNITY CONTROLLED HOUSING

The following case studies provide examples of successful affordable housing preservation led by community development corporations and community land trusts. In both cases, housing was moved from private ownership into community-control.

Monseñor Romero Apartments, Washington DC

In 2010, the National Housing Trust/Enterprise Corporation (NHT/Enterprise) purchased the Monseñor Romero Apartments, which was partially destroyed by a fire in 2008 that displaced its low-income tenants. Prior to the fire, the tenants battled years of disputes with the property owner, who planned to sell the building and convert it to luxury housing. Tenant associations coordinated with NHT/Enterprise and a pro bono attorney through DC's TOPA to purchase and redevelop the vacant building into affordable housing and allow the original tenants who were displaced to return to the building. NHT/Enterprise was able to secure through multiple financing streams for the $19 million 63-unit project, including:[8]

- Low income housing tax credits, as well as historic tax credits for the historic preservation and green building (Capital One Bank)
- Affordable Housing Program Award (Federal Home Loan Bank of Atlanta)
- Predevelopment Grant (District of Columbia Office of the Deputy Mayor for Planning and Economic Development)
- Acquisition Loan (District of Columbia Department of Housing and Community Development
- Energy Efficiency Grant (District of Columbia Sustainable Energy Utility)

Community Mosaic, Los Angeles, CA

Tenemos que Reclamar y Unidos Salvar la Tierra - South LA (T.R.U.S.T. South LA) is a community land trust operating in South Los Angeles since 2005. In 2016, T.R.U.S.T. South LA acquired a 100% occupied 5-unit multifamily property in South Los Angeles to serve as a pilot property for its Community Mosaic model (T.R.U.S.T. South LA, 2019). The intent of the Community Mosaic program is to permanently preserve naturally occurring affordable housing through the land trust model, preventing the displacement of low-income tenants in South Los Angeles, and to work with existing tenants to transition administration and ownership of their units from the land trust to them (T.R.U.S.T. South LA, 2019) . T.R.U.S.T. South LA acquired and rehabilitated the pilot property through a combination of philanthropic grants, a favorable, specialized high loan-to-value financing from Genesis LA, and a small (5%) capital investment from Restore Neighborhoods Los Angeles (RNLA) (T.R.U.S.T. South LA, 2019). A strong Right to Purchase policy with appropriate public funding as proposed here would make the acquisition of future Community Mosaic properties - small, multifamily buildings - easier, preserving more affordable housing permanently, while also increasing tenant and community control across gentrifying low-income communities.

RIGHT TO PURCHASE AND COMMUNITY LAND TRUSTS

As mentioned in the previous sections, properties are successfully purchased through TOPA legislation by organizing tenants; in some cases, tenants work with Community Land Trusts to

[8] https://www.urban.org/sites/default/files/preservation-dc.pdf

assist in the TOPA process and secure funding to acquire the property and ensure long term affordability.

OVERVIEW OF COMMUNITY LAND TRUSTS

Community land trusts (CLTs) are nonprofit organizations that acquire, hold, and develop land in and for geographically-defined communities. The traditional structure of CLTs requires the participation of homeowners and/or tenants, and members of the larger community as part of their membership and in their governing boards. By holding land in a trust controlled by the community surrounding and those living in it, CLTs ensure that decisions about how to use land are driven by and address the communities' wants and needs. Given this, CLTs have been used to develop a variety of community-controlled projects, including rural and urban agricultural projects, community-serving commercial spaces, green space, and, most often, permanently affordable housing accessible to low and moderate-income community members to rent or own.

The community land trust model is a key strategy for helping low-income communities build assets through homeownership and mitigating the destructive consequences of speculation-fueled housing markets. By keeping housing permanently affordable through a long term ground lease, a community land trust helps reduce the displacement that can accompany gentrification when property values rise. CLTs can provide wealth opportunities to low-income residents and provide a community framework that supports residents and limits their overall exposure to debt that has proven to sharply reduce the incidence of foreclosure during economic downturns. The resale formula is an essential tool for CLTs in facilitating individual and community wealth by designing how much equity stays at the CLT and how much homeowners take with them. The CLTs engage members, tenants, and other participants in ongoing social contracts, democratic participation, and empowerment.[9]

Distinctions Between Community Land Trusts and Community Development Corporations

In this section, we will compare community land trusts (CLTs) and community development corporations (CDCs). Both are important affordable housing tools in the United State that emerged in the 1960's as tools and non-profits to create affordable housing and address community disinvestment. This comparison is to clarify differences but most importantly to find common traits and practices that can support the process of developing more community controlled and equitable housing.

According to Community-Wealth.org (2020),"CDCs are nonprofit, community-based organizations focused on revitalizing the areas in which they are located, typically low-income, underserved neighborhoods that have experienced significant disinvestment (Community-Wealth.org, 2020: page number)" Early experiments of CDCs were conducted by elected officials, community advocacy groups, and the private sector to figure out how to address the need that had been previously met by public housing and social programs, in the context of increasingly racialized disinvestment of urban spaces after white flight from urban cores. Public housing was deemed unsustainable and scapegoated for violence, plight, and poverty. CDCs were focused in poor urban deindustrialized cities like New York City,

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[9] Grounded Solutions Resale Formula
https://groundedsolutions.org/tools-for-success/resource-library/affordable-pricing-and-resale-formulas

Los Angeles, Detroit, and others. Many of these cities had experienced civil unrest due to the disproportionate poverty, unemployment, and racialized oppression that continued to fail poor Black and brown communities. Community leadership and radical organizing groups like the Black Panther Party and Young Lords had emerged in cities that demanded structural and social change by creating platforms that demanded shelter, education, jobs, and healthcare by the state. According to Davies there were other radical groups that would experiment with CDCs as a form to develop self sustainable economies, attract private funding, and shape policy intended to rebuild blighted communities (2017: p. 63). CDCs became a popular option for revitalizing some of the poorest communities in the United States. CDCs are one form of developing and preserving affordable housing using different funding sources and housing models. A clear distinction between CDCs and CLTs is that CDCs almost always miss democratic decision-making, removal of land from the speculative market, and collective stewardship of land.

CLTs started in the rural South with similar conditions of extreme poverty, racial segregation, and civil unrest. Civil Rights leaders developed a practice of cooperative farming and land stewardship due to the long history of racial oppression, land theft, and new opportunities from the Civil Rights Movement. New Communities Inc. formed in 1970 in Southwest Georgia, becoming the first land trust in the U.S. that served Black farmers in having a secure and affordable place to farm (Davis, 2016). Unfortunately due to racist lending practices from the United States Department of Agriculture (USDA) and other racist efforts to sabotage the organization, in 1985, New Communities Inc. was lost to foreclosure. New Communities Inc. joined the Black Farmers' Collective lawsuit (Pigford v. Glickman) against the USDA in 1997, alleging racial discrimination in the allocation of federal farm loans and assistance between 1981 and 1996 (Axel-Lute, 2019). In 2007 they were awarded $12 million in damages for the racial and economic injustices. New Communities Inc. set the foundation for communities across the country to collectively own, empower, and steward land to benefit low income communities. According to Grounded Solutions), the largest network of CLTs, there are over 225 CLTs across the U.S. (2020).

Table 1. Characteristics of Community Land Trusts and Community Development Corporations

Community Land Trusts	Community Development Corporations
● Non-profit organization ● Community-led development on community-owned land of housing (and other community assets) that remain permanently affordable. ● 99 year ground leases to structures on top of the land ● Steward land through ground leases ● Land and housing must be affordable to low-income and moderate-income people ● Uses limited equity models to resale housing or structures on top of land ● Can own and/or operate structures (“improvements”) on top of the land as well as the land ● Community-led board of directors structure that represents tenants of the land, at large community, and membership (identified in CLTs bylaws) of the CLT ● Empowerment of place-based communities ● Acquires land from private and public entities, through acquisition or donation	● Non-profit organization ● Manages the development and construction of affordable housing by combing a mix of funding sources (public and private) ● Responsible for debt and financial stabilization of affordable housing units built with private and public resources ● Markets, fills, and manages affordable housing ● Direct services by creating home buyer education and preparation to purchase a home, or lease affordable housing ● Access to capital through developer fees that help fund new developments and organizational growth.

In 2020, CDCs are diverse in terms of size and mission which makes it important to how communities are shaped. They dominate affordable housing production in the U.S. Community land trusts are growing and some of them are staffing and implementing the development, management, and stewardship of affordable housing. At the same time, there are more CDC ventures that aspire to create or become community land trusts to facilitate deeper affordability, democratic decision-making, collective stewardship, and removal of land from the speculative market. Local Initiative Support Corporation (LISC) outlined how CDCs have helped CLTs increase in scale: (1) by directing investments typically associated with the community development sector to CLTs; (2) by using the infrastructure of the CDC movement to support CLTs or create new ones; and (3) by supporting public policies that create new pipelines for properties that can become part of a CLT (Greenberg, 2019).

“In short, there are CLTs that behave like a CDC and there are CDCs that behave like a CLT. There are also many communities where a CLT and a CDC co-exist as separate, independent organizations, but regularly collaborate in the development and stewardship of affordable housing, each doing only those tasks and taking on only those responsibilities that each does best.”
("Fideicomiso Comunitario Tierra Libre Los Angeles County Business Plan", 2019)

The combination or interchangeable characteristics between CLTs and CDCs could be a very powerful strategy to address the much needed development of an alternative to our current housing crisis, primarily if both are working towards the goal of collective ownership, empowerment, and stewardship. CLTs and CDCs across the state of California are trying to figure out how this partnership can take form. The California Community Land Trust Network has identified a work-in-progress criteria for CDCs to be well-suited partners with CLTs (California CLT Network Policy Committee's Recommendations For Building An Equitable and Sustainable Statewide Housing Preservation Ecosystem, 2020).

Table 2. Recommended criteria for effective CDC-CLT partnerships

- Bona fide nonprofit
- Demonstrated a commitment to democratic residential control, as evidenced by its ownership, governance structure, and relationship with residents
- Has agreed to transfer ownership of the Rental Housing Accommodation to the Tenants when feasible if Tenants so wish
- Demonstrated a commitment to the provision of affordable housing for low, very low, and extremely low income City residents, and to prevent the displacement of such residents
- Agreed to obligate itself and any successors in interest to maintain the permanent affordability
- Demonstrated a commitment to community engagement, as evidenced by relationships with neighborhood-based organizations or tenant counseling organizations
- Demonstrated the capacity to effectively acquire and manage residential real property at multiple locations
- Has acquired or partnered with another housing development organization to acquire at least one residential building using any public or community funding, or has acquired or partnered with another nonprofit organization to acquire any residential buildings
- Has agreed to attend mandatory training to be determined

TOPA AND COMMUNITY LAND TRUSTS: THE LOS ANGELES CONTEXT

Prior to 2018, two community land trusts (CLTs) existed in Los Angeles, Tenemos Que Reclamar Y Unidos Salvar La Tierra South LA (T.R.U.S.T. South LA) and Beverly Vermont Community Land Trust. Los Angeles is experiencing a significant growth in CLTs due to the issues of gentrification, mass displacement, and hyper speculation of housing. Since 2018, three community land trusts have formed (Liberty Community Land Trusts, El Sereno Community Land Trust, and Fideicomiso Comunitario Tierra Libre). This growth in community land trusts is creating opportunities to pass policy in the City of Los Angeles and County of Los Angeles.

In November of 2019, the LA City Council adopted a motion to explore the First Right of Refusal policy. The motion instructs the City's Housing Department (HCID) and Attorney to prepare an ordinance "that gives the City of Los Angeles, mission-driven affordable housing developers and non-profit affordable housing entities, and tenants first right of refusal to purchase apartment buildings and property for which Ellis Act proceedings are initiated" (2020: p.1). It also instructs City departments to explore the "advantages, disadvantages, risks, and any issues" of this policy, as well as the opportunity to apply this policy "to rental units, not in Ellis Act proceedings" (2020: p.1).

In January of 2020, many of the Southern California CLTs attended the annual convening of the California Community Land Trust Network (CACLTN) where discussions on the Tenant Opportunity to Purchase Act (TOPA) were held with the intention to build a local and statewide strategy to pass TOPA. Immediately after the CACLTN convening, all five community land trusts in Los Angeles started conversation and meeting about passing an LA version of the TOPA. This group, which identifies as the LA CLT TOPA initiative, was formed by CLTs to engage in a unique opportunity to shift housing policies towards community-control. Behind the scenes, the LA CLT TOPA initiative, local housing advocates, and legal service organizations are organizing to influence this policy and move it forward. The LA CLT TOPA initiative, in collaboration with the Legal Aid Foundation of Los Angeles (LAFLA), is currently drafting a policy outline for Los Angeles that takes learnings from Washington DC's TOPA program and Berkley's TOPA policy. This policy outline will serve as a guide for elected officials to understand what LA-based CLTs want and need for their communities.

In March of 2020, 230 advocacy groups organized as the Healthy LA coalition with the objective of meeting the urgent health and economic crisis created by COVID-19. Following the quarantine order by California Governor Gavin Newsom and the Los Angeles Department of Public Health, the most vulnerable Angelenos needed concrete answers to the hardships created by the COVID-19 pandemic. The power of democracy from the bottom to the top is what drove HealthyLA to organize with community land trusts, affordable housing developers, worker centers, public interest attorneys, and labor unions to connect and unite across as a Healthy LA coalition.

The immediate response also had to include a long-term response for recovery post-COVID-19, by advocating for policies that prevent predatory lending and real estate development by corporate greed. Implementing TOPA legislation would greatly complement tenant organizing and tenant unions forming across Los Angeles County because it would center tenants in being able to have the first right of purchase if their buildings or housing is sold post-COVID-19. TOPA will support recovery post-COVID-19 in the long term by maintaining control of housing in poor communities of color, by establishing a policy to consider tenants or nonprofits the opportunities to purchase residential properties as a tool to counter speculation.

By being part of the Healthy LA coalition, CLTs in LA have gained strong allies and influence in the City of Los Angeles and County of Los Angeles. On May 12, 2020, the Healthy LA coalition had a victory at the county level by pushing the LA County Board of Supervisors to pass motion (#6) which takes the following action:

> Direct the CEO Affordable Housing Unit, LACDA, and DCBA to report back to the Board in writing within 45 days on the following: collaboration with HUD-approved housing counseling agencies establishing an opportunity for a residential property owner, before a notice of default on their property is issued, to sell their property to either existing tenants, a non-profit agency, community land trust or other mission-driven entity with the goal being to preserve single and multi-family units for conversion to permanent affordable housing; and to research and report back on a right to purchase program that provides existing tenants, non-profit organizations, community land trusts, and/or mission-driven affordable housing developers, the first right to purchase residential properties as a tool to

> stabilize existing communities and counter speculative or large-scale corporate purchase of residential properties. Furthermore, instruct the CEO and relevant departments to report back to the Board in writing within 45 days on the following: collaboration with State and federal agencies to identify funding sources for the County to purchase the properties to then convey to nonprofit organizations, community land trusts and other mission-driven entities towards converting single and multi-family housing to permanent affordable housing (2020).

The Southern California and Northern California CLTs are forming strong ties to increase the influence they have on statewide policy to bring emergency relief to communities post COVID-19. Los Angeles-based CLTs are engaging with Housing California's campaign to pass a statewide temporary right to purchase policy. This policy would grant tenants the right to purchase their homes or designate a non-profit organization to buy their building in case their homes were sold or would be foreclosed on during or post COVID-19. Los Angeles CLTs can be an example for the rest of the state on how to organize, develop, and implement policy led by communities of color and directly impacted by the economic and health crisis.

FINANCING THE RIGHT TO PURCHASE

While Right to Purchase policies are being explored and are moving forward on city, county, and state levels, it is crucial for the Los Angeles Community Land Trust Coalition (LA CLT Coalition) to quickly identify different financial opportunities that would enable tenants, CLTs, and other qualified purchasers to fully exercise their rights to purchase. To support LA CLT Coalition's urgent efforts to facilitate tenant ownership as an anti-displacement strategy, this section highlights a solution for efficiently accessing financial resources.

FINANCIAL RESOURCE DATABASE

Currently, there is existing public funding that could be identified on the city, county, state, and federal level, as well as private financing from institutions like the Community Development Financial Institutions (CDFIs) or philanthropic funds. Since locating and reviewing these various funding sources in a streamlined manner has been a challenge for the LA CLT Coalition and its allies, a custom financial database and search engine are being developed, and after completion, the database will be updated on a periodic basis to remove funding sources that no longer exist, as well as consistently reflect new and existing funding. Thanks to the work efforts of Murmuration (a software engineering worker cooperative), this database and search engine would allow both the developers and administrators to have optimal control over the data so that there are no errors when a user interacts with the search engine.

Not only would the search engine and database provide results for acquisition funding, but it would also provide funding sources for pre-development and rehabilitation as well. These online tools will be hosted on the California Community Land Trust Network (CACLTN)'s website, and members of CACLTN and its affiliates will continuously update and maintain the search engine and database as administrators. In addition to stewardship of these online tools, CACLTN aims to implement an app version of the search engine for mobile use as well. Below is Murmuration's description of the functionality of the financial search engine and database, and the visual demonstrations of such functionality is located in the appendix.

With collective effort to keep its corresponding database updated, this financial search engine and mobile app would be invaluable tools that would not only meet the Coalition's need for expedition and ease while navigating through possible acquisition funding, but also meet their needs for quickly identifying funding required before and after the acquisition.

User Types

There are two types of users of the search engine: **general users** and **admin users**.

- **General users** are those that are just using the search engine's filtering and search functionalities to view various funding programs that meet their search criteria. Currently, general users do not need to login to access the search engine and will be able to access it in their browsers at a specific URL.

- **Admin users** can perform all the search actions that general users can perform, and in addition to searching for funding programs, may add, edit, and delete funding programs stored in the database. Admin users enable this functionality by entering their username and passwords in the login fields.

General User Documentation

When the user first enters the site, they'll see a list of all matching funding programs on the page, along with an interface to specify their queries.

The interface will expose a **search bar**, where multiple terms can be searched for: for example, entering "affordable housing" in the search bar will be treated as one keyword, matching on any programs with the keywords "affordable housing".

In addition to the search bar, users will be able to filter for programs by selecting **checkboxes** corresponding to specific types, where selecting multiple checkboxes will display results for programs that meet any of the selected checkbox criteria.

The search interface also will provide users a way to filter for **numeric ranges**, by inputting a minimum and/or maximum number for certain data attributes. For example, a user could search for programs within the $10-20k AMI range by entering 10,000 for the minimum value and 20,000 for the maximum value. Ranges may be open-ended; a query with no maximum value and only a minimum defined will search for all values that exceed the minimum value specified.

Admin User Documentation

Admin users enable the admin functionality by logging in with their supplied user credentials (username and password).

Upon logging in, admin users will see that there are additional functionalities enabled.

The **add a new funding program** button, when clicked, will expose a dialog that allows the user to enter the information for a new funding program to add to the database (that, once added, will be available to all users in the search engine).

Admin users will also have the ability to **edit** and **delete** existing funding programs in the database.

Current Fields Planned for Implementation *(additional fields may be added)*

- Completed by - text (username of the admin user who added the funding program)
- Funding program - text
- Department/Organization - text
- Jurisdiction - text
- Targeted population (AMIs) - number
- Uses (predev, planning, construction, operations, etc) - text (one program may have multiple uses)
- Sources - text
- Loan amounts (placeholder for current cash balance) - number
- Website/Link - text
- Municipality type - text (currently broken up into City/County)

FINANCING ACQUISITIONS: MARKET ANALYSIS

LA Housing Market Snapshot

To set up an effective Right to Purchase policy and to quantify how much public funding is needed to support acquisitions, it is important to understand the state of the current real estate market. The table below shows the median acquisition price for residential properties of various sizes in the City and County of LA in 2019. It also highlights the median number of days properties are on the market, the sale-to-list price ratio and total number of sales, which is important for establishing the Right of First Offer and Refusal timelines. The data was compiled from Multiple Listing Service (MLS) data.

On average, properties across all of LA County sell for slightly higher than properties just in the City of LA. The data may be skewed upwards by wealthy outlier cities, such as Beverly Hills and Malibu. In the City of LA, triplexes have the lowest sale price per unit, whereas Countywide buildings with five or more units have the lower sale price per unit. This data is based on 2019 averages; however, it is important to note that the pandemic will likely impact prices, so 2020 numbers may be significantly different, yet are still unknown.

Table 3: LA Housing Market Snapshot. MLS median data 2019 compiled by authors.

Building Type	Geography	Days on Market	List Price	Sale Price	Sale Price Per Unit	Sale to List Ratio	Total Sales (2019)
SFH (detached)	City of L.A.	28	$573,210	$579,000	$676,000	99%	6,487
	L.A. County	40	$676,000	$676,000	$579,000	100%	46,945
Duplex	City of L.A.	37	$679,500	$689,000	$339,750	101%	1,034
	L.A. County	34	$699,000	$703,000	$351,500	101%	2,309
Triplex	City of L.A.	47	$750,000	$730,000	$243,333	97%	333
	L.A. County	38	$799,000	$800,000	$266,666	100%	822
Fourplex	City of L.A.	55	$1,038,000	$999,000	$249,750	96%	389
	L.A. County	41	$1,149,000	$1,085,000	$271,250	94%	895
5+ Units (median = 8 units)	City of L.A.	51	$2,100,000	$2,000,000	$250,000	95%	414
	L.A. County	45	$2,200,000	$2,061,000	$257,625	94%	1,112

Quantifying the Gap

The majority of affordable rental housing in the Los Angeles region is unsubsidized. This housing stock is also known as Naturally Occurring Affordable Housing (NOAH). However, this paper will instead use the term "currently unsubsidized but affordable" (CUBA) "in recognition of both the social and economic forces (e.g., disinvestment and redlining) that often contribute to the declining conditions of many of these properties, as well as other factors such as property age and outdated amenities that impact the affordability of rents in diverse real estate markets" (Yelen, 2020).

According to the LA County Affordable Housing Outcomes Report , only 13% of the 861,000 affordable and available rental homes are subsidized and deed-restricted, meaning that "the vast majority of these homes are unrestricted and unregulated" (California Housing Partnership, 2019: page number). Preserving the unsubsidized affordable housing stock is a vital, cost-effective solution to prevent displacement and homelessness; however, there currently are not enough resources available to acquire, rehabilitate and preserve these homes at scale. It is critical to develop an acquisition-rehab strategy that provides sufficient resources for staffing, funding to run the program, and capacity building for all stakeholders involved, including residents, community-based organizations, public agencies, and CDFIs to steward their long-term safety and affordability.

Most of this housing stock is in two to 50 unit buildings, known as Small and Medium Multifamily (SMMF) properties. In the City of LA, 56% of the housing stock is in multifamily buildings (two or more units); 73% of the multifamily stock are two to 49 unit (SMMF) buildings. In LA County, 44% of the housing stock is multifamily; 77% of the multifamily stock are SMMF buildings. In LA, many of these buildings are owned by landlords that rent to lower-income tenants, sometimes at below-market rates. When landlords decide to sell their building, they are often sold to investors seeking to turn a profit. In order to make a profit, landlords often increase the rent, evict the current residents, find higher-income tenants, and/or convert the property to a condominium through the Ellis Act. In LA, we are losing units of CUBA housing faster than we can build new subsidized housing.

Many non-profit affordable housing providers and CLTs in the region want to purchase SMMF CUBA properties in order to prevent displacement and preserve the existing affordable housing stock. However, it is nearly impossible for nonprofits to compete with speculators on the private market. Some local, regional, state, federal, and private sources of funding exist to help nonprofits acquire and rehabilitate SMMF properties; however, the impact of these funds is limited.

One reason why the existing programs have a limited impact is because the cost of rehabilitation is extremely high. For example, a recent federal lawsuit is forcing the City of LA to increase accessibility standards to meet the requirements of the Americans with Disabilities Act (ADA). Many developers note that the new ADA requirements can make SMMF rehabilitation cost-prohibitive, costing at least $50,000 per unit for rehab. Another challenge is seismic retrofitting and seismic insurance; the City of LA passed a mandatory seismic retrofit ordinance for wood-frame 'soft-story' buildings—these retrofits can also make rehabilitation projects prohibitively expensive. In addition, it can be difficult to get loans to purchase a building with known seismic vulnerability unless you have earthquake insurance; however, earthquake insurance is very expensive for multifamily buildings.

In addition, while the cost of preservation is generally much cheaper than production on a per-unit basis, the public subsidy needed for preservation deals can be higher than the public subsidy needed for the production of new affordable housing. This is because the federal Low Income Housing Tax credit system incentivizes more private investment in affordable housing production, which means that new construction requires less public investment than preservation on a per-unit basis.

However, given the current crisis, new construction is likely to slow down, and the need to preserve homes and protect tenants from profit-driven speculation and displacement is greater than ever. With this context, it is important to understand what typical gap for financing unsubsidized affordable housing acquisition and rehabilitation ("acq-rehab") deals exist. There are many variables that inform the gap for typical acq-rehab projects. Some of the main variables include:

- Acquisition/building cost
- Number of units
- Number of bedrooms in each unit
- Rehabilitation costs per unit
- Area median income (AMI) of tenants—used to determine monthly gross rent or down payment estimates (see below)

The tables below show the Area Median Income (AMI) in LA County and the affordable rent limits set by the state for different AMI levels and unit sizes.

Table 4: Area Median Income (AMI) in LA County and the affordable rent limits set by the state for different AMI levels and unit sizes. HCD, 2019.

County	Income Category	Number of Persons in Household							
		1	2	3	4	5	6	7	8
Los Angeles County	Extremely Low	21950	25050	28200	31300	33850	36350	39010	43430
	Very Low Income	36550	41800	47000	52200	56400	60600	64750	68950
Area Median Income:	Low Income	58450	66800	75150	83500	90200	96900	103550	110250
$73,100	**Median Income**	51150	58500	65800	**73100**	78950	84800	90650	96500
	Moderate Income	61400	70150	78950	87700	94700	101750	108750	115750

Table 5: Affordable Rent Limits by AMI and Unit Size. The California Tax Credit Allocation Committee, 2019.

Unit Size	100% AMI	80% AMI	60% AMI	50% AMI	30% AMI
0 BR	$1,826	$1,462	$1,096	$913	$548
1 BR	$1,958	$1,567	$1,175	$979	$587
2 BR	$2,350	$1,880	$1,410	$1,175	$705
3 BR	$2,714	$2,172	$1,629	$1,357	$814
4 BR	$3,030	$2,424	$1,818	$1,515	$909
5 BR	$3,342	$2,674	$2,005	$1,671	$1,002

Utilizing a proforma tool created by James Yelen, Program Director for Enterprise Community Partners in Northern California, we calculated the estimated gap to acquire six residential properties on the market in the City of Los Angeles below.

The tool assumes the following:

- Estimated development costs, including: acquisition costs; rehab costs; tenant relocation costs during construction; landscaping and other site work; studies and surveys; taxes, permits, closing transactions; legal and accounting; architecture and engineering; marketing; general and administrative costs; other costs; soft cost contingency; hard cost contingency; operating reserves; and developer fee as a percentage of hard costs.
- Estimated annual per-unit operating expenses: repairs and maintenance; turnover; accounting; administration and marketing; services; common area utilities; property insurance; replacement reserves; property management fees; water and sewer utilities; vacancy rate (5%); property tax rate (1.5%).
- Sponsor equity: 5%.
- Senior loan: 5.5% interest rate; 30-year loan amortization period; debt service coverage ratio of 1.15; and an origination fee of 1.5%.
- Junior loan: 3% interest rate; 30-year loan amortization period; Origination fee 0%; and interest-only loan payment.

Using this tool, the gap is ultimately calculated by taking the total development cost (acquisition, rehabilitation, and other costs) and subtracting the estimated sponsor equity and senior debt (as well as junior debt and other sources such as grants, if applicable). The development costs, operating expenses, equity, and loan estimates are based on economic data of similar property acquisition proformas. However, these are meant to be illustrative estimates rather than definitive projections. Below are hypothetical gap analyses for multifamily residential properties currently for sale—two in Boyle Heights and two in the Crenshaw Corridor.

The following case studies highlight some challenges that are already well known to CLTs and other affordable housing providers. Namely, the lower the income of the tenants, the larger the funding gap. In addition, higher rehabilitation costs also add a significant amount to the gap. Listing prices are also inflated and assume that investors will collect higher rents from higher-income tenants over time. These challenges document the need for significant investments in preservation from the public sector.

Figure 2. Gap Analysis for Multi-family Residential Properties from Boyle Heights and Baldwin Village/Crenshaw. From LoopNet.

617 Echandia St, Los Angeles, 90033

Boyle Heights

- Listing price: $1,250,000
- Price per unit: $208,333
- Number of units: 6
- Bedrooms: 6 two-bedroom units
- Year built: 1964
- Census tract per capita income: $17,484 (extremely low income)
- Average income of tenants (hypothetical): 60% AMI
- Rehab cost per unit (hypothetical): $30,000 per unit (medium)

Gap calculation

Total Development Cost	*$1,710,868*
Sponsor Equity (3%)	*$51,326*
Senior Debt	*$866,554*
Gap	*$792,989*
Gap Per-Unit	***$132,165***

2315 Barlow St, Los Angeles, 90033
Boyle Heights

- Listing price: $10,500,000
- Price per unit: $283,784
- Number of units: 37
- Bedrooms: 9 one-bedroom, 18 two-bedroom and 10 three-bedroom units
- Year built: 1991
- Census tract per capita income: $15,828 (extremely low income)
- Average AMI of tenants (hypothetical): 39% AMI
- Rehab cost per unit (hypothetical): $10,000 per unit (very low)

Gap calculation

Total Development Cost	*$11,526,576*
Sponsor Equity (5%)	*$576,329*
Senior Debt	*$836,568*
Gap	*$10,113,679*
Gap Per-Unit	*$273,343*

4178 Buckingham Rd, Los Angeles, 90008
Baldwin Village / Crenshaw

- Listing price: $3,775,000
- Price per unit: $209,722
- Number of units: 18
- Bedrooms: 10 one-bedroom and 8 two-bedroom units
- Year built: 1948
- Census tract per capita income: $20,491 (extremely low income)
- Average income of tenants (hypothetical): 45% AMI
- Low rehab cost per unit (hypothetical): $30,000 (medium)

Gap calculation

Total Development Cost	*$4,723,213*
Sponsor Equity (5%)	*$236,161*
Senior Debt	*$672,313*
Gap	*$3,814,740*
Gap Per-Unit	***$211,930***

4024 Nicolet Ave, Los Angeles, 90008
Baldwin Village / Crenshaw

- Listing price: $4,599,000
- Price per unit: $229,950`
- Number of units: 20
- Bedrooms: 13 one-bedroom and 7 two-bedroom units
- Year built: 1958
- Census tract per capita income: $20,087 (extremely low income)
- Average income of tenants (hypothetical): 63% AMI
- Rehab cost per unit (hypothetical): $60,000 (high)

Gap calculation

Total Development Cost	*$6,458,836*
Sponsor Equity (5%)	*$322,942*
Senior Debt	*$3,878,527*
Gap	*$2,257,367*
Gap Per-Unit	***$112,868***

2611 Vallejo St
Los Angeles CA 90031
17 Units

Case Study: Genesis LA and ELACC

The East LA Community Corporation (ELACC) is a 25-year-old non-profit community development corporation in the East Side of Los Angeles. They have a history of developing new affordable housing and preserving naturally occurring affordable housing. On their website, they have a list of scattered sites throughout East Los Angeles and Boyle Heights with over 600 units. In conversation with their Real Estate department and Asset Management department they shared a recent acquisition of a small multifamily apartment building, Vallejo. Vallejo was acquired in 2017 with a pilot loan from Genesis LA and Enterprise Community Partners using a Capital Magnet Fund (CMF) (Genesis LA, 2017). CMFs are awarded by the Community Development Financial Institute Fund to community development financial institutions and non-profit organizations that are investing and creating economic opportunities in underserved communities (Capital Magnet Fund, n.d.). With this fund, Genesis and Enterprise are able to provide accessible loans to community development corporations and community land trusts that are working to address Los Angeles' unmet housing needs. With this loan, ELACC was able to acquire the building, adjust rents to affordable rates, and upgrade the quality of the building. ELACC's acquisition cost was $2,617,817 for the 17 unit building which includes money for the rehabilitation of the structure. The cost per unit is $153,930. All units are between 30% to 60% average median income (AMI). Additional funding sources were included in the cost of acquisition as well. ELACC staff expressed that the pilot loan required a percentage of capital from them. For future loans, they recommend having other partners or funding sources that can cover the initial percentage of capital that needs to be put in by the buyer. The team at ELACC also reminisced about loan products that outdate Vallejo. These loan products had public funding and were resourced by agencies such as the Community Redevelopment Agency of the City of Los Angeles (CRA/LA). The CRA/LA products made it affordable for organizations like ELACC to access funds to acquire small multifamily units and single-family homes with low interest.

PUBLIC SUBSIDY

In order to make a Right to Purchase policy effective and to meet the scale of community needs, the City and County will need to enhance existing programs, such as the New Generation Fund or MATCH program, or create a new fund. The scale of community needs far outweighs the scope of existing funding sources.

In Washington D.C., TOPA became much more effective after a significant financial investment was made to support TOPA acquisitions. In DC, the Development Finance Division (DFD) provides timely gap financing to preserve and produce affordable housing. The "First Right to Purchase Assistance Program" was created to help tenant associations secure funding for acquisition, rehabilitation, and other soft costs. The program is funded by the Local Housing Production Trust Fund (HPTF), which contains a $10 million budget set aside for TOPA acquisitions per year (out of a total annual budget of $116 million). In FY2018, DC spent approximately $22.5 million on TOPA acquisition and rehabilitation projects, which helped preserve 449 units of affordable housing and prevent displacement in 9 buildings (about $50,000 per unit). Since the HPTF started investing in TOPA in 2015, over 1,400 units in 26 properties have been purchased using HTPF TOPA acquisition funding (10 properties through Limited Equity Cooperatives and 16 through partnerships with developers). Without a similar enhancement of investment from local funding sources, a Right to Purchase policy in LA will not have the impact needed to meet the current need for low-income tenants (City of Berkeley, 2020; DC Housing and Community Development, 2018).

The tables below show the estimated public investment needed to preserve units at various AMI levels. The numbers were calculated using the same gap analysis tool used in the case studies above. There are four tables: two for LA County and two for LA City; two based on 10 unit building assumptions with low rehab costs and two based on 3 unit buildings with high rehab costs.

Table 6. **LA County Gap Analysis (Price per unit $257,625, 10 units, mix 1+2 BR, $20,000 rehab per unit). AMI Levels calculated using Enterprise Community Partners proforma tool.**

Gap	30% AMI	50% AMI	60% AMI	80% AMI	100% AMI
1 unit	$292,827	$215,218	$176,414	$98,806	$78,975
500 units	$146,413,500	$107,609,000	$88,207,065	$49,403,000	$39,487,500
1,000 units	$292,826,777	$215,218,343	$176,414,126	$98,805,693	$78,975,155
2,000 units	$585,653,553	$430,436,686	$352,828,253	$197,611,386	$157,950,310
5,000 units	$1,464,133,883	$1,076,091,716	$882,070,632	$494,028,465	$394,875,776

Table 7. **City of LA Gap Analysis (Price per unit $257,625, 10 units, mix 1+2 BR, $20,000 rehab per unit). AMI Levels calculated using Enterprise Community Partners proforma tool.**

Gap	30% AMI	50% AMI	60% AMI	80% AMI	100% AMI
1 unit	$284,926	$207,318	$168,514	$90,905	$76,975
500 units	$142,463,000	$103,659,000	$84,257,000	$45,452,500	$38,487,500
1,000 units	$284,926,409	$207,317,975	$168,513,759	$90,905,325	$76,975,298
2,000 units	$569,852,818	$414,635,951	$337,027,517	$181,810,651	$153,950,596
5,000 units	$1,424,632,044	$1,036,589,877	$842,568,793	$454,526,626	$384,876,490

Table 8. **LA County Gap Analysis (Price per unit $266,667, 3 units, 2 BR each, $60,000 rehab per unit). AMI Levels calculated using Enterprise Community Partners proforma tool.**

Gap	30% AMI	50% AMI	60% AMI	80% AMI	100% AMI
1 unit	$373,875	$289,244	$246,928	$162,297	$102,106
500 units	$186,937,500	$144,622,000	$123,464,065	$81,148,500	$51,053,000
1,000 units	$373,874,636	$289,243,630	$246,928,127	$162,297,121	$102,106,475
2,000 units	$747,749,273	$578,487,260	$493,856,254	$324,594,242	$204,212,951
5,000 units	$1,869,373,182	$1,446,218,151	$1,234,640,635	$811,485,604	$510,532,377

Table 9. **LA City Gap Analysis (Price per unit $243,333, 3 units, 2 BR each, $60,000 rehab per unit). AMI Levels calculated using Enterprise Community Partners proforma tool.**

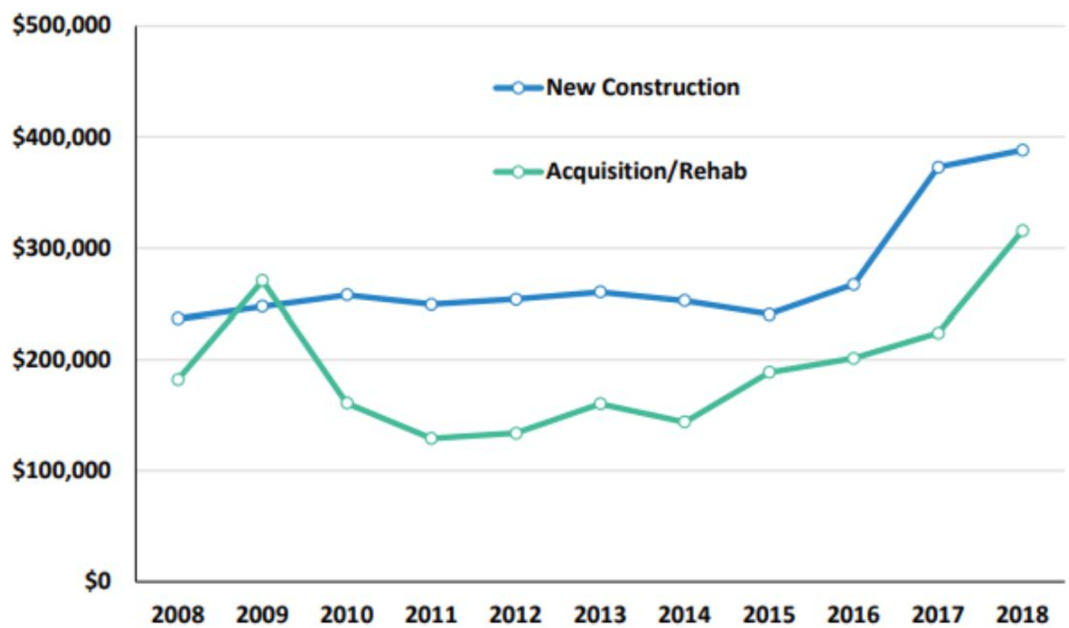
Gap	30% AMI	50% AMI	60% AMI	80% AMI	100% AMI
1 unit	$350,734	$266,103	$223,788	$139,157	$96,249
500 units	$175,367,000	$133,051,500	$111,894,000	$69,578,500	$48,124,500
1,000 units	$350,734,071	$266,103,064	$223,787,561	$139,156,555	$96,248,796
2,000 units	$701,468,141	$532,206,129	$447,575,123	$278,313,110	$192,497,591
5,000 units	$1,753,670,354	$1,330,515,322	$1,118,937,807	$695,782,775	$481,243,978
10000 units	$3,507,340,707	$2,661,030,645	$2,237,875,613	$1,391,565,551	$962,487,956

In the City of Los Angeles for instance, the City could invest $100M to save at least 500 units of low-income housing. This money could be recouped and reinvested over time through a revolving loan fund. This is likely a high estimate, as illustrated by the DC example where only $50,000 of public subsidy is needed on average. If public money is used strategically, it can attract private capital to help fill the remainder of the gap.

The tables again illustrate that significantly more subsidy is needed to help acquire and preserve units for lower-income tenants. However, it is important to note that the cost of preserving these units and preventing displacement is not only a humanitarian imperative, it is also much cheaper than the cost of helping someone find housing after they become homeless. It is also in many cases cheaper than building new subsidized housing. It is also a strategy that centers equity by helping people stay in their communities.

In general, the total development cost for acquisition and rehabilitation in Los Angeles County is less than for new construction (see figure below). Given the current crisis's impact on housing insecurity and new construction, it may be prudent to shift resources, at least temporarily, from the production of new affordable housing to the preservation of existing housing. This may be a cheaper and more effective use of public funding during the recovery process (California Housing Partnership, 2019).

Figure 3. Los Angeles County Median TDC per-Bedroom by Construction Type, 2008-2018 (in 2018 dollars). From the California Housing Partnership, 2019.



CAPITAL AND FINANCING RECOMMENDATIONS

In order to acquire and preserve unsubsidized residential properties quickly and effectively, the public subsidy and loan program will need to be structured in a way that accounts for the acute needs of SMMF properties, as well as the CDC and CLT borrowers acquiring them.

The City or County of Los Angeles should either adapt an existing affordable housing preservation fund or create a new one. In the Fideicomiso Comunitario Tierra Libre LA County Business Plan, Genesis LA, a local community development financial institution (CDFI), presented eight recommendations for structuring a municipally funded acquisition program (Fideicomiso CTL, 2019).

1. **Terms and requirements**: the public agency and CDFI that administer and manage the fund need to agree on loan terms and property eligibility requirements, such as: "maximum

subsidy per unit, terms of subsidy, soft second loan, borrower equity requirement, AMI targets, geography, the minimum and maximum number of units, etc." If loan terms are pre-defined, CDFIs can deploy capital more quickly, which will help CLTs and CDCs compete in the private market.

2. **Public-sector capital**: public funding should be used to capitalize the fund. Long term subsidies are needed to ensure long term affordability. Public funding should be available for acquisitions, not just rehabilitation, to reduce "interest costs necessary to carry the project to completion." Public funding should be considered equity and be the "first dollars in" so as to leverage more private capital. When public subsidy is "the last money in," projects move slower and are more costly.

3. **CDFI management**: a non-profit CDFI should be selected to manage the fund. To streamline the loan approval process, the CDFI should be the "sole entity responsible for loan monitoring and servicing." With fewer regulations, CDFIs can deploy capital much more efficiently than public agencies; CDFIs can also leverage public funds to attract private sector capital. A small fee could be charged to support a staff person dedicated to the loan program.

4. **Loan documents**: the managing CDFI should create "simplified and replicable loan documents" to streamline the approval process and avoid costly delays.

5. **Prevailing wage**: there should be a "reasonable threshold" to trigger prevailing wage requirements (i.e. 10 units or more). These requirements can make preservation projects cost-prohibitive and can "deter or disqualify smaller contractors" that perform small scale construction projects for projects with low to moderate rehabilitation needs.

6. **Subsidy structure**: structure the public subsidy to ensure long term affordability compliance. One way to do this would be to structure the subsidy to accrue interest, which will "start to add to the debt load over time since it is added to the principal balance. Then, at the end of the public loan term, the County will have such a large loan balance due that they can effectively force an extension of the affordability period since the borrower will not likely be able to pay off the loan." This is preferred over the current residual receipt loan model, which can be a significant cost for smaller properties.

7. **Cash flow**: allow the borrower to retain cash flow "after covering all operating expenses, debt service, replacement reserves and management costs." This is preferred over the residual receipt model, where cash flow is split between the borrower and the public agency. Cash flow from small projects is low but it is vital to help sustain small preservation projects and the non-profits who manage them.

8. **Property tax exemption**: public agencies should help "simplify and facilitate the property tax exemption for each project," which can be achieved through a streamlined government affordability covenant process which automatically qualifies properties for the welfare tax exemption. This will ensure lower operating costs.

The current financing landscape does not allow community-based CLTs and CDCs to acquire a significant number of multifamily apartment buildings that are being sold on the private market.

In Los Angeles' hot real estate market over the past decade, it has been difficult to compete with speculators and for-profit developers who have access to large amounts of capital and can quickly close on deals. In addition, current real estate prices are often inflated and do not match the income of existing tenants and the current condition of the building; instead, listing prices reflect the prices of a speculative real estate market where the flipping of properties, raising of rents and eviction of low-income tenants are baked into the business model. To compete in this climate, mission-driven non-profits need fast, flexible loan products and long term subsidies.

Neighborhood-based CDCs and one CLT discussed current capital challenges in two focus groups organized by Enterprise Community Partners (in November 2019 and May 2020). These organizations described a myriad of challenges related to the acquisitions funding that is currently available in LA. Some major challenges related to acquisitions financing include: [10]

- **Processing times**: processing public acquisition loans can take months; tenants, CDCs and CLTs need faster turnaround processes to be competitive in the real estate market.
- **Predevelopment loans**: CDCs need more soft debt and grant money to perform due diligence and cover predevelopment costs (such as appraisals, inspections, tenant income verification, environmental review, etc.). Some predevelopment loans require borrowers to buy land before predevelopment, which is a contradictory challenge. The Golden State Acquisition Fund includes funding for predevelopment, but it is insufficient to cover the necessary costs to perform due diligence.
- **Loan to value (LTV)**: to acquire distressed properties, non-profit affordable housing providers need mortgages that exceed the value of the asset; CDCs expressed that they need LTV ratios that exceed 130% to make deals financially feasible; 160% LTV would make it more feasible to cover all necessary costs.
- **Small and medium-sized multifamily (SSMF) properties**: it is particularly challenging for CDCs to get loans to acquire unsubsidized residential properties with less than 50 units. This is in part due to the fact the acquisition and rehabilitation costs are high, while rental income is low; this makes it difficult for lenders to underwrite deals and approve loans. Rehabilitation costs can be a significant barrier, especially with stringent new ADA requirements. This is a significant challenge as approximately 60% of renters in LA live in SMMF buildings.
- **Permanent affordability**: CDCs aspire to make housing permanently affordable, however, long term subsidies, patient loans and flexible financing are needed to provide quality, affordable housing. CDCs are interested in the CLT model, and some have helped create CLTs, but getting loans for CLTs can be more costly and take more time. One strategy is for CDCs and CLTs to partner together to help CLTs gain more development experience, which will make them eligible for more funding in the future.

These challenges can be overcome by restructuring existing loan programs or creating a new funding source. This restructured or new loan program should provide: loan products that exceed 130% LTV; forgivable project initiation loans of at least $100,000 for predevelopment and due diligence for SMMF projects; processes particularly tailored for small CLTs and CDCs; and loan product applications with long term subsidies to ensure long term affordability. In addition, the City or County should establish an entity to quickly acquire distressed and at risk properties, such as a land bank. This publicly-funded entity could acquire properties more

[10] Enterprise Community Partners Neighborhood Exchange CDC focus group on capital challenges, 2019

efficiently, and then dispose of properties to CLTs and CDCs; this would reduce costs and timelines and help preserve more at risk properties. Land banks exist in many cities and counties across the country and are an effective tool for acquiring at risk property; some are used effectively to preserve and produce affordable housing.

In developing a draft TOPA policy, the City of Berkeley also conducted extensive research on acquisition financing. They found that many banks and local lenders are willing to provide loans to resale restricted properties, which are established through a TOPA policy and stewarded by CLTs. The loans, however, would be 10 to 15 year commercial loans (rather than 30 year consumer loans) which typically take 90 to 120 days to approve. To overcome this challenge, advocates in Berkeley are working with CDFIs to create new, "hybrid consumer-commercial loans geared towards the owner-occupants of LEHC properties." One challenge is the ability of the borrowing entity (i.e. tenant groups, CLTs, CDCs) to respond to the lenders underwriting requests in a timely manner; the Berkeley ordinance recommends a "robust technical assistance program" to help "dramatically improve and streamline" this underwriting process. Some other considerations for lenders underwriting TOPA include:

- **Loan Repayment**: the main factors the lender will consider are the 'fair market value' of the property, the LTV ratio, the estimated net operating income and debt service coverage ratio.
- **Viability of Borrower**: the lender will, at minimum, require Articles of Incorporation to have been filed and to close the loan and take title, the entity will need to be approved by the Secretary of State. Typically, entities with assets, liquidity, and a proven history completing real estate transactions and paying back loans have an easier time getting loans.
- **Property and Asset Management**: this will be determined by the tenants or non-profits ability to "manage and maintain the property, fill vacancies, properly budget income and expenses for the property." One option is for tenant organizations, CLTs and CDCs "to hire a professional property management firm, which can be an expedient way to get loan approval and through the acquisition process, while a tenant group develops the skills and leadership necessary to self-manage in the future."
- **Credit enhancements and supporting partners**: One way to overcome underwriting challenges is for tenants to work with CLTs, CDCs, and/or municipalities to secure "a credit enhancement such as a loan guarantee or co-signature on the primary mortgage."

The TOPA Housing Trust Fund loan terms in Washington DC have been successful for acquiring and preserving housing. The terms from that program are summarized below:

- "Up to 125% of acquisition price or appraised value, can be used for acquisition, soft costs and critical repairs as supported by a Physical Needs Assessment
- Interest rates are 0% for Limited Equity Cooperatives and 3% for developers;
- 75% cash flow payment;
- 40 year loan term;
- 40-year affordability requirement."

Information required to apply for DC Trust Fund loans include: "site control (purchase and sale agreement); zoning compliance; development budget, including plan for rehab; Third Party Reports; Phase I Environmental Site Assessment; Appraisal; Physical Needs Assessment; and

Evidence of going through TOPA decision-making process" (DC Housing and Community Development, 2018). LA should consider similar investments and loan terms that are adapted for local needs and conditions.

Finally, we need to invest in the organizational and staff capacity of nonprofits. Public agencies should support community-based organizations' capacity to organize, engage, and educate residents, assess properties, manage construction, operate buildings, and steward properties for long term affordability and community control. This requires sufficient resources to complete each step of the preservation process and it requires investing in and supporting a skilled workforce, which should ideally come from the communities being served.

POTENTIAL VEHICLES TO DEPLOY THESE FUNDS

New Generation Fund

The New Generation Fund is a partnership between Enterprise Community Partners, Inc. and the Los Angeles Housing and Community Investment Department (HCID LA). The fund provides flexible loans for acquisition, pre-development, and rehabilitation of new or existing affordable rental housing in the City of LA. Underwriting and servicing of loans is completed by six LA-based community development financial institutions (CDFIs). There are two seperate NGF loans, one for preservation of affordable housing and the other for the production of new affordable housing on vacant land. The fund is capitalized with $69 million; to date, $175 million have been invested to produce or preserve 2,739 affordable housing units in 29 properties.

> The loan provides some favorable terms for nonprofits, such as 130% LTV, variable rate financing and limited payment guarantees of 25%. The loan term is limited to a maximum of three-years (plus extensions), however, so a permanent loan source is also needed. The maximum loan amount is $10 million.

Metro Affordable and Transit Connected Housing (MATCH) Program

The Metro Affordable and Transit Connected Housing (MATCH) Program provides acquisitions and pre-development financing to preserve and produce affordable housing near public transit in Los Angeles County. MATCH is a "public-private lending partnership" that leveraged an $18 million investment from Los Angeles County Metropolitan Transportation Authority (Metro) and philanthropy to capitalize a $75 million fund. Eligible projects must be located in Los Angeles County and be within a half a mile of a high frequency transit station.

There are two loan products under MATCH, one for predevelopment and one for acquisitions. Acquisition loans are available for "existing, occupied, unsubsidized and non-deed restricted multifamily housing with rents affordable to households earning 80% of area median income or below, with likely capacity to be redeveloped to at least double the number of units or square footage [and] an existing minimum unit size of 20 units" The short term financing (5 year maximum) of MATCH allows for capitalization of fees, interest, reserve, and immediate repairs. However, MATCH projects are limited to those near transit nodes.

Golden State Acquisition Fund

The Golden State Acquisition Fund (GSAF) was launched in 2013 with $23 million in seed funding from the California Department of Housing and Community Development (HCD). GSAF leveraged this money into a $93 million "revolving pool of capital." In the program's first year, GSAF deployed $105 million to create and preserve 1,490 affordable housing units in 18 projects throughout the state.

Loans can be used to acquire multifamily properties or vacant land. The maximum loan amount is $14 million and the maximum loan term is five years. Nonprofit borrowers can borrow up to 100% of the appraised value of the property. Rental projects funded through GSAF must be restricted to households at or below 60% of AMI.

These three existing public-private loan programs are good options to further invest in a Right to Purchase policy. Investing in an existing program will make it much faster and easier to deploy capital to preserve homes through a Right to Purchase policy. However, all of these programs have limitations; for example, MATCH projects must be located near transit and NGF projects have to be located in the City of LA. It may be best to create a new loan product under one of these existing loan programs specifically designed to support a Right to Purchase policy, similar to the TOPA loan program developed in DC out of the DC Housing Trust Fund.

CONCLUSION

The current COVID-19 crisis has exacerbated the worst consequences of the commodification of Los Angeles' housing. The LA TOPA Coalition and its allies have a unique opportunity to pressure the City and County into meaningfully addressing the underlying issues with our response to this crisis. While the city and county have passed policies meant to safeguard people's housing during the lockdown, the economic fallout of the pandemic will have tremendous effects on people's abilities to find and/or keep their housing once the lockdown and protective policies are lifted. In this report, we have examined Right to Purchase policies in cities across the country and researched the material conditions of Los Angeles' housing in order to present recommendations for passing and financing a policy that advances community control of housing and preserves affordable housing permanently in Los Angeles, preventing displacement both during this crisis and far beyond it.

05

Disrupting Housing Speculation: Popular Education for Community Resiliency

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Artwork by Jaye King

CONTENTS

INTRODUCTION

When community partners and graduate students came together for the UCLA Community Collaborative 2020 course to address the question "***HOW CAN WORKING CLASS COMMUNITIES OF COLOR DISRUPT THE DEVASTATING IMPACT OF SPECULATIVE CAPITAL THAT IS RAISING HOUSING COSTS, CREATING DISPLACEMENT, AND DESTABILIZING NEIGHBORHOODS?***" we were not yet experiencing a global COVID-19 pandemic or a militarized state due to mass protests against police brutality. However, Black, Brown, indigenous, Asian and Pacific Islander, and economically disadvantaged communities all throughout the country were suffocating under white supremacy, institutional racism, and neo-liberal capitalism. From that pain, and that of our ancestors, communities have continued organizing and building a strong housing justice movement that moves towards the decommodification of land.

This document is a collection of popular education materials aimed at building critical consciousness and power within communities, particularly across Los Angeles County, most impacted by structural racism and classism in the United States and its manifestations in segregation, land privatization, and gentrification. Based on research, conversations, and readings, these materials have been created with a popular education framework that focuses on collective teaching and learning. Our intention is to share resources and information with the masses, while centering their existing knowledge and experiences in order to support the growing tenant and housing justice movement, disrupt real estate speculation, and shift towards equitable land use and housing.

This is not meant to be comprehensive. Use these materials together or separately as stand-alone documents, alongside the many interactive activities and resources that already exist, some of which are referenced here. We understand and honor all of the materials that organizations have used for years with their people. We humbly compile these materials to be used by organizers, community-based organizations, activists, and people who have a hunger to learn!

This document is organized as the following sections with guiding questions:

History, Issues, & Impact

- What is the history of housing commodification and real estate speculation?
- What issues exist on the systemic level, and what are their impacts on communities?

Historical Timeline of Housing Commodification, 2008 Financial and Housing Crisis, Disaster Capitalism, and *The World We Want to Live In* are infographics and graphic illustrations that explore our country's long history of utilizing land use and urban planning to segregate, displace, and destroy low and middle-income Black, indigenous, and communities of color.

An Analysis of the Current Moment

Housing in Los Angeles: A Snapshot provides an overview of the current state of housing for working-class communities throughout Los Angeles. From corporate landlords to financial institutions, much of our housing is controlled by the wealthy. We encourage tenants to learn more about both the landlords and developers who own the buildings in their community and who finances them in order to inform strategies for organizing.

Housing & Health explores how housing justice is a health issue. We explore the impacts of high housing costs and displacement of low-income residents of neighborhoods that are targeted by corporate investors when a basic human need such as a home is commodified and becomes a money-making vehicle for already wealthy investors. The curriculum is designed to be experienced in a workshop setting with a complimentary Powerpoint presentation that gives participants short-term and long-term ideas of how to get involved in equitable housing advocacy.

Strategies to Disrupt Speculation

- What strategies exist for decommodifying housing and disrupting speculation?
- What can those who do not fully control or own their housing do?

Tenant Opportunity to Purchase Act, *Community Land Trust*, *Community Development Corporation*, *Eminent Domain*, *Tenant Associations / Unions* are a few of many strategies for building tenant power and community control. Emerging amidst a landscape of predatory property ownership and development, these strategies aim to decommodify housing and disrupt real estate speculation on both policy and community-based levels. As the tenant and housing justice movement across the country grows, we will see more communities, including tenants, bank tenants (aspiring homeowners who are mortgage holders), and allies, mobilizing for truly affordable housing, equitable development, and collective decision making power and control over how their neighborhoods shape and change.

A ton of gratitude to the following artists for illustrating and designing these materials:

- Cynthia Cheng — *2008 Financial and Housing Crisis*, *The World We Want to Live In*
- Sophie Wang — *Disaster Capitalism*
- Lorna Xu — *Eminent Domain*
- Collaborative — *Historical Timeline of Housing Commodification*

HISTORY, ISSUES & IMPACT

HISTORICAL TIMELINE OF HOUSING COMMODIFICATION

How did we arrive at the housing crisis we are in today, one in which rents are soaring, evictions are constant, and historically and culturally working-class neighborhoods are being gentrified? This visual illustrates our country's long racist and classist history of utilizing land use and urban planning to segregate, displace, and destroy low- and middle-income Black, indigenous, and communities of color. Homeownership is the number one way to accumulate wealth in this country. However, for many, it is deliberately and systemically made to be out of reach. This visual walks you through the global financialization of housing which happened at the same time as the deregulation of the private market and decreased state investment in social welfare, and in turn, public and social housing.

A HISTORY OF
HOUSING COMMODIFICATION

Wages stay low and people are losing jobs, while the cost of housing is soaring. Today's pandemic and financial crisis will negatively impact working class communities of color in disproportionate ways. We need to come together and organize for social, economic, and housing justice!

CURRENT ISSUES IN HOUSING

- Government treats housing as a commodity
- Hyper real estate speculation
- Privatization of land
- Lack of strong tenant protections

IMPACTS ON EVERYDAY PEOPLE

- Poor housing conditions
- High rents and fees
- Evictions
- Landlord harassment
- Foreclosure
- Debt

HOW DID WE GET TO TODAY'S HOUSING CRISIS?

Mass genocide of indigenous people, dispossession and destruction of native land, slavery of Africans and African Americans

1700s

Restrictive covenants prevent Black communities and Asian and Latino immigrants and non-citizens from buying or leasing land

Early 1900s

Communities become racially segregated through redlining as laws are passed to help middle class Whites gain homeownership while Black communities are denied loans and access to homeownership

1930s

Government incentives for Whites to move to the suburbs, while clearing out housing in low-income Black neighborhoods to resell at higher prices to private landlords

1940s - 1960s

Banks and predatory lenders target low and moderate income communities of color with subprime loans

1977

Government aggressively promotes homeownership, but only access for low and moderate income communities is through subprime mortgages

Expansion of a global market where debt from private home purchases become an investment that the rich can buy and profit from

1980s - 1990s

The United States real estate bubble bursts, leading to the collapse of international economies

2007

US stock market collapses. Instead of helping the general public, the government bails out banks and big corporations to the tune of $412 Billion.

As unemployment rises, more people become unable to pay off subprime loans. Mass foreclosures of single family homes take place, and more families enter the rental market. Private equity firms buy hundreds of thousands of foreclosed homes.

2008

Corporations buy more land and become predatory landlords. Real estate speculation leads to rising rents, evictions, and the displacement of working class neighborhoods of color.

2008 - 2020

COVID-19 exacerbates social and economic inequities. Mass unemployment, growing health crisis, and unaffordable housing lead millions of people to call for the government to cancel rent and mortgages.

2020

WHAT DOES THIS HISTORY TEACH US?

Government funding should go towards building and preserving social and public housing, not the private market! Meet the demand of affordable housing — increase the supply of affordable housing!

UNA HISTORIA DE
MERCANTILIZACIÓN DE LA VIVIENDA

Los salarios se mantienen bajos y las personas pierden empleos, mientras que el costo de la vivienda está aumentando. La pandemia y la crisis financiera de hoy afectarán negativamente a las comunidades de color de la clase trabajadora de manera desproporcionada. ¡Necesitamos unirnos y organizarnos para la justicia social, económica y de vivienda!

Problemas

Gobierno trata la vivienda como una mercancía, no como un derecho humano.

Especulación que cause desplazamient

Privatización de la tierra.

Falta de fuertes protecciones de los inquilinos.

Impacto en la gente común

Malas condiciones de vivienda.

Altos alquileres y tarifas.

Desalojos

Acoso del propietario.

Ejecución hipotecaria

Deuda

¿Cómo llegamos a la crisis de vivienda de hoy?

Genocidio masivo de pueblos indígenas, despojo y destrucción de tierras nativas, esclavitud de africanos y afroamericanos.

1700s

Los pactos restrictivos evitan las comunidades negras, inmigrantes, asiáticos y latinos de comprar o arrendar tierras.

Principios de 1900s

Se aprueban leyes para ayudar a los blancos de clase media a ser propietarios de viviendas y a las comunidades negras se les niegan préstamos y acceso a generación de riqueza en el país mediante propiedad de vivienda.

1930s

Incentivos gubernamentales para que los blancos se trasladen a los suburbios. Gobierno limpia la vivienda en Barrios negros de bajos ingresos para revender a precios más altos a propietarios privados.

1940s - 1960s

Bancos y los prestamos abusivos se dirigen a comunidades de color de ingresos bajos y moderados con préstamos de riesgo alto.

1977

El gobierno promueve agresivamente la propiedad de vivienda pero el único camino para que las comunidades de ingresos bajos y moderados.

La expansión de un mercado global donde la deuda de las compras de viviendas privadas se convierte en una inversión que los ricos pueden comprar y sacar provecho.

1980s - 1990s

Estalló la burbuja de bienes y raíces de Estados Unidos -> colapso internacional de las economías.

2007

La bolsa de valores de los estados unidos de américa. En lugar de ayudar al público en general, el gobierno rescata a bancos y grandes corporaciones $412 mil millones

Desalojos de hipotecas: sin trabajo, sin dinero, la gente no puede pagar sus préstamos riesgosos , pierden sus hogares y se convierten en inquilinos
Las empresas de capital privado compran cientos de miles de viviendas embargadas.

2008

Las corporaciones compran más tierras y se convierten en terratenientes depredadores, eso causa las rentas altas y causa desplazamiento y gentrificación muchas vezes las clases trabajadoras sufren más.

2008 - 2020

COVID-19 exacerba las desigualdades sociales y económicas. El desempleo masivo, la creciente crisis de salud y la vivienda inasequible. Millones de personas piden al gobierno que cancele el alquiler y las hipotecas.

2020

¿Lecciones aprendidas?

Los fondos del gobierno deberían de ir para las viviendas asequibles y tener provisiones para construir más viviendas.

房屋商業化的歷史時間線

工薪萎靡不振，群眾不斷失業，但房租卻不斷上漲。今日的新冠疫情與金融危機將不成比例地負面影響工人階級社區。我們必須同心協力地組織起來，要求社會、經濟與住房公義！

問題:

- 政府將住房視作商品，而非人權
- 房地產投機張狂妄行
- 土地私有化
- 缺乏強壯的住戶保障

對普通大眾的影響:

- 住房條件破敗不堪
- 房租與費用價格昂貴
- 迫遷
- 房東騷擾
- 喪失按揭贖回權
- 負債累累

我們是如何走到了如今住房危機的境地？

1700s

18世紀起 - 原住民遭受種族大屠殺，原住民族土地受到剝奪與摧毀，非洲人與非裔美國人被奴役

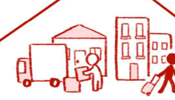
早期 1900s

20世紀早期 - 限制性契約令黑人、亞裔與拉丁裔移民與非公民無法購買或租賃土地

1930s

30年代 - 政府通過法律幫助中產階級白人購買自己擁有的房屋，而黑人社區卻無法獲得貸款，因而沒有能力擁有房屋。這樣的"紅線政策"導致社區受到種族隔離。

1940s - 1960s



40至60年代 - 政府一邊發布政策刺激白人搬家到市郊("白人遷移")，一邊清除低收入黑人街坊的房屋以高價轉售給私人房東("市區重建")。

1977

銀行與掠奪性借款方針對中低收入有色人種社區推銷次級貸款，因此越來越多的社區負債累累。

1980s - 1990s

政府強力推動購房，但中低收入社區群眾若想擁有自己的房屋，次級貸款是唯一的出路

全球市場擴展令私人購房債務成為富人可以購買並從中盈利的投資

2007

美國房地產泡沫破裂，導致全球經濟崩塌

2008

美國股市崩盤。政府對人民大眾袖手旁觀，卻耗資4120億美金救濟銀行與大公司。

失業率上升，人們因此無法償還次級貸款。大批家庭失去了按揭贖回權，並且更多的家庭進入了租房市場。私募股權公司收購了成百上千個失去按揭贖回權的房屋。

2008 - 2020

大公司購買越來越多的土地，成為掠奪性的地主。房地產投機主意導致房租上漲、租戶迫遷、工人階級有色人種社區離家失所(仕紳化)。

2020

COVID-19疫情加劇了社會與經濟的不平等。因為大幅失業、公共衛生危機加劇、住房不可負擔，數百萬人呼籲政府取消房租、取消按揭貸款

我們從中學到了什麼？

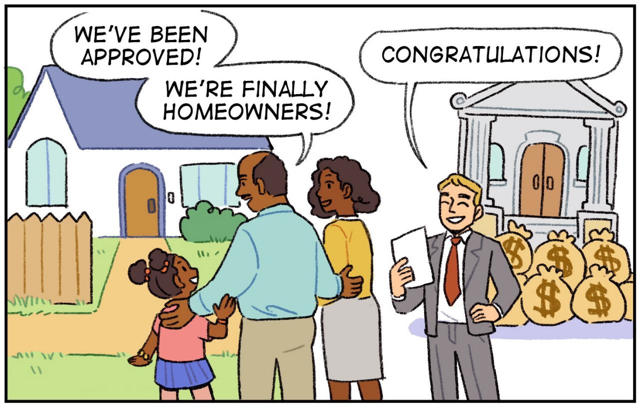
政府資金應該給予住房與保存公益與公共住房，而非私有市場！政府必須滿足民眾對可負擔房屋的訴求——增加供給可負擔房屋！

2008 FINANCIAL AND HOUSING CRISIS

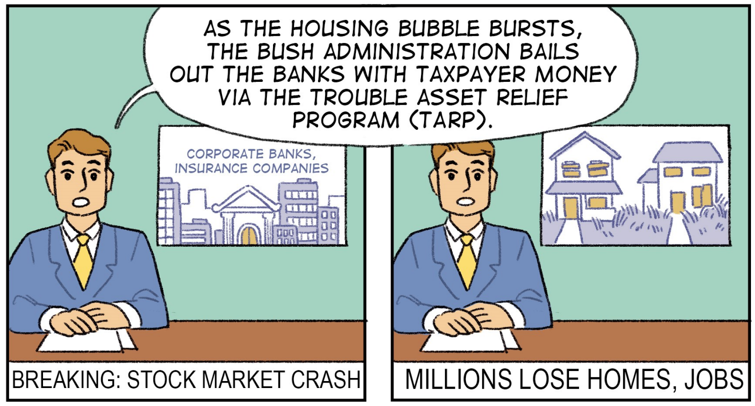
In this visual, you will see a clear example of Disaster Capitalism. After millions of people lost their jobs and their homes in the wake of the 2008 Financial Crisis, investors like Blackstone, now Starwood Colony, bought thousands of homes and become one of the country's biggest landlords. Owning land and property is the foundation of this country, and has always translated into economic and political power. We cannot let this happen post COVID-19. We have to advocate and organize for community and people ownership. In this collection, we highlight Eminent Domain, a tool that the city or state can use to acquire land for community benefit and the Right to Purchase, a tool that allows tenants to buy property first before putting it on the private market for corporate investors to purchase. For deeper learning, refer to "*Shock Response: The COVID-19 Crisis and Anticipated Outcomes and Solutions in the Los Angeles Housing Market*" and "*The Right to Purchase: Policy Opportunities and Public Funding Necessities to Prevent Displacement and Advance Community Control of Housing.*"

NOT AGAIN: LESSONS LEARNED FROM 2008

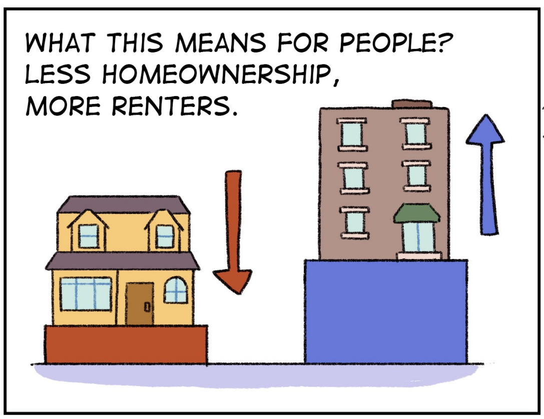
IN THE 2000'S, INVESTMENT IN THE HOUSING MARKET CREATED A DEMAND TO SELL AS MANY MORTGAGES AS POSSIBLE. PREDATORY LENDERS TARGETED COMMUNITIES OF COLOR, TAPPING INTO THE EMOTIONAL DESIRE TO ACHIEVE THE AMERICAN DREAM OF HOMEOWNERSHIP AND BUILDING GENERATIONAL WEALTH.

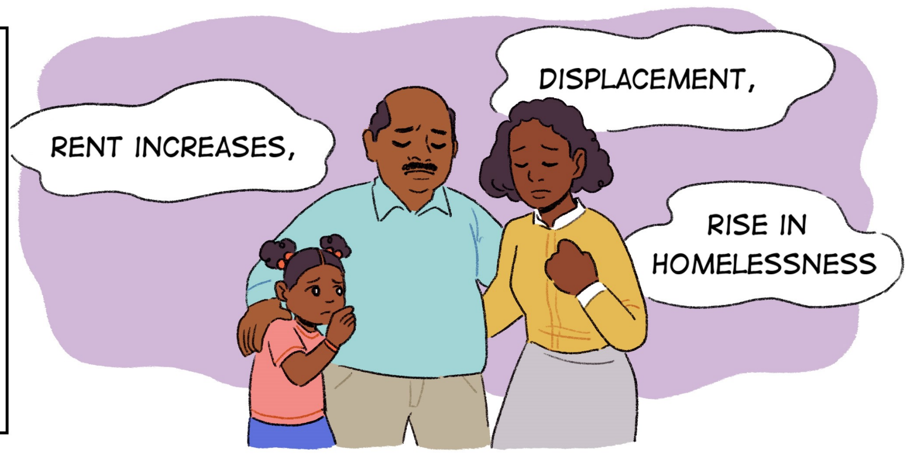


MILLIONS OF SUBPRIME MORTGAGES, OR RISKY LOANS, WERE ISSUED, CREATING A HOUSING MARKET BUBBLE THAT FINALLY BURST IN 2007 AND 2008.



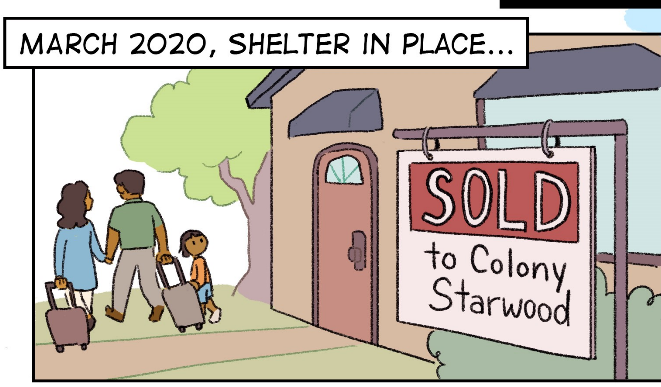
INVESTMENT FIRMS LIKE BLACKSTONE (NOW COLONY STARWOOD) SAW THE OPPORTUNITY TO INVEST IN RESIDENTIAL REAL ESTATE, BUYING SINGLE FAMILY HOMES AND OFTEN RENTING THEM BACK TO THE SAME FAMILIES THAT LOST THEIR HOMES IN THE CRISIS.



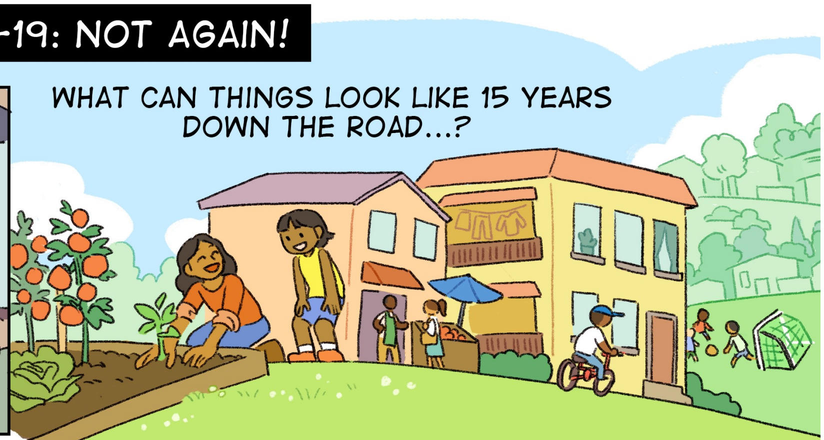


WHO BEARS THE BURDEN? ***BLACK AND BROWN RENTERS***

COVID-19: NOT AGAIN!



MILLIONS LOSE THEIR JOBS, UNABLE TO PAY THEIR RENT IN FULL AND POTENTIALLY LOSING HOMES. STARWOOD HAS EXPRESSED INTEREST IN BUYING DURING THE PANDEMIC.



CORPORATIONS AND INVESTORS DO NOT HAVE TO CAPITALIZE ON OUR MISFORTUNES. WE CAN CREATE COMMUNITIES WHERE LAND BELONGS TO THE PEOPLE.

LECCIONES APRENDIDAS DE LA CRISIS FINANCIERA DE 2008

EN LOS 2000'S, INVERSIONISTAS EN EL MERCADO PRIVADO DE VIVIENDAS CREÓ UNA DEMANDA DE VENDER MUCHAS HIPOTECAS. BANCOS PREDATORIOS SE DIRIGIERON A LAS COMUNIDADES POBRES, MUCHAS VECES NEGRAS Y IMMIGRANTES, TOCANDO LAS EMOCIONES DE GENTE QUERIENDO REALIZAR EL "SUEÑO AMERICANO" Y CREAR RIQUEZAS DE GENERACIÓN PARA SUS FAMILIAS.

MILES DE MILLONES HIPOTECAS DE ALTO RIESGO FUERON APROBADAS CUYO CREÓ UNA BURBUJA FINANCIERA QUE EXPLOTÓ EN EL 2007 Y 2008.

EMPRESAS DE INVERSION COMO BLACKSTONE (AHORA COLONY STARWOOD) VIO LA OPORTUNIDAD DE INVERTIR EN CASAS, COMPRANDOLAS Y RENTARLAS A LA GENTE QUE PERDIÓ SU CASAS EN EL CRISIS.

QUIEN SUFRE MAS? ***INQUILINOS AFRO-AMERICANOS Y IMMIGRANTES***

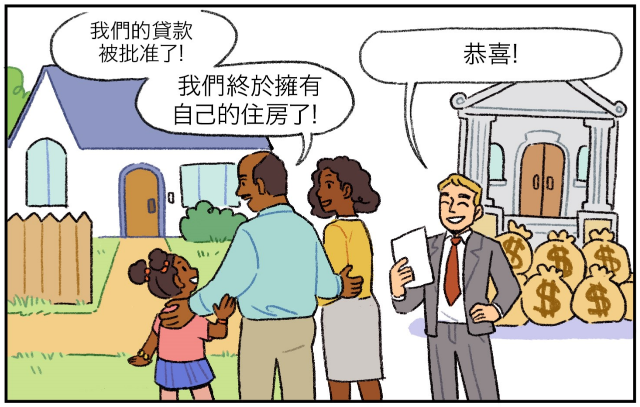
COVID-19: ¡OTRA VEZ NO!

MILLONES PIERDEN SUS TRABAJOS, NO PUEDEN PAGAR LA RENTA EN COMPLETO, Y TAL VEZ PIERDEN SUS CASAS. LA COMPAÑÍA STARWOOD ESTÁ EXPRESANDO INTERÉS EN SEGUIR COMPRANDO CASAS DESPUES DE LA PANDEMIA.

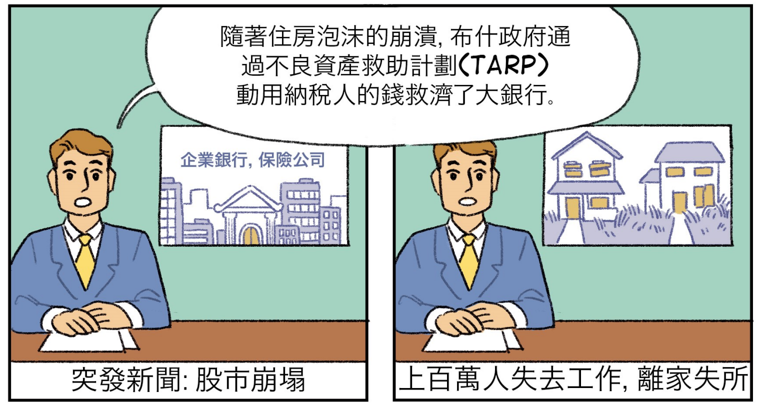
CORPORACIONES E INVERSIONISTAS NO TIENEN QUE SACAR DE PROVECHO DEL DOLOR DE LA GENTE, PODEMOS CREAR COMUNIDADES DONDE LA TIERRA PERTENEZCA A LA COMUNIDAD Y LA GENTE!

不再重蹈覆轍：從2008年吸取的教訓

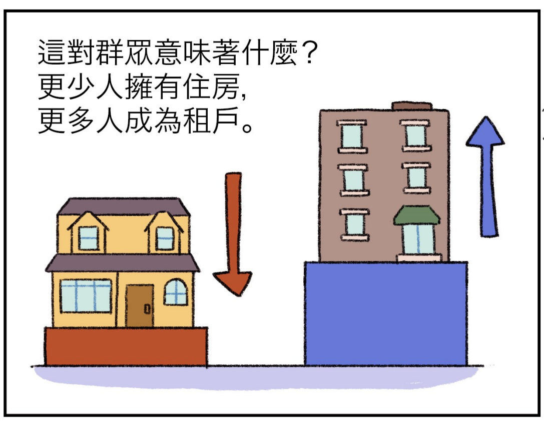
在2000年代期間，對住房市場的投資創造了越多越好地銷售按揭貸款的需求。
掠奪性的借貸方針對有色人種社區，利用他們擁有自己的住房以實現
"美國夢"的情感需求儲建了借貸者的世代財富。

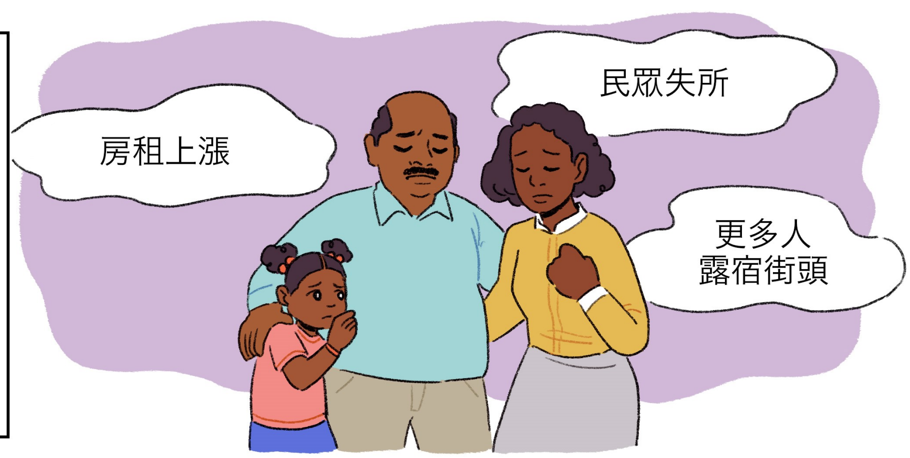


數百萬次級按揭貸款(或高風險貸款)被發售，創造了終於在2007與2008年破滅的住房市場泡沫。



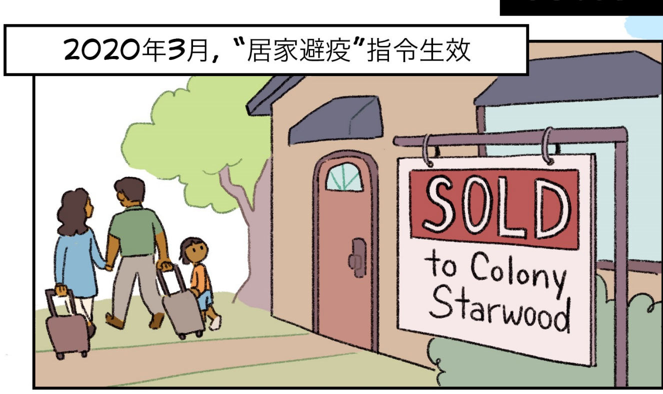
BLACKSTONE(現名COLONY STARWOOD)等投資公司發現機遇：它們可以投資房地產，收購獨戶住房，並通常將這些房屋轉租給在這些在金融危機中失去住房的家庭。





是誰誰承受了最大的負擔？**黑人與棕色人種租戶。**

COVID-19：不再重蹈覆轍！



數百萬人失業，無法支付全部租金，可能即將失去住所。STARWOOD資本集團表示有意在疫情期間收買住房。

大公司與投資者不應該從我們的不幸中謀利。
我們可以創造土地由群眾擁有的社區。

DISASTER CAPITALISM

Disaster Capitalism is a term coined by Naomi Klein, a Canadian author, social activist, and filmmaker. This concept is defined as **"a form of extreme capitalism that advocates privatization and deregulation in the wake of war or natural catastrophe" (Klein, year: page number).** The significance of this concept is that during moments of collective trauma, shock, and disruption, capitalists and those who subscribe to a corporate agenda use moments of collective disorientation to further their economic and political goals. You will see a clear example of Disaster Capitalism in the visual *2008 Financial and Housing Crisis.*

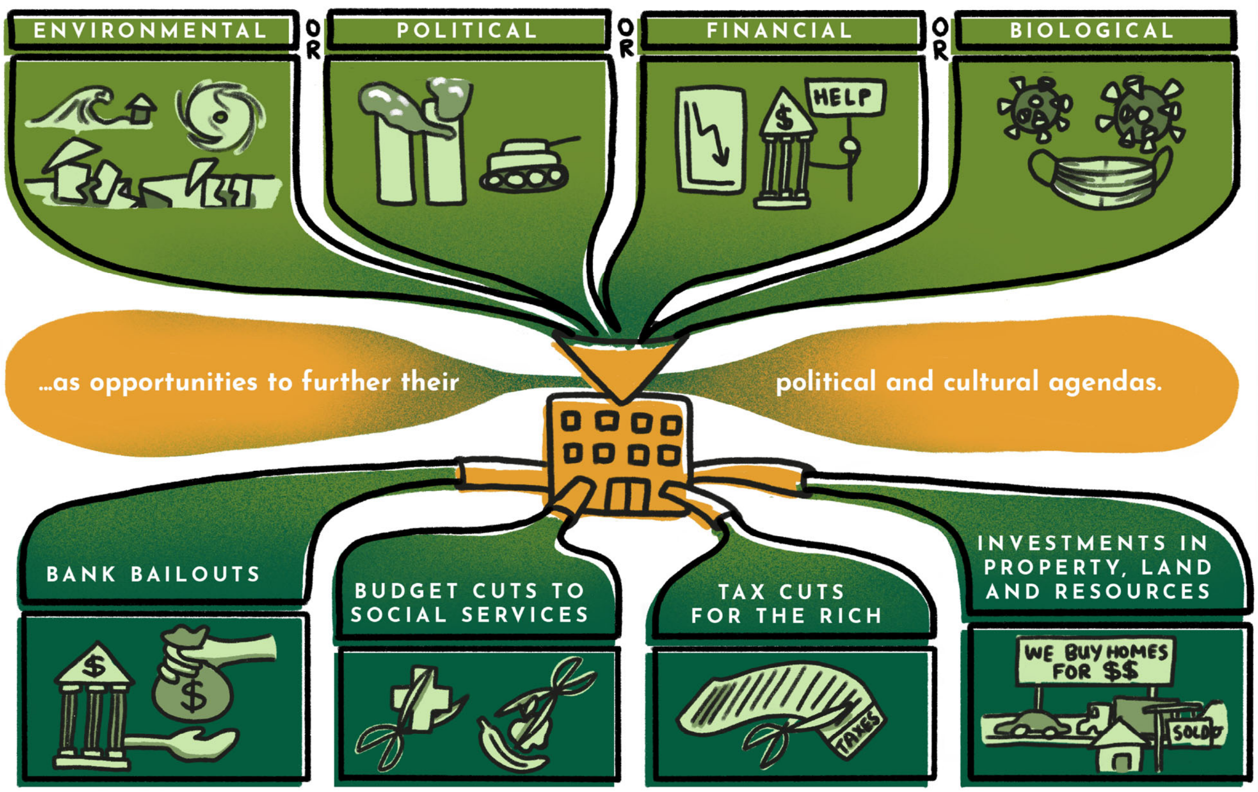
In the visual below you will see that everytime a crisis occurs, capitalists will lobby representatives at all levels and convince them that the private market (corporations, investors, etc.), have the money and resources to save the country on the condition that the government cut social services, deregulate the market, bail out the banks because they are "too big to fail," and advocate for policies that maintain the power and riches of the wealthy.

You will see that the only way that we combat this is by continuously rebuilding the fabric of our society through community relationships, unity, and taking collective action to change the story that says we need saving to one that says through community, we have everything we need to save ourselves! For deeper learning, refer to *"Shock Response: The COVID-19 Crisis and Anticipated Outcomes and Solutions in the Los Angeles Housing Market."*

DISASTER CAPITALISM

During times of crisis, there is a collective state of shock. There is a lot of fear, anxiety, and uncertainty.

Capitalists see these crises...



DON'T LET DISASTER CAPITALISM DISTRACT US!

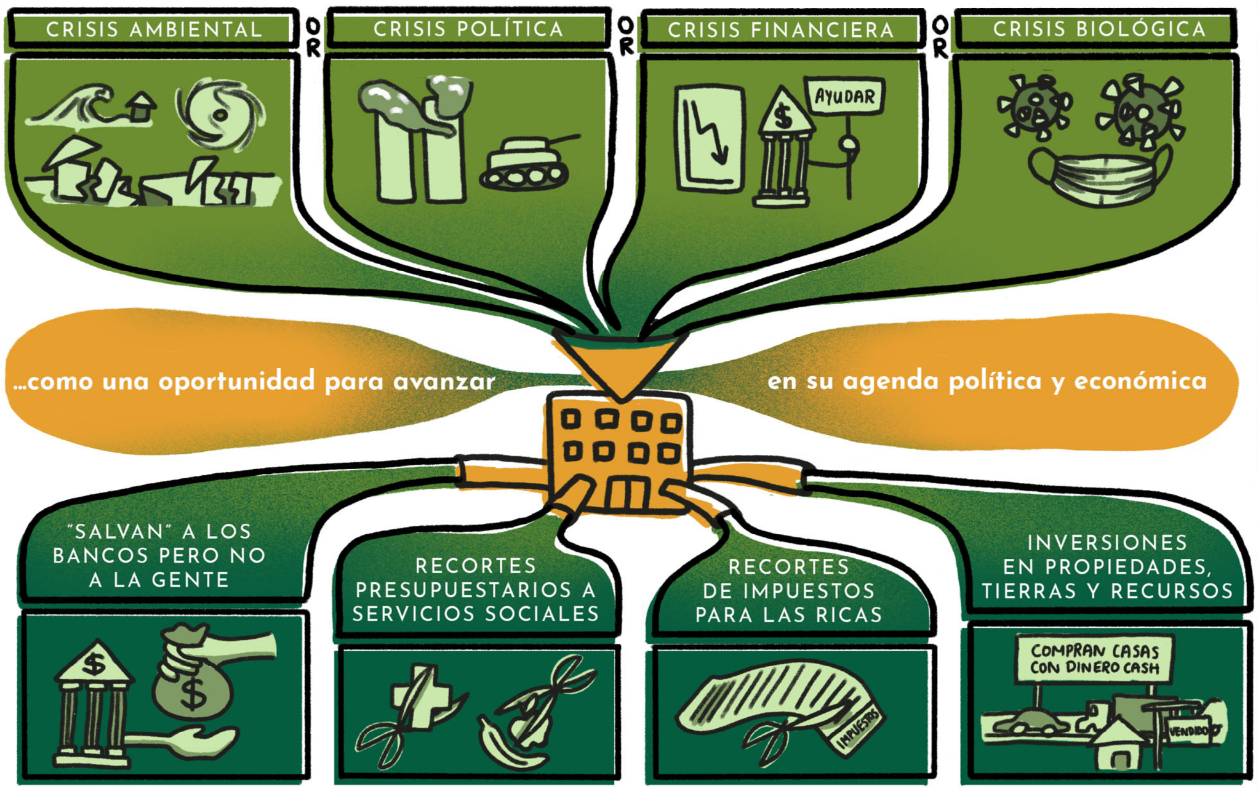
When we come together, we have the power to build a world where working-class, immigrant, Black, indigenous, communities of color thrive.

1. **IMAGINE WHAT'S POSSIBLE** Envision communities where needs are met
2. **BUILD RELATIONSHIPS** Get to know and take care of the people around you
3. **SHARE RESOURCES** Give what you have to those who need it.
4. **TAKE COLLECTIVE ACTION** Get involved with groups that fight for justice.
5. **KEEP LEARNING** Listen, reflect, and continue growing

CAPITALISMO
DURANTE UN DESASTRE

Durante tiempos de crisis, hay un estado colectivo de conmoción. Hay mucho miedo, ansiedad e incertidumbre.

Los capitalistas ven estas crisis...



¡NO DEJES QUE LOS CAPITALISTAS HAGAN COSAS DEBAJO DE TUS PIES!

Cuando nos unimos, tenemos el poder de construir un mundo donde prosperen las comunidades de clase trabajadora, inmigrantes, negros, indígenas.

1 IMAGINA LO QUE ES POSIBLE
Imagina comunidades donde satisfacen sus necesidades

2 CONSTRUYE RELACIONES
Conoce y cuida a las personas que te rodean

3 COMPARTE RECURSOS
Da lo que tienes a quienes lo necesitan, aunque sea algo tan simple como información

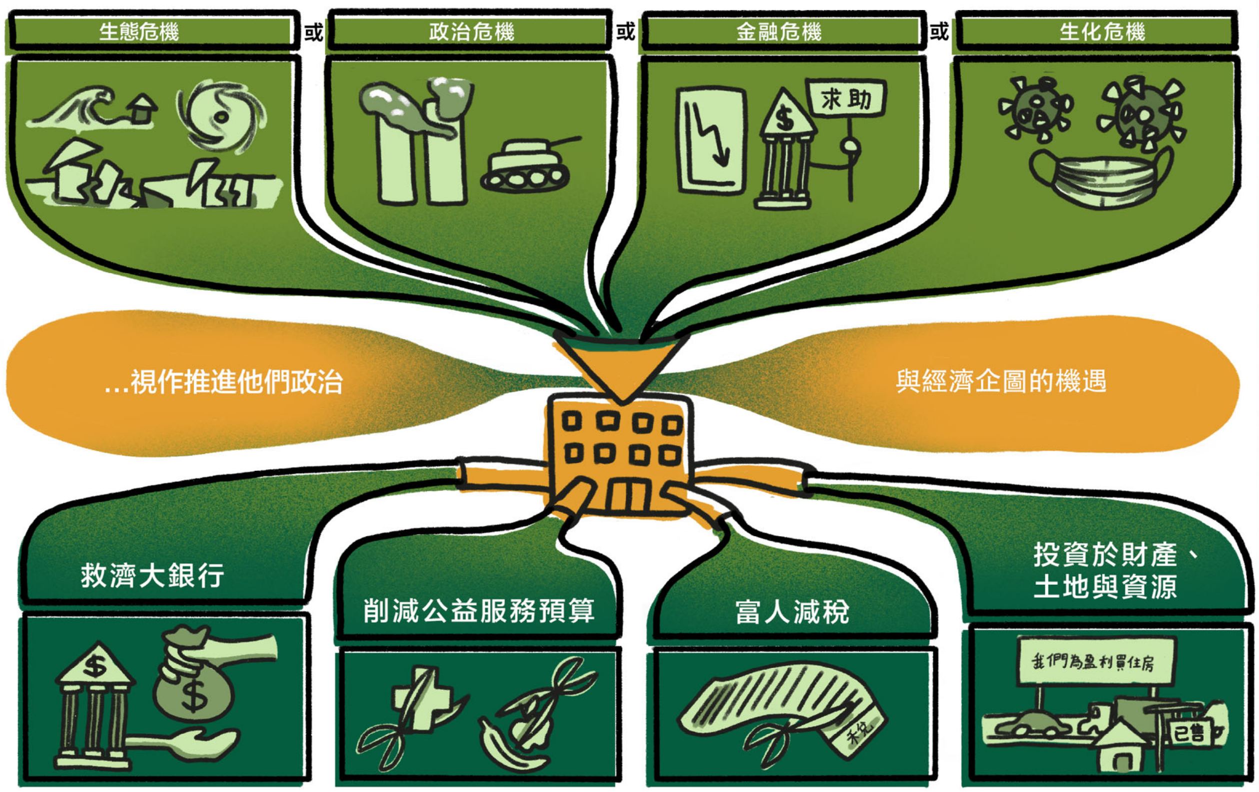
4 TOMA MEDIDAS COLECTIVAS
involucrarse con grupos que luchan por la justicia

5 SIGUE APRENDIENDO
Escucha, reflexiona y sigas creciendo

災難資本主義

在危機來臨時、我們集體感到震驚不已。
我們感到許多的恐懼焦慮與不確定性。

資本家們將危機...

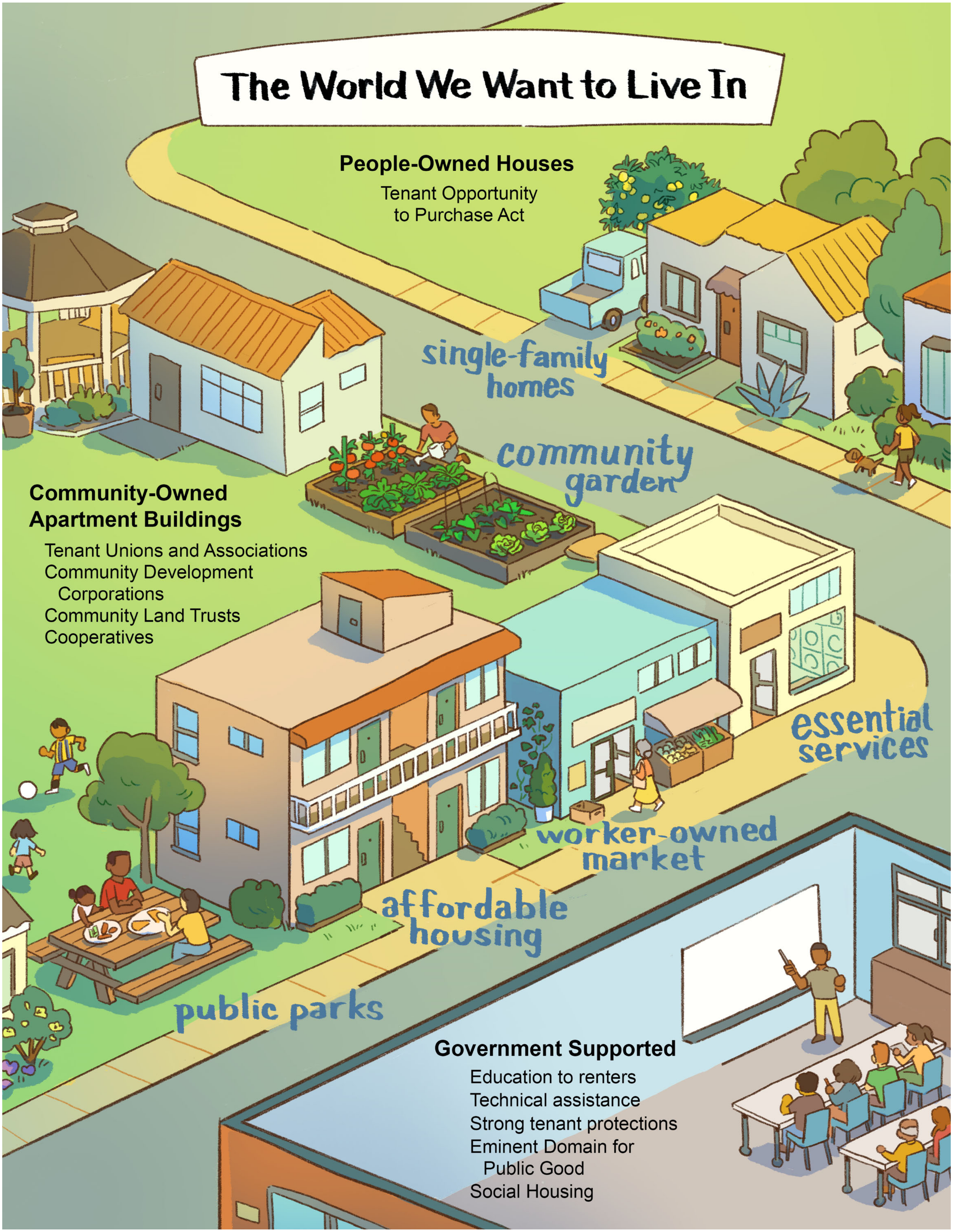


不要讓災難資本主義分散我們的注意力！

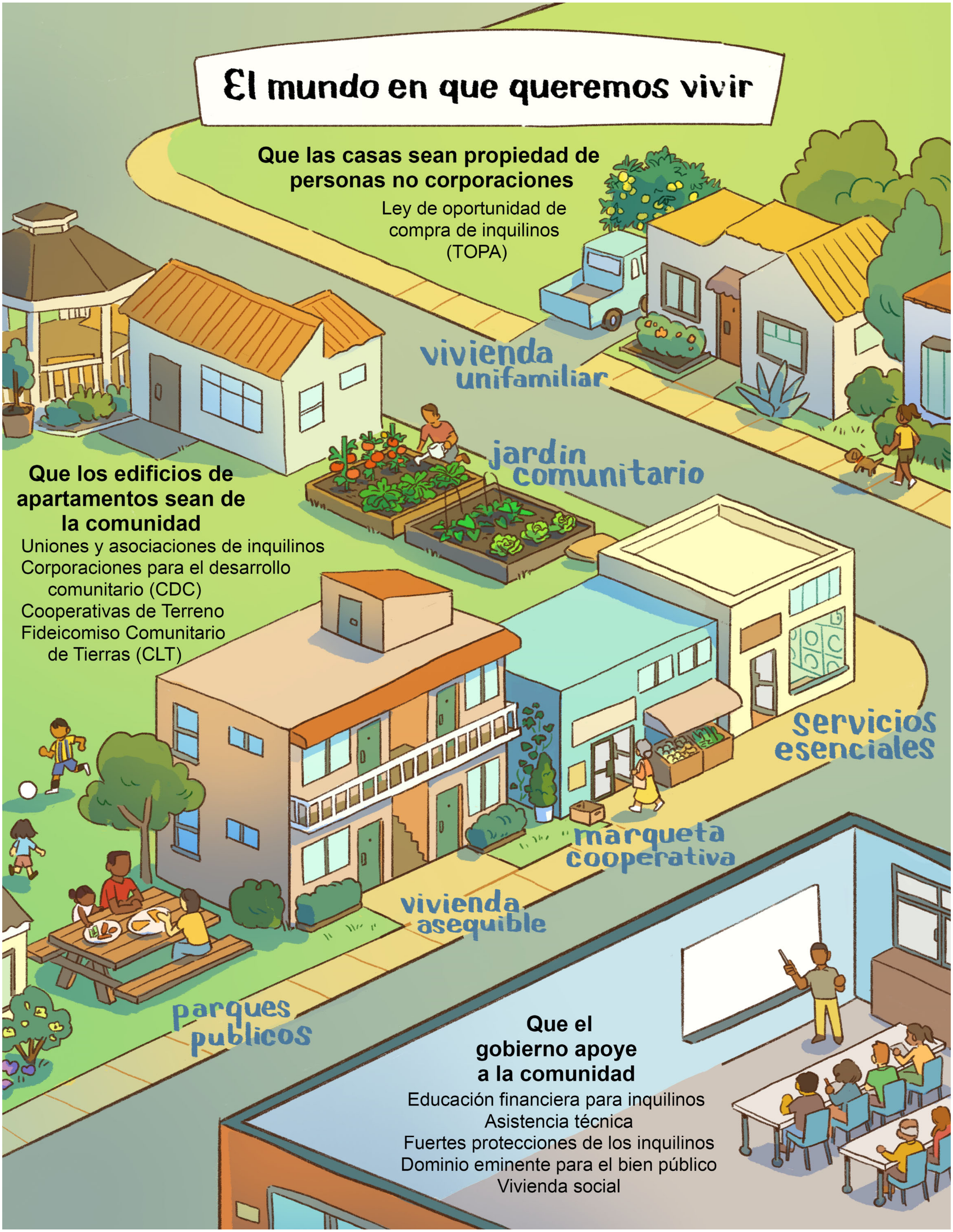
當我們團結在一起，我們有力量創造一個讓工人階級、
移民、黑人、原住民與有色人種社區繁榮發展的新世界

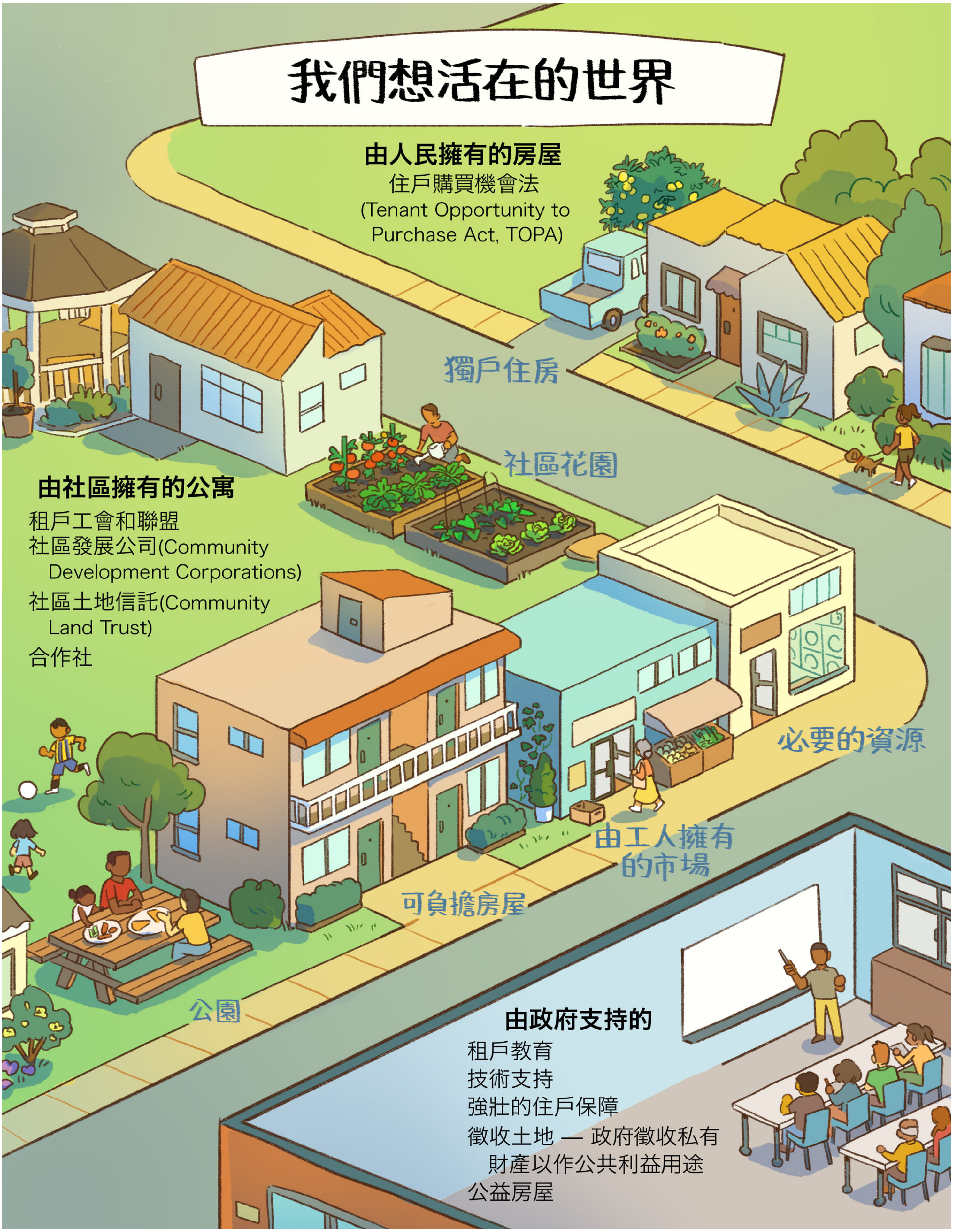
THE WORLD WE WANT TO LIVE IN

When we learn about our country's history of privatization and systemic racism, it can feel overwhelming or nearly impossible to envision anything different — a world where housing truly exists as a human right, our communities flourish with resources, and our needs are met. However, this is more than possible. Housing — and the land that it sits on — can exist as more than just a product that can be purchased, speculated upon, and sold, often for the benefit of the wealthy few and at the expense of those who depend on these spaces as a home. This visual illustrates what is possible when we imagine and fight for alternatives to the realities forced upon us by a capitalist and oppressive system.



The World We Want to Live In
People-Owned Houses
Tenant Opportunity to Purchase Act
single-family homes
community garden
Community-Owned Apartment Buildings
Tenant Unions and Associations
Community Development Corporations
Community Land Trusts
Cooperatives
essential services
worker-owned market
affordable housing
public parks
Government Supported
Education to renters
Technical assistance
Strong tenant protections
Eminent Domain for Public Good
Social Housing


El mundo en que queremos vivir
Que las casas sean propiedad de personas no corporaciones
Ley de oportunidad de compra de inquilinos (TOPA)
vivienda unifamiliar
jardin comunitario
Que los edificios de apartamentos sean de la comunidad
Uniones y asociaciones de inquilinos
Corporaciones para el desarrollo comunitario (CDC)
Cooperativas de Terreno
Fideicomiso Comunitario de Tierras (CLT)
servicios esenciales
marqueta cooperativa
vivienda asequible
parques publicos
Que el gobierno apoye a la comunidad
Educación financiera para inquilinos
Asistencia técnica
Fuertes protecciones de los inquilinos
Dominio eminente para el bien público
Vivienda social


我們想活在的世界
由人民擁有的房屋
住戶購買機會法
(Tenant Opportunity to
Purchase Act, TOPA)
獨戶住房
社區花園
由社區擁有的公寓
租戶工會和聯盟
社區發展公司(Community
Development Corporations)
社區土地信託(Community
Land Trust)
合作社
必要的資源
由工人擁有
的市場
可負擔房屋
公園
由政府支持的
租戶教育
技術支持
強壯的住戶保障
徵收土地 — 政府徵收私有
財產以作公共利益用途
公益房屋

AN ANALYSIS OF THE CURRENT MOMENT

HOUSING & HEALTH

- Audience:
  - City Planners/Policy Makers/Community Organizers
- Purpose:
  - Explore the ways housing is a health issue and the health impacts it has
- Understanding to walk away with:
  - Every person deserves equitable access to resources to ensure their health and well-being is taken care of

In thinking about a home we may think of a roof over our head and safety, but do we analyze how one's living situation affects health? Housing affordability is a factor that impacts health. Oppressed by inequitable policies, practices, and gentrification, low-income communities suffer negative health impacts when rent is too high. Rent is generally considered to be affordable at 30% of household income, but what happens when that percentage is exceeded due to landlord rent increases? Renters' stress levels increase, prior health conditions become aggravated, and inability to pay rent brings about evictions and displacement.

> "The National Association of Realtors said that California, in general, is the least affordable place to live in the U.S., citing high home prices.
>
> Now, the National Association of Home Builders and Wells Fargo Housing Opportunity Index has given the title of least affordable housing market to Los Angeles. In Los Angeles-Long Beach-Glendale, California, only 11.3% of homes sold during the fourth quarter of 2019 were affordable to families earning the area's median income of $73,100."- Falcon, Julia HW

Housing has been commodified when housing should be considered a human right. To have a roof over our heads is essential in human development, but this is threatened when housing is a way to make profits in communities whose market values increase and attract the attention of corporate investors.

Housing markets driven by profit over people, such as in Los Angeles, are notorious for rent increases without there being appropriate increases in people's wages, which makes housing unaffordable. As a result, households must move to less expensive units where living conditions may be unhealthy or further from jobs and family that extends commutes.

A household that contributes most of their income to rent loses the ability to save for emergency funds and enters a cycle of living paycheck-to-paycheck leaving a certain vulnerability to unexpected expenses or loss of employment.

In the case of unexpected expenses, renters still need to find a way to cover rent to prevent eviction, but such personal loans are not always available for communities suffering from inequities. A predatory loan such as a payday loan is the primary option, and these can charge interest rates upwards of 300% when renewed; since there are very limited institutions that offer small personal loans to low-income communities, renters must take out these high interest loans, adding to their financial insecurity.

Access to credit is not always available, especially for the undocumented and low-income community. Oftentimes, the only solution for many to receive financial assistance is through payday loans, given that our financial system is not accessible to everybody. With so many obstacles, many households move to less expensive dwellings — only if they are successful in finding one in our increasingly expensive housing market. Often, this housing has poor habitability conditions, leaving many to sacrifice their health in order to meet their need for housing. There is a need to keep advocating for tenant rights and offer solutions to these injustices.

GENTRIFICATION AND DISPLACEMENT

What do we consider to be part of a healthy community? Our human-made surroundings should be constructed with human activity in mind, which includes buildings, parks, and the infrastructure that allows people to have good physical, mental, and social health. Secure housing can be attributed to maintaining health, but homeownership has historically been lower for nonwhite residents, leaving them vulnerable to gentrification and speculative practices.

> Gentrification is a housing, economic, and health issue that affects a community's history and culture and reduces social capital and displaces those that can no longer afford or withstand rising costs of living.
>
> Speculation in the housing market refers to the purchase of homes by investors in search of a profit without thinking of the community's needs.

In cities impacted by gentrification, there is a rise in luxury housing developments in already unaffordable neighborhoods. Aimed at high earners, people growing up in cities such as Los Angeles and San Francisco can no longer afford to live in their original neighborhoods. Corporate landlords pose a threat to vulnerable communities when they buy up single-family homes. As a result, residents are priced out and forced out of their neighborhoods, disrupting social fabric, culture, and historical ties. Corporations that have the means to purchase property through speculative practices have taken advantage of housing market crashes and even natural disasters. When housing is not recognized as human right, it gives way for harmful practices from those consciously profiting from people losing their homes during difficult times.

"Housing and real estate markets worldwide have been transformed by global capital markets and financial excess. Known as the financialization of housing, the phenomenon occurs when housing is treated as a commodity – a vehicle for wealth and investment rather than a social good." -Ohchr.org

Companies such as Blackstone have been purchasing affordable homes all over the world and their repetitive process leaves low-income communities unable to afford a place to live.

"During one of the greatest recoveries of land value in the history of the country, from 2010 and 2011 at the bottom of the crisis to now, we've seen huge gains in property values, especially in suburbs, and instead of that accruing to many moderate-income and middle-income homeowners, many of whom were pushed out of the homeownership market during the crisis, that land value has accrued to these big companies and their shareholders."
—Professor Daniel Immergluck, Urban Studies Institute, Georgia State University

The state's role as a landlord that neglects properties must not be forgotten. The California Department of Transportation (Caltrans) purchased homes in Los Angeles, to prepare for a project to extend the 710 freeway, but upon cancelation of the freeway, Caltrans was left with empty properties and a population of displaced residents amidst a housing crisis.

The mission of harmful corporate landlords is insatiable as they have even taken advantage of housing shortages of after natural disasters. When Hurricane Katrina hit in August of 2005, it wiped out 800,00 homes; to this day, the need for health services to all those people impacted by the tragedy have not been met. Instead of increasing mental health services and housing for displaced low income residents, loans for speculative housing projects were made, adversely affecting residents of Louisiana. People's health is negatively impacted when their safety net disappears. Aside from poor sanitation, tenants may suffer from asthma affected asbestos and lead among others. Anxiety, depression, and chronic health issues are amplified, leaving triggers of posttraumatic stress for people the rest of their lives. As a result of rising rents, long-time residents cannot compete with wealthier renters that can afford to pay steep rent increases, causing gentrification of the original community.

DISPLACEMENT LEADING TO THE UNHOUSED

As we have learned, the lack of affordable housing pushes people out of their neighborhoods and the reasons for displacement may include:

- Rising housing costs
- Discrimination
- Replacement of affordable housing for units at market value
- Gentrification

Adverse effects of displacement on health:

- Dividing communities:
  - Residents are displaced from communities where they have built relationships and often have family nearby; having these relationships cut off causes adverse social and emotional health impacts
  - Trauma of seeing neighbors/friends being displaced and the stress of having to quickly find a new place to live can increase an individual's allostatic load
- Transportation:
  - Housing projects are typically close to community resources/public transit and displaced residents often face transportation struggles after resettling. Conversely, some residents have to move far away from work/family in order to afford new housing and end up having to commute long hours
  - Longer commutes are attributed to high blood pressure

- Economic:
  - Many residents who are vulnerable to being displaced do not have cash ready to cover moving costs/new security deposits, and this might lead them to seek help from institutions that might be exploitative. This can lead to increased debt and financial burden, which might cause people to make sacrifices in paying for food or healthcare services

> "...The middle class displaces the lower middle class, who displace those in subprime housing, who then become houseless. It is also important to consider who historically makes up each of these class groups, and how power dynamics can be weaponized to displace certain people." -Dr. Frederick Zimmerman, economics expert and professor at the UCLA Fielding School of Public Health

UNHOUSED

After resisting the forces that are against low-income communities and being unable to secure housing, people become unhoused. A whole new list of health concerns arise from being unhoused, yet the epidemic grows on a daily basis. Cities like Los Angeles have created areas of "containment" where policy makers wish to concentrate the unhoused population.

Source: Ramses, Akili-Casundria/Los Angeles Public Library

The great number of unhoused people must be met with resources, support, financial aid, and policies that address the growing population of displaced and unhoused. Everything the local and federal government proposes must be inclusive and equitable in order to benefit the most affected by historical racist and classist policies.

Race and houselessness:
There are a lack of responses from the federal, state, and city levels that address a range of issues stemming from racial inequity and housing accessibility.

Development of mental health issues like depression and anxiety:
Referencing **Maslow's Hierarchy of Needs**, home/shelter is one of the basic foundations of self-actualization. What this means is that individuals who suffer from a lack of shelter do not even have the means to live a healthy life on a foundational level.

Development of chronic health issues, like chronic depression and PTSD:
Long-term exposure to the above conditions rapidly decreases an individual's mental stability, and decreases self-efficacy.

It has been due people power and community collectives that some strategies have began implementation:

Moms 4 Housing

> "Moms for Housing is a collective of homeless and marginally housed mothers. Before we found each other, we felt alone in this struggle. But there are thousands of others like us here in Oakland and all across the Bay Area. We are coming together with the ultimate goal of reclaiming housing for the community from speculators and profiteers.
>
> We are mothers, we are workers, we are human beings, and we deserve housing. Our children deserve housing. Housing is a human right."

Reclaiming our Homes Coalition

> "There are more vacant homes than people experiencing homelessness in Los Angeles. Some of these vacant properties are even owned by the state. We are taking this housing back for our community."

Passing of Proposition HHH

> Authorizes City officials to issue up to $1.2 billion in general obligation bonds to partially subsidize the development of up to 10,000 supportive housing units for individuals and families experiencing homelessness. HHH funds can also be used to support new affordable housing units, temporary shelters and service facilities.

Community Land Trusts

> Community land trusts (CLTs) are nonprofit organizations governed by a board of CLT residents, community residents and public representatives that provide lasting community assets and shared equity homeownership opportunities for families and communities. CLTs develop rural and urban agriculture projects, commercial spaces to serve local communities, affordable rental and cooperative housing projects, and conserve land or urban green spaces. However, the heart of their work is the creation of homes that remain permanently affordable, providing successful homeownership opportunities for generations of lower income families.

Eviction Moratoriums

> "Ordinance No.186585 effective March 31, 2020, provided additional protections and effective May 12, 2020, Ordinance No. 186606, further expanded tenants protections during the local emergency in response to COVID-19. Together, these actions are designed to prevent unnecessary housing displacement and to prevent housed individuals from falling into homelessness." —Los Angeles Housing and Community Investment Department

Resources:

- About. (n.d.). Retrieved June 06, 2020, from https://moms4housing.org/aboutm4h
- Falcon, J. (2020). Los Angeles is now the least affordable housing market. Housewire.
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STRATEGIES TO DISRUPT SPECULATION

- Tenant Opportunity to Purchase Act (TOPA)
- Eminent Domain
- Community Land Trusts
- Community Development Corporations

TENANT OPPORTUNITY TO PURCHASE ACT (TOPA)

What is the Right to Purchase?

The Right to Purchase is commonly known as the Tenant Opportunity to Purchase Act (TOPA) — a hot topic in today's conversations on housing and its growing unaffordability as real estate speculation is expected to heighten with the coronavirus pandemic.

TOPA was first enacted in Washington DC in 1980 as a way to fight gentrification and maintain affordability in communities. It provided tenants the first opportunity to purchase the unit they were renting and occupying within single family homes and multifamily buildings if their landlord decided to put the property up for sale. As of 2018, the DC TOPA law only covers multifamily homes.

This legislative method is designed with steps to allow the tenant to have ample time to form a tenants' association, secure financing, find a development partner, negotiate a sales contract and make an offer to the landlord. In California, similar ordinances are under consideration in Oakland and Berkeley and have been enacted in San Francisco as the Community Opportunity to Purchase Act (COPA).

An Effective Policy Tool

TOPA policies can be used as an effective tool to:

- Stop the displacement of low and moderate income tenants in gentrifying neighborhoods and preserve housing affordability in the area
- Empower tenants with a choice and control regarding their housing
- Create pathways to home ownership for low and moderate income residents

Why Does It Matter?

Receiving notice that the landlord plans to sell or has already sold the property they live in can be devastating for low-income residents, some of whom may have lived in their homes for decades. Many property owners are quickly selling their properties to the highest bidder because of rising real estate values, which is resulting in hundreds of thousands of California tenants facing increasing rents and/or evictions. To offer tenants a Right To Purchase, or the first right to refuse, then granting them 60 to 90 days to develop a plan to purchase the building before the property is placed on the private market can be a game changer. **It gives the tenants an opportunity to stay in their community and their home and to have ownership over their housing.**

The Process of TOPA

1 Landlord Issues TOPA Notice and Offer of Sale:

Prior to selling a renter occupied unit, the landlord must provide the renter with a written document known as the "Offer Of Sale." If there is a third-party contract additionally in place, the landlord must provide a copy to the tenant timely of the request. When the "Offer of Sale" is provided, the tenant can request information regarding the home/property within one week. During this time, the tenant may request for information from the landlord, such as floor plans, itemized lists of operating expenses, utility usage rates, and capital expenditures for the past two years.

2 Tenants Submit Statement of Interest ("First Right of Offer"):

The tenant must submit a written "Statement of Interest" to the landlord. This statement must be either delivered in person or sent by certified mail within a specified number of days of receiving the "offer of sale." The timeline is based on the number of units in the building.

Under the DC TOPA law:

Single family homes — must submit a statement of interest within 20 days

Buildings with 2-4 units — must submit a statement of interest within 15 days

Buildings with 5 or more units — only incorporated tenant organizations are allowed to purchase

- If a tenant organization exists, they must submit a statement of interest within 30 days.
- If a tenant organization does not exist, tenants can incorporate a new tenant association and must submit a statement of interest within 45 days. Prior to submitting a statement of interest: tenants would need to have at least 51 percent of the tenants from the building, incorporate as a non-profit, elect leadership, and adopt bylaws.

3

Negotiation Period:

Once the landlord receives the tenant's "statement of interest," a minimum time frame for negotiation is allowed by law. This can be extended if the landlord fails to provide information requested by a tenant. It can be further extended if the landlord enters into a contract with a third party — called the "right of first refusal period." Both the landlord and tenant must negotiate in good faith. The tenant is given an opportunity to match the contract.

Under the DC TOPA law:

Buildings of 2-4 units — have 90 days for negotiation

Buildings with 5 or more units — have 120 days for negotiation

During the negotiation process, tenant associations can consider:

- Determining whether the building remains for rent or converted into co-op housing or condominiums
- Choosing an affordable or market-rate development partner to assist in securing financing
- Hiring a TOPA attorney to assist in the negotiation

4

Settlement:

Once the tenants and the landlord have reached a settlement, tenants and/or the tenant association will need to secure financing to acquire the property.

Under the DC TOPA law:

Buildings with 2-4 units — have 90 days to secure financing

Buildings with 5 or more units — have up to 120 days

*This timeline can be extended by the lending institution which can provide the estimated timeframe to fully secure the financing.

SOURCE: EZEH, L., FONG, W., GARCIA-CEBALLOS, R., GRACIA-SANTIAGO, L., MCCHESNEY, K., NUNEZ, G., ORTIZ, F., & JONES, Z. "RECLAIMING OUR HOUSING: ESTABLISHING THE RIGHT TO PURCHASE — TENANT OPPORTUNITY TO PURCHASE ACT (TOPA)." UCLA COMMUNITY COLLABORATIVE, JUNE 2020.

EMINENT DOMAIN

What is Eminent Domain?

Eminent domain is the power of the government, states, and municipalities to take private property for public use, following the payment of just compensation. Examples of "public uses" for which the government might exercise its power of eminent domain include things such as schools, roads, libraries, fire stations, low-income housing, and similar public uses.

Cal Code Civ Proc § 1230.030 *private property shall be taken by eminent domain only when there is a public use.*

Key Takeaways

- Eminent domain is the right of local, state, and federal governments to commandeer private property for public use, following fair compensation.
- Everything from airspace, land, and contract rights to intellectual property is subject to eminent domain, if a case can be made for its public use.
- The legal debate is the unfair invoking of eminent domain, such as when property owners are not fairly compensated (called inverse condemnation).

Understanding Eminent Domain
Eminent domain is a right granted under the Fifth Amendment of the Constitution. Similar powers are found in most common law nations. It is called "expropriation" in Canada, "compulsory acquisition" in Australia, and "compulsory purchase" in the U.K., New Zealand, and Ireland.

Private property is taken through condemnation proceedings, in which owners can challenge the legality of the seizure and settle the matter of fair market value used for compensation. The most straightforward examples of condemnation involve land and buildings seized to make way for a public project. It may include airspace, water, dirt, timber, and rock appropriated from private land for the construction of roads. Eminent domain can include leases, stocks, and investment funds.

In 2013, municipalities began to consider using eminent domain laws as a way to refinance underwater mortgages by seizing them from investors at their current market value and reselling them at more reasonable rates. Congress passed a law prohibiting the Federal Housing Administration from financing mortgages seized by eminent domain in 2016. But it is still an issue that could undermine the mortgage market.

Eminent Domain Abuses
The definition of what constitutes as a public project has been expanded by the Supreme Court to include highways, trade centers, airport expansions, and other utilities, to anything that makes a city more visually attractive or revitalizes a community.

Under this definition of public use, eminent domain began to encompass the interests of big business. General Motors took private land for a factory in the 1980s because it would create jobs and boost tax revenues.

Seizing land for private use has led to serious abuses. Most notoriously, Pfizer seized the homes of a poor neighborhood in New London, Connecticut in 2000 to build a new research facility.

Americans were outraged to learn a city could condemn homes and small businesses to promote private development. While the Supreme Court upheld this ruling in 2005, several states passed new laws to protect property owners from abusive eminent domain takings. Long after the homes were bulldozed, Pfizer abandoned its plans, leaving behind a wasteland.

Inverse Condemnation

There is also legal debate about the debt of the government to fairly compensate owners whose property or assets have been taken and/or impacted due to eminent domain. Private property owners have sued the government in proceedings called inverse condemnation, in which the government or private companies have taken or damaged property then failed to pay due compensation.

For example: The Army Corps of Engineers released a flood from Houston's two reservoirs during Hurricane Harvey, deliberately flooding houses. This led to property owners demanding compensation under inverse condemnation rules.

A "Resolution of Necessity" — The Government Agency Must Find That:

- the project for which the property is to be acquired is necessary for public use
- the project is located in such a manner as to offer the greatest public benefit with the least private detriment
- an offer to purchase the property has been made

A property owner is not required to accept the condemning agency's offer. Instead, the property owner may make a counter-offer, or may assert a higher value for his or her property once the eminent domain action is filed in court. The court directs the government agency to deposit the probable amount of just compensation. Thereafter, appraisers determine the fair market value of the subject property. The fair market value of the property taken is the highest price on the date of valuation, that would be agreed to by the seller. When ready, the government agency can make an offer to purchase the property.

If settlement cannot be reached between the owner and the government agency, trial regarding the eminent domain action takes place before a jury who determines fair market value of the subject property. When the judgment is entered, the government pays compensation within 30 days following entry of judgment and the title to the property is transferred to the government by the court.

Cal Code Civ Proc § 1245.220 *the government agency must adopt a formal resolution, also known as resolution of necessity to acquire the property before commencing an eminent domain proceeding in court. The resolution of necessity must be adopted at a public hearing. It must be adopted before the condemning agency can commence an eminent domain action in court.*

Cal Gov Code § 7267, *government agencies shall obtain an appraisal and make an offer to the owner of record of real property to be acquired before the agency may commence court proceedings. The offer generally must be in an amount no less than the appraisal approved by the agency.*

Cal Code Civ Proc § 1255.410, *the condemning agency may ask the court for possession of the property even before judgment has been entered in the eminent domain proceeding. The court may only do so, however, if the condemning agency has first deposited into the County or State Treasury the amount which it determines as the probable compensation to be paid for the property. Once the condemning agency deposits the amount of probable compensation, the property owner or tenant may apply to the court to withdraw that portion of the deposit which represents the owner's probable amount of compensation.*


Blurred Lines of Eminent Domain
Eminent Domain: [em-uh-nuh nt doh-meyn] (n) the right of government to acquire private property for public use. The Fifth & Fourteenth Amendment requires government to provide just compensation.
What is Private Property?
Anything NOT owned by the government
Land
Property that is in private ownership acquired for roads, schools, and parks.
Air
For an airport acquired for the airspace needed for planes to take off and land.
Water
Waterfronts or docks acquired for public parks, walkways, or parking.
Mortgages
Underwater mortgages acquired to fight blight and save communities.
To stop foreclosures, the City of Richmond, California is using their eminent domain power to acquire home mortgages that are underwater to keep residents in their home and save their community.
What is Public Use?
Anything used by or will benefit the public
Roads
Construct or widen public roads.
Schools
New schools to accommodate growth.
Condos
Increase the tax base by adding more residents in desirable areas.
Office Building
Create jobs and increase the tax base.
In Kelo v. The City of New London, CT, the city seized private property to sell to private developers to produce jobs in the economically depressed area. However, the private developer pulled out after not being able to obtain the funds for the project and just as their tax intensives ran out. The property is currently a vacant lot.
What is Just Compensation?
The 5th & 14th Amendment of the US Constitution require property owners to be fairly compensated
Fair Market Value
Based on recent sales and assessments. Should benefit the owner's loss as if the property was not obtained.
Sentimental Value
Can you put a dollar amount on the house your grandfather built?
Other Property Values
How will properties surrounding the acquired property be affected?
...But I'm a Renter...
Too Bad...Move.
How is Property Acquired?
The government acquires the property by condemning it
Transfer of Title
Process transfers ownership of property to the government.
Negotiation
Owner has right to Due Process and to have their case heard by a neutral judge.
Blight
If government can prove an area is blighted, or needs to be revitalized, it can be condemned.
Increased Tax Base
By proving there can be an increased tax base, it can be condemned.*
$ $ $
*Several states have outlawed this.
How Does the Public View Eminent Domain?
...they don't view it very highly...
Abuse
People see the American Dream being snatched.
Distrust
Can you trust your government when it fails you?
Who Decides?
Eminent Domain is a government process run by the government.
Where does this leave us?
22 states do not allow 'blight' as a justification for eminent domain and 35 do not allow economic development to be a reason to a acquire private property to protect citizens.

Why Does It Matter?
Simply, those with money behind their ideas can simply run amok in any neighborhood in which they see fit, with a blatant disregard for the individuals, the community, and those being gravely affected, for the sake of an additional dollar. The actual intention of eminent domain is for the greatest public good and the least private injury.

> *"If eminent domain is left unchecked, virtually anything could be replaced with anything else. A family making $50k could be displaced from their home for a family making $250k because they'll generate more sales tax revenues. A Walmart could be taken and a Target put in because it's considered to be slightly more "upscale." A regular grocery store could be replaced by a Whole Foods. This is why clear definitions of what "public good" are is necessary. If the court system is going to expand definitions beyond what has generally been accepted, a national definition that is consistently applied is the only way a property owner would be able to guarantee that they will be able to keep the homes and land that they love."*

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Eminent Domain

THE PROBLEM: *Keeping our Homes Affordable*

We need long term solutions to housing that tenants can truly afford

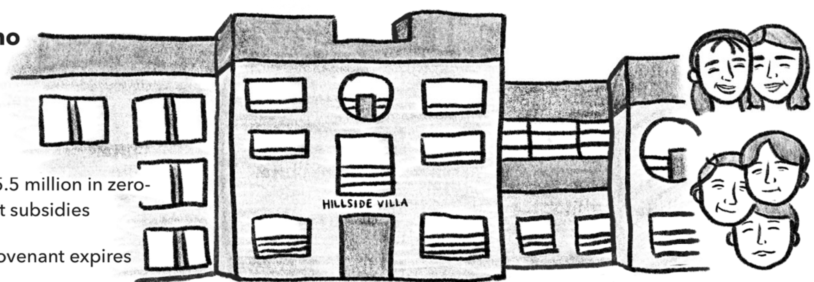
"Affordable Housing" covenants expire after 30 or 50 years

LA will lose over **11,000** *affordable housing units by **2020** because of covenant expirations*[1]

For-profit landlords own **70%** *of at-risk affordable housing units*[2]

What will happen to those who cannot afford their housing?

"Hillside Villa is Our Home!"



1988 — **Hillside Villa was built** with $5.5 million in zero-interest loans from government subsidies

2018 — **30 year affordable housing** covenant expires

2019 — Landlord Tom Botz tries to **increase rent up to nearly 200%** and tenants fight back[3]

2020 — **Hundreds of families** will have no home if rents go up

636 N. HILL PLACE, CHINATOWN

124 units, 400 tenants, mostly low income Latinx and Chinese immigrant families

Leslie & Nancy
Friends and neighbors, both grew up here as kids and lived here for over 30 years

Ana, Adela, Rosario
Raised their families here for over 30 years, moved to Hillside after city's $500 million expansion of LA Convention Center kicked them out of their homes in the late 1980s

Kids of Hillside Villa
Play together in the courtyard, and regularly show up to fight to stay in their home.

1. http://clkrep.lacity.org/onlinedocs/2016/16-0647_misc_09-26-2017.pdf
2. http://clkrep.lacity.org/onlinedocs/2016/16-1443_rpt_HCI_02-15-2018.pdf
3. Woocher, Jacob. "As LA's Chinatown gentrifies, hundreds of tenants at the Hillside Villa Apartments face massive rent increases." KNOCK LA, 2019.

THE SOLUTION: *Eminent Domain*

The solution is right in front of us — eminent domain can keep housing affordable forever

What is eminent domain?

Eminent domain is the right of governments to take private property to use for public good

Private Property → **Public Good**

LAND · WATER · AIRSPACE → SCHOOLS · ROADS · LIBRARIES · FIRE STATIONS · AFFORDABLE HOUSING

It's been used to displace poor communities in:

- ✖ Chavez Ravine to build Dodger Stadium
- ✖ LA to construct freeways
- ✖ Bunker Hill to spur coporate development of downtown – Walt Disney Concert Hall, The Broad

Preserving low-income housing is cheaper than building new units!

It costs over **$500,000** to build 1 affordable housing unit in LA![4]

COST COMPARISON

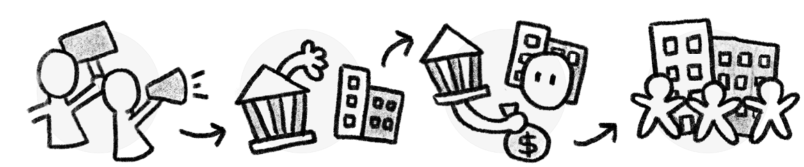
To Build 124 Units:	**$62 million**
To Buy Hillside:	**$1- 30 million**

4. "Three Years And Zero Homeless Housing Units Later, LA's Auditor Looks At Prop HHH Money." LAist, 2019.

It's time for the city to use eminent domain to:

- ✔ Keep **rents truly and permanently affordable** for low-income people
- ✔ Prevent people from becoming **homeless**
- ✔ Keep families, elders, and individuals in their **communities**
- ✔ Remove housing from the **speculative private market**

From eminent domain to community ownership



1. ***Tenants organize** and demand government to stay accountable*
2. *City **decides to use eminent domain** to seize property*
   - To preserve housing whose affordability restrictions are expiring
   - To preserve "naturally occurring" affordable housing
   - If property owner is a bad landlord – harassing tenants and putting their health and safety at risk
3. *City **determines value of property** and makes offer to owner*
   - City and owner negotiate and settle on what's considered "just compensation"
   - City pays within 30 days of court judgement
4. ***Property ownership transfers** to the city who can now:*
   - Keep the building as social housing
   - Give or sell the building to the tenants, Community Land Trust, or Community Development Corporation, enuring low and moderate income people have full ownership and control over their own housing

Dominio Eminente

EL PROBLEMA: *Mantener nuestras viviendas asequibles*

Necesitamos soluciones a largo plazo para que los inquilinos de viviendas realmente puedan pagar

"Viviendas asequibles "Los pactos vencen después de 30 o 55 años

Los Angeles perderá más de

11,000 *unidades antes de* ***2022*** *debido a los*

Los propietarios con fines de lucro poseen el

70% *de estas unidades de viviendas asequibles en riesgo*

¿Qué pasará con aquellos que no pueden pagar su vivienda?

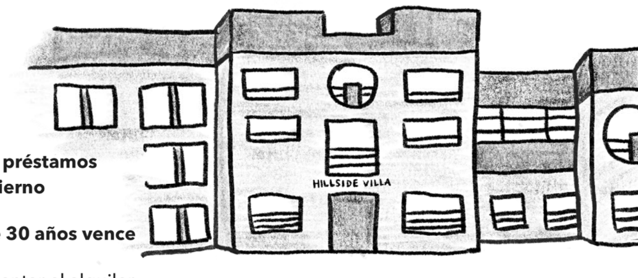
"Hillside Villa es nuestro hogar"

1988 **Construidas con $ 5.5 millones en préstamos sin intereses de subsidios del gobierno**

2018 **El convenio vivienda asequible de 30 años vence**

2019 El propietario Tom Botz intenta aumentar el alquiler hasta casi un **200%**

2020 **cientos de familias** no tendrán hogar si aumentan los alquileres



636 N. HILL PLACE, CHINATOWN

124 unidades, 400 inquilinos, en su mayoría familias inmigrantes latinas y chinas de bajos ingresos

Leslie y Nancy

amigas y vecinas, ambas crecieron aquí cuando eran niños y vivieron aquí por casi 30 años.

Ana, Adela, Rosario

criaron a sus familias aquí por más de 30 años, se mudaron aquí después de la expansión del Centro de Convenciones de Los Ángeles los echó de sus hogares a fines de la década de 1980

Niñx de Hillside Villa

Jueguen juntos en el patio y asistan regularmente a las protestas.

1. http://clkrep.lacity.org/onlinedocs/2016/16-0647_misc_09-26-2017.pdf
2. http://clkrep.lacity.org/onlinedocs/2016/16-1443_rpt_HCI_02-15-2018.pdf
3. Woocher, Jacob. "As LA's Chinatown gentrifies, hundreds of tenants at the Hillside Villa Apartments face massive rent increases." KNOCK LA, 2019.

SOLUCIÓN: *Dominio eminente*

La solución está justo frente a nosotros: el dominio eminente puede mantener vivienda asequible para siempre

¿Qué es el dominio eminente?

El dominio eminente es el derecho de los gobiernos a tomar propiedad privada para usarla para el bien público

Propiedad privada → **Bien público**

Se ha utilizado para desplazar a comunidades pobres en:

- ✖ Chavez Ravine construirá el Dodger Stadium
- ✖ LA para construir autopistas
- ✖ Bunker Hill para estimular el desarrollo corporativo del centro de la ciudad – Walt Disney Concert Hall, The Broad

Preservar viviendas de bajos ingresos es más barato que construir nuevas unidades!

Cuesta más de $ 500,000 construir una unidad de vivienda asequible en Los Ángeles![4]

COMPARACIÓN DE COSTOS

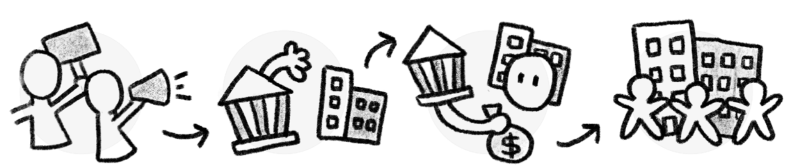
para construir **124 unidades:**	**$62 millones**
comprar **Hillside:**	**$1- 30 millones**

4. "Three Years And Zero Homeless Housing Units Later, LA's Auditor Looks At Prop HHH Money." LAist, 2019.

Es hora de que la ciudad use un dominio eminente para ...

- ✔ Mantener **rentas verdaderamente y permanentemente accesibles** para personas de bajos ingresos
- ✔ Evitar que las personas se queden **sin hogar**
- ✔ Mantener familias, ancianos e individuos en **sus comunidades**
- ✔ Eliminar viviendas del **mercado especulativo privado**

Del dominio eminente a la propiedad comunitaria



Los inquilinos se organizan *y exigen que el gobierno se haga responsable*

La ciudad ***decide usar el dominio eminente*** *para confiscar viviendas privadas*

Preservar viviendas cuyas restricciones de accesibilidad están expirando

Preservar viviendas asequibles

El dueño de la propiedad es un mal propietario - acosa a los inquilinos y pone en riesgo su salud y seguridad

Ciudad ***determina el valor*** *de la propiedad y hace una oferta al propietario*

la ciudad y el propietario negocian y resuelven lo que se considera "compensación justa"

la ciudad paga dentro de los 30 días de la sentencia del tribunal

La propiedad se transfiere *a la ciudad, que puede ahora*

Mantener el edificio como vivienda social

Dar o vender el edificio a los inquilinos, Community Land Trust o Community Development Corporation, asegurando ingresos bajos y moderados tener plena propiedad y control sobre sus propias viviendas

土地徵收權

問題： 讓我們的住家保持平價

我們需要長期解決方案，讓住戶們能有真正負擔得起的住房

“可負擔房屋”契約在*30*至*55*年期限後過期

洛杉矶将失去超过

11,000 间可负担房屋单元到2022年止[1]

營利性房東擁有：

70% 受契約過期威脅的可負擔單元[2]

那些付不起房租的人会怎样？

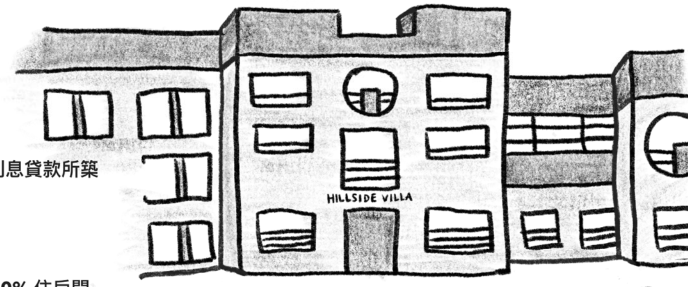
山景園是我們的家

1988 由政府補貼的 **5500** 萬美金零利息貸款所築

2018 30 年“可負擔房屋”契約到期

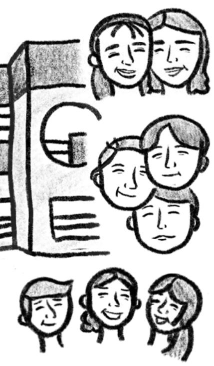
2019 房東Tom Botz試圖昇租超過 **200%** 住戶開始反抗[3]

2020 如果房租繼續上漲，數百個家庭將無家可歸



636 N. HILL PLACE, 洛杉磯唐人街

124間單元, 400名住戶, 大多為低收入拉丁裔與華裔移民家庭



Leslie 和 Nancy

她們是鄰居與摯友，從小在山景園一起長大，住在這裡三十餘年

Ana, Adela, Rosario

在*1980*年代末期，洛杉磯市投資*5000*萬美元擴展市中心的洛杉磯會議中心，導致他們家被迫遷出那片街坊，搬至山景園。在過去*30*餘年間，他們在山景園撫養長大。

山景園的孩子

在院子里一起玩耍，并定期参加抗议活动

1. http://clkrep.lacity.org/onlinedocs/2016/16-0647_misc_09-26-2017.pdf
2. http://clkrep.lacity.org/onlinedocs/2016/16-1443_rpt_HCI_02-15-2018.pdf
3. Woocher, Jacob. “As LA’s Chinatown gentrifies, hundreds of tenants at the Hillside Villa Apartments face massive rent increases.” KNOCK LA, 2019.

重點案例： 土地徵收權

這個問題的解決方法起始就在我們眼前——土地徵收權可以讓住房永遠保持可負擔的價格

什麼是土地徵收權？

土地徵收權是政府所擁有的一項權力：憲法允許政府徵收私有財產以作“公共利益”用途

在過去，市政府使用土地徵收權令下列地區的數千個貧困社區離家失所：

- ✖ (50年代)徵收切瓦士山谷築建Dodger體育館
- ✖ (50年代)徵收洛杉磯住房以建高速公路
- ✖ (60年代)徵收邦克山以促進市中心商務拓展——從迪士尼音樂廳到“The Broad”展覽館

保存低收入住房比築建新單元更便宜！

在洛杉磯，每間新建的可負擔單元耗資超過50萬美金！[4]

成本比较：

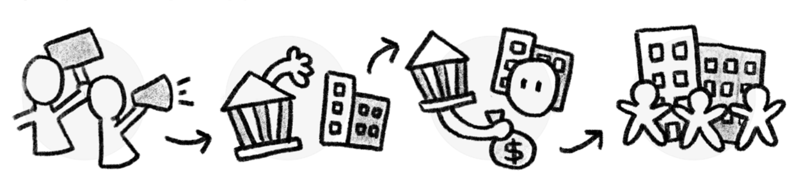
新建124間：	6200萬美金
購買山景園的價格：	100萬至3000萬美金

4. “Three Years And Zero Homeless Housing Units Later, LA’s Auditor Looks At Prop HHH Money.” LAist, 2019.

是時候讓市政府動用“土地徵收權”來：

- 確保低收入人群的房租永久地、真正地讓人負擔得起
- 防止人們變得無家可歸
- 讓家庭、老年人與其他個人能夠安居樂業
- 將住房從鑽營投機的私有市場中移除出來

從“徵收土地”到“社區擁有”



住戶組織並要求政府保持負責

市政府決定動用“土地徵收權”收購私有住房

- 在可負擔房屋限制過期時保存住房
- 保存“自然產生”的可負擔房屋
- 財產擁有者是惡房東——他/她騷擾住客並令住客的健康與安全受到威脅

市政府確定財產價值並對房東出價

- 市政府與房東談判並決定何為“正當補償”
- 市政府在法院判決後30天內支付償金

財產轉為市政府所有——政府可以：

- 將其保持為公益住房
- 將其贈予或售給住戶、社區土地信託或社區發展公司，以確保中低收入群體完全擁有並控制他們自己的住房

COMMUNITY LAND TRUSTS

What is a CLT?

Community land trusts (CLTs) are nonprofit organizations governed by a board of CLT residents, community members, and public representatives that provide lasting community assets and shared equity homeownership opportunities for families and communities. CLTs develop affordable rental and cooperative housing projects, including homes owned by single family households or by tenants through housing cooperatives, rural and urban agricultural projects, commercial spaces to serve local communities, and conserve land or urban green spaces. The heart of their work is the creation of homes that remain permanently affordable, providing successful homeownership and rental opportunities for generations of lower income families.

- Video: "Build Homes that Last - Community Land Trusts." Habitat for Humanity New York City, April 2017. https://www.youtube.com/watch?v=6SGq35Ty88c
- Infographic: "Fighting to Save Our Communities: How Community Land Trusts can help us take control of our buildings, neighborhoods, and futures." NYC Community Land Initiative. https://nyccli.files.wordpress.com/2016/01/poster_web.pdf

Who controls the CLT?

Run by a board, staff, and community members, the CLT balances the interests of its residents, the broader community, and the public interest to promote wealth building, retention of public resources, and solutions for community needs.

- Video: "Cornerstone Partnership Member Spotlight - Homestead Community Land Trust." Grounded Solutions Network, July 2015. https://www.youtube.com/watch?v=3BnZUoDfTms

How does a CLT work?

A typical community land trust for affordable single family homes works like this:

- A family or individual purchases a house that sits on land owned by the CLT.
- The purchase price is more affordable because the homeowner is only buying the house, not the land.
- The homeowners lease the land from the community land trust in a long-term (often 99-year), renewable lease.
- The homeowners agree to sell the home at a restricted price to keep it affordable in perpetuity, but they may be able to gain additional value and appreciation from improvements they make while they live in the house.

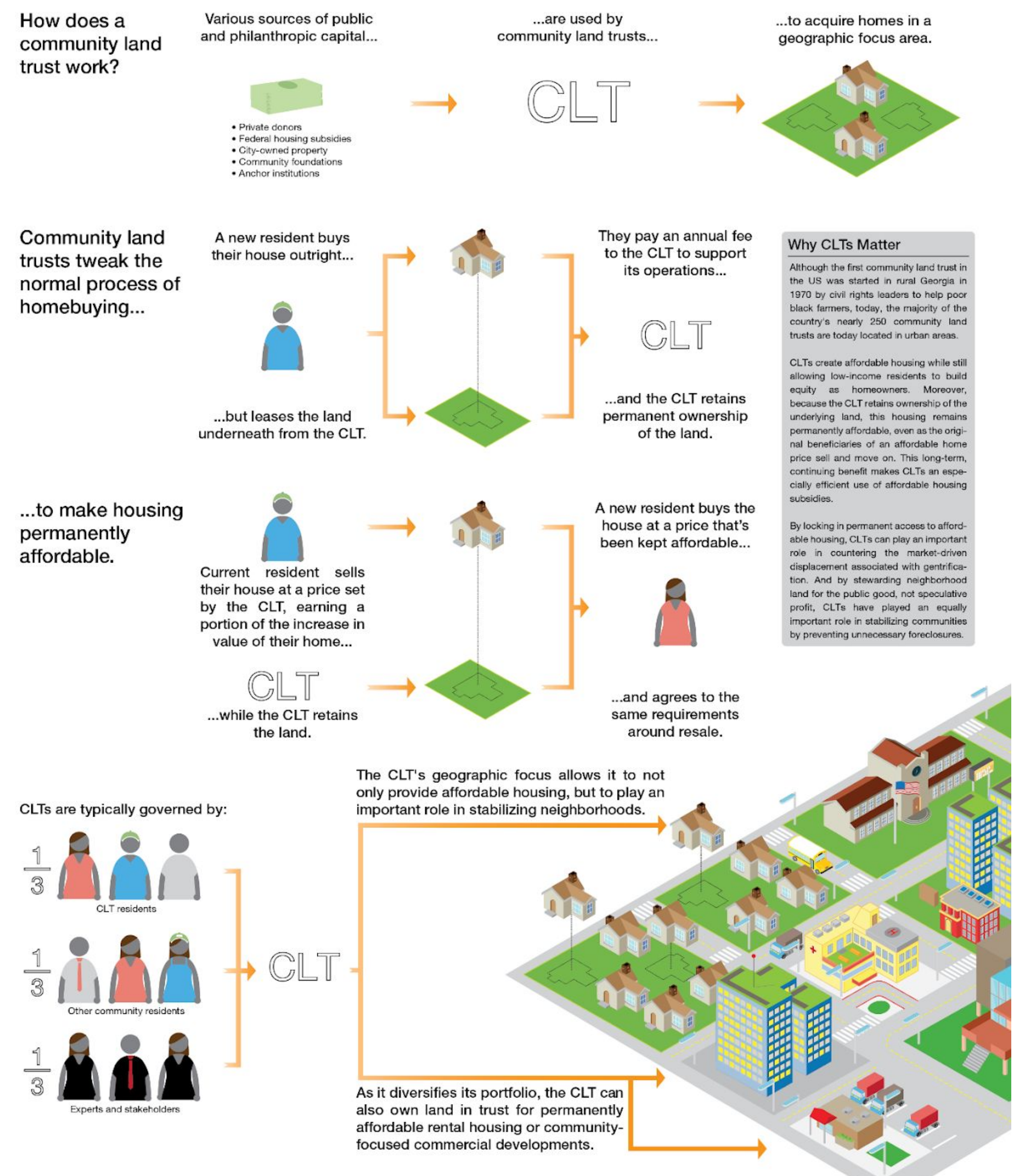
- Video: "Grounded Solutions Network Community Land Trust Explainer." Grounded Solutions Network, February 2019. https://vimeo.com/317335301

Why does it matter?
Community land trusts are a key strategy for achieving community ownership and stewardship of land that builds the collective wealth and resources of low-income communities while mitigating the destructive consequences of irrational, speculation-fueled housing markets. By keeping housing permanently affordable, a community land trust helps reduce the displacement that can accompany gentrification when property values are climbing, and provides a community framework that supports residents and limits their overall exposure to debt. This has been proven to sharply reduce the incidence of foreclosure when the economy takes a turn for the worse.

Source: "Learn about CLTs." OakCLT. https://oakclt.org/learn-about-land-trusts/

The infographic below highlights the mechanism behind the community land trust for single family home ownership:

Community Land Trusts



For more information on Community Land Trusts, see: community-wealth.org/clts
Designed by Benzamin Yi

Resources:

- https://groundedsolutions.org/
- https://www.burlingtonassociates.com/
- https://community-wealth.org/
- https://centerforneweconomics.org/apply/community-land-trust-program/
- https://www.dudleyneighbors.org/

COMMUNITY DEVELOPMENT CORPORATIONS

Community development corporations (CDCs) are non-profit organizations created to support and revitalize communities, especially those that are impoverished or struggling, typically low-income, underserved neighborhoods that have experienced significant disinvestment. CDCs often deal with the development of affordable housing. They can also be involved in a wide range of community services that meet local needs such as education, job training, healthcare, commercial development, and other social programs that would benefit the immediate surrounding community and the neighborhood residents. Additionally, their programs can include: economic development, sanitation, streetscaping, and neighborhood planning projects,

While traditional CDCs have been location-based, there are organizations that target specific demographics. For example, the Women's Revitalization Project in Philadelphia serves low-income women and their families. CDCs now typically focus on development rather than activism.

As nonprofits, CDCs are tax-exempt and may receive funding from private and public sources. While CDCs may work closely with a representative from the local government, they are not a government entity.

CDCs run large, well-established organizations like: New Community Corporation in Newark, NJ which owns and manages units of housing and employs people. Large or small, CDCs have in common an involvement in development work. They generally have a staff and are incorporated. Important to note, technically CDCs are self-identified. There is no specific tax ID or certification that distinguishes a CDC from other non-profits. There are state and local associations that work specifically with CDCs.

Regional associations like the Philadelphia Association of Community Development Corporations exist, but there is no national association directly representing CDCs. Previously there existed the National Congress for Community Economic Development (NCCED) but it dissolved in 2006. The National Alliance of Community Economic Development Associations (NACEDA) represents state and regional associations but does not directly represent CDCs.

CDCs in numbers

The NCCED estimated that in 2006, there were around 4,600 CDCs nationally. There has not been a more recent count. Some experts guess the number is lower due to the decline of available public and private sector resources caused by the economic recession, although it's worth noting that the demand for CDCs services has increased (also because of the recession).

A brief history of CDCs

Historically, many CDCs grew out of the Civil Rights movement to fight against redlining and divestment issues in cities. Many had a community organizing/activism background.

Robert F. Kennedy played a big role in setting up the first CDC through the Special Impact Program, an amendment to the Economic Opportunity Act of 1964, allowing the federal funding of community development projects in poor urban areas. Kennedy created an action plan for community development, which led to the formation of the Bedford Stuyvesant Restoration

Corporation, considered the first CDC in the country.

How do CDCs find work?

CDCs follow a bottom-up approach; they are set up and run by community members or local groups like churches and civic associations. In fact, a key feature of CDCs is the inclusion of community representatives in their governing/advisory boards. As non-profit institutions, CDCs are tax-exempt and may receive unlimited donations and grants from private and public sources. A significant portion of funding comes from local government and through state and federal grants, such as the U.S. Department of Housing and Urban Development's Community Development Block Grant. CDCs can also receive funding from philanthropic foundations like the Ford Foundation and the Surdna Foundation.

CDCs may also apply for funding through intermediary organizations (like the Local Initiative Support Corporation and NeighborWorks America nationally and local organizations like Pittsburgh's Neighborhood Allies) that receive government resources and then allocate funding to community groups.

One downside of CDCs is that they are dependent on some government and foundational funding streams. Although CDCs are meant to meet the specific needs of a local community, a large amount of available funding might be tailored to specific types of projects (like affordable housing). Because of this, CDCs may sometimes focus efforts based on what funds are available, rather than responding primarily to community demand.

CDCs are discovering ways to expand their funding streams. For example, Bickerdike Redevelopment Corporation (Chicago) has its own rental properties and a for-profit construction company, which generate income.

Some CDCs offer services like financial assistance to first-time homebuyers as well as housing and financial workshops for low- to moderate-income individuals and families. The organization also owns and rents out affordable housing units in the community.

Examples:
- East Los Angeles Community Corporation. www.elacc.org
- Esperanza Community Housing Corp. www.esperanzacommunityhousingcorporation.org
- Little Tokyo Service Center www.ltsc.org
- Neighborhood Housing Services of Los Angeles County https://nhslacounty.org/
- Women Organizing Resources Knowledge and Services (W.O.R.K.S) http://www.worksusa.org/

Different states are embracing and utilizing this option of improving and financing the affordability of development without creating devastating displacement to residents in the community.

CDCs play a critical role in building community wealth for several key reasons:
- They attach capital to the community by developing residential and commercial properties, from affordable housing to shopping centers along with businesses.
- One-third of a CDC's board is typically composed of community residents, allowing for the possibility of direct, grassroots involvement in decision-making.

- CDCs' work to improve community conditions usually involves neighborhood organizers, a process that is instrumental for empowering residents and gaining political power.

References:

- https://www.naceda.org/index.php?option=com_dailyplanetblog&view=entry&category=bright-ideas&id=25%3Awhat-is-a-community-development-corporation-&Itemid=171
- https://community-wealth.org/strategies/panel/cdcs/index.html
- https://slchamber.com/housinggapcoalition/

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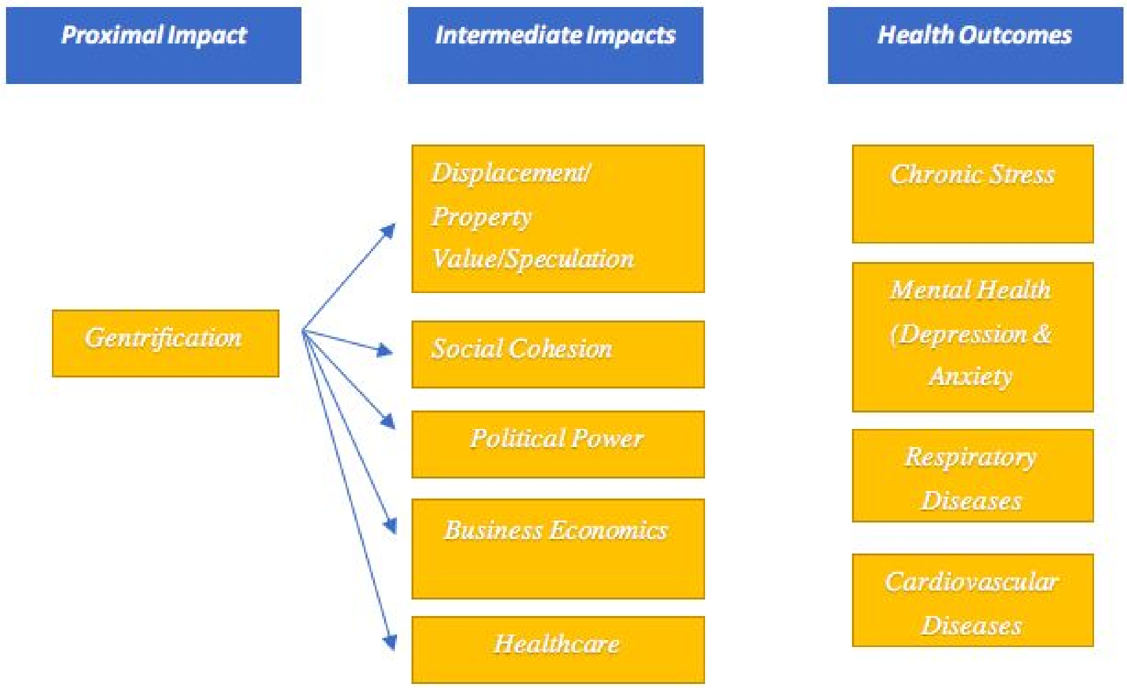
APPENDIX
Referenced Materials

APPENDIX A
CHAPTER 2: HOUSING IS A HEALTH RIGHT!

GLOSSARY OF VOCABULARIES

Allostatic load	The wear and tear on the body.
Absentee Ownership	Someone who owns a real estate property without actually occupying it or actively managing it.
BIPOC	Black, Indigenous, People of Color
Boosters	A promoter of an organization or cause.
Continuum of Care (CoC)	CoC Program is designed to promote community wide commitment to the goal of ending houselessness; provide funding for efforts by nonprofit providers, and state and local governments to quickly rehouse individuals and families.
Eminent Domain	The right of a government or its agent to take private property for public use with compensation.
Gentrification	The process of changing the dynamics and makeup of a neighborhood by adding more affluent homes and businesses. This type of practice affects the health and economy of a city.
Houselessness	Lacking a place to live. This report uses the term 'houselessness,' because it is a term used and preferred by many who live in an unstable housing world (Seattle Weekly, 2017). We aim to destigmatize the word 'homeless,' and emphasize that a home is more than just a physical dwelling unit.
Maslow's Hierarchy of Needs	A five-tier hierarchical model used in psychology, to understand human needs. Needs at the bottom of the tier must be fulfilled, before they can attend to needs higher up. Tiers are composed of (lowest to highest): physiological, safety, belongingness (and love), esteem, self actualization.
PTSD	Post-Traumatic Stress Disorder
Service Planning Area (SPA)	Specific geographic areas within Los Angeles County
Shock Doctrine	A term coined by author and activist Naomi Klein. The theory explains ways that crisis, force, and stealth are used in

	implementing neoliberal economic policies such as privatization, deregulation, and limiting social services.
Social determinants of health	Different factors in a person's life that impact their overall health and well-being. Examples of this are the neighborhoods an individual grows up in, their education opportunities, their wealth/income attainment, the type of social support around them, and accessibility to health care
Speculative Ownership	Purchase of housing units in hope that it will become more valuable in the future.
Substandard Housing	Housing that puts individuals health, safety, or physical well-being at risk.
Tenant Opportunity to Purchase Act (TOPA)	An act that would require owners of rental units to offer tenants a right-of-first-refusal when the owner decides to sell the building.



Proximal Impacts: a risk factor that precipitates a disease, such as BPD. They represent an immediate vulnerability for a particular condition or event. Sometimes proximal risk factors cause or shape an event (Zint, n.d.).

Intermediate Impacts: Important changes that occur as a result of a program or initiative that may be considered prerequisites of longer-term impact or appropriate ends themselves (Zint, n.d.).

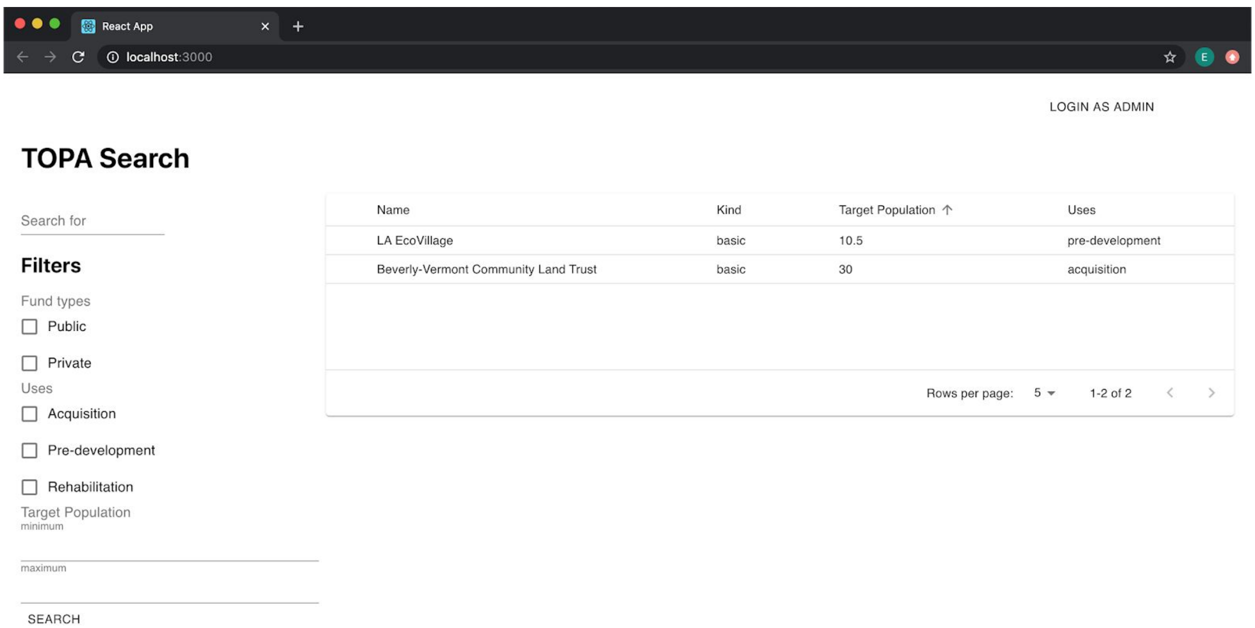
Health Outcomes: The health impacts created by intermediate impacts.

APPENDIX B

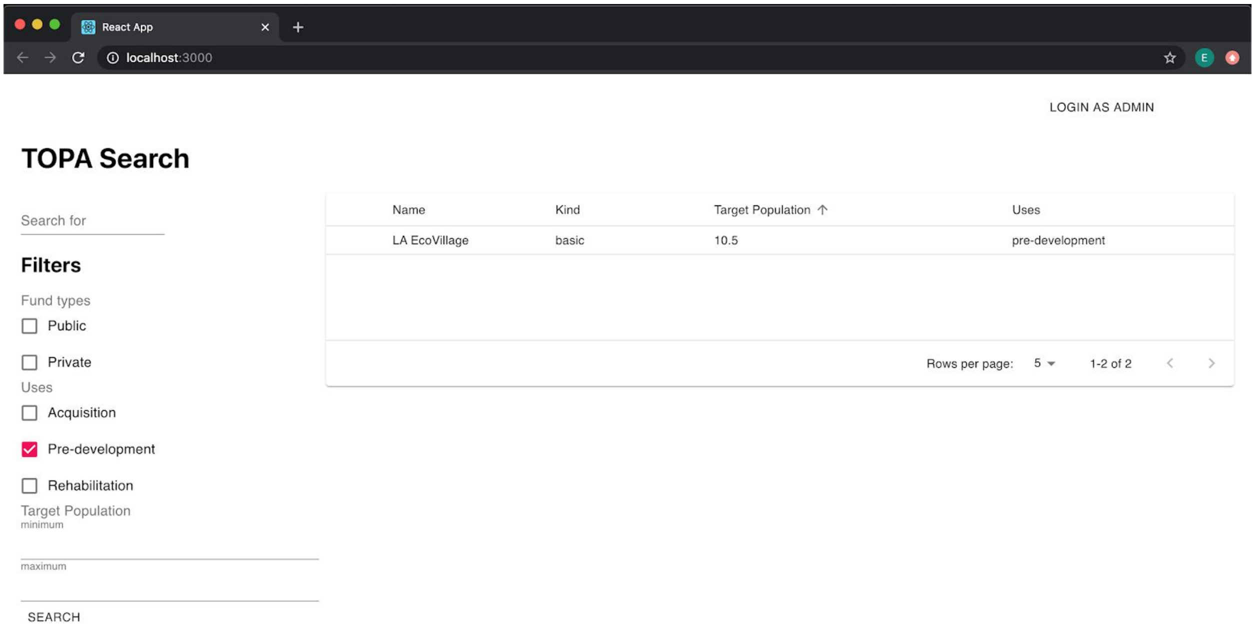
CHAPTER 4: RECLAIMING OUR HOUSING: ESTABLISHING THE RIGHT TO PURCHASE

<u>Visual demonstrations of financial search engine and database functionality</u>
(N.B. final product visuals and implementation still in progress, and the data used in the below screenshots are just a small sample set for demonstration purposes)

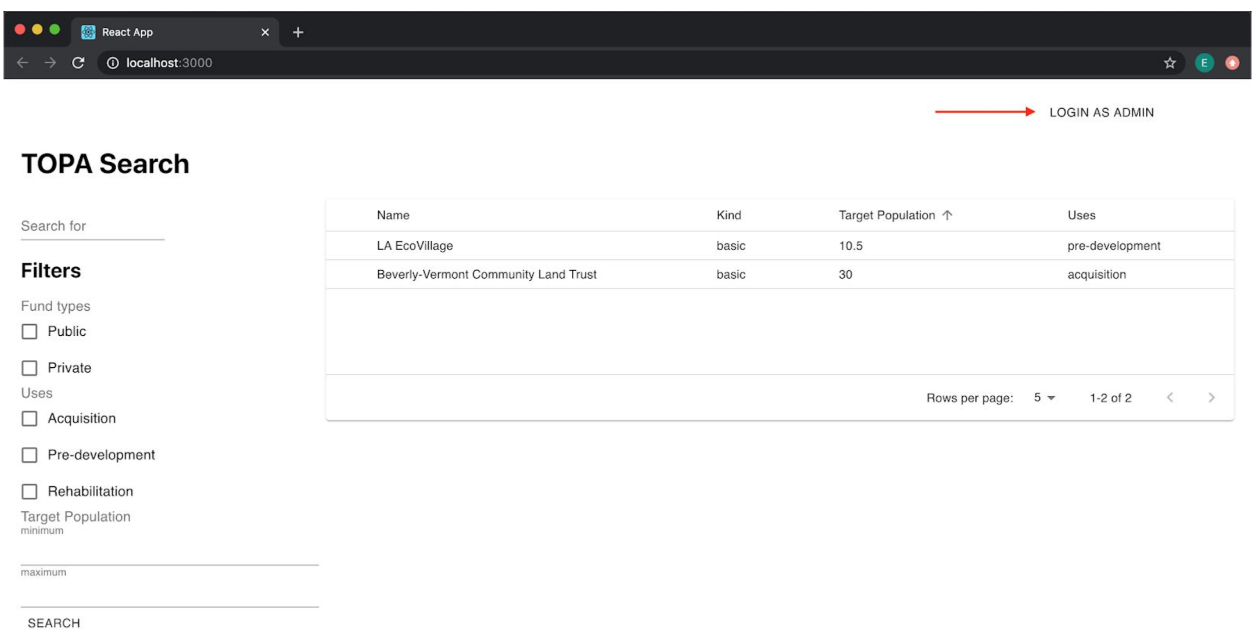
General
The main search engine page, displaying available programs



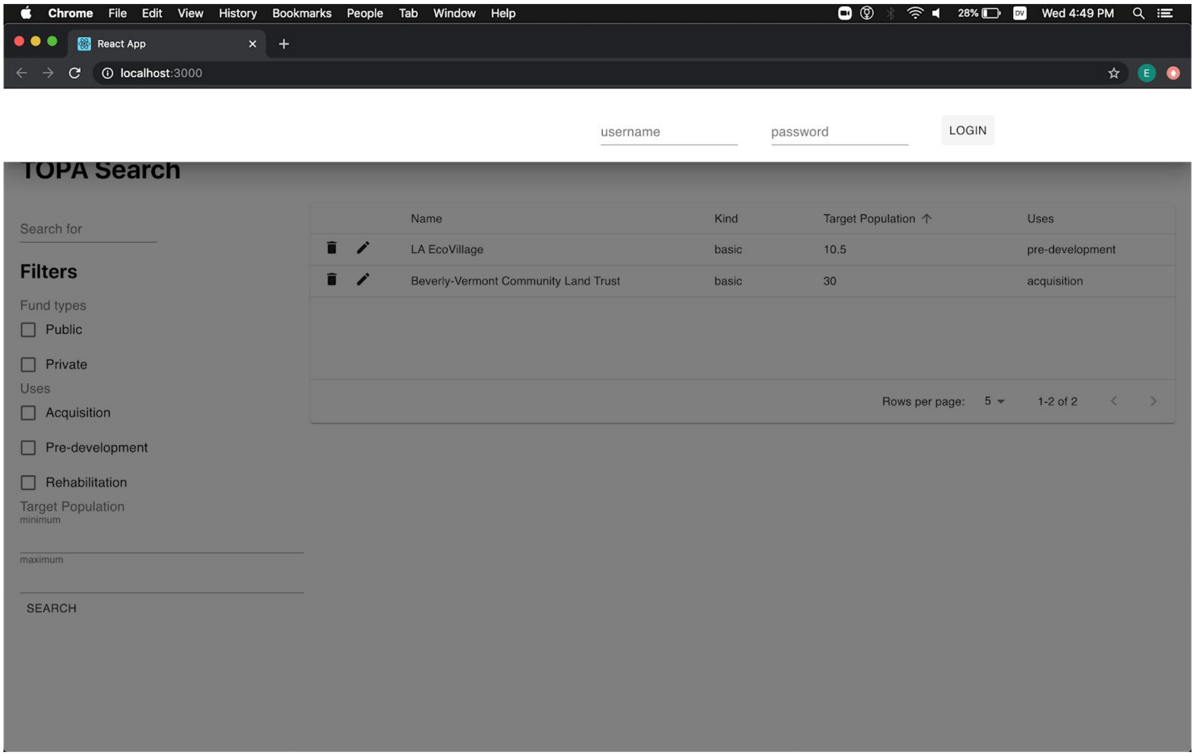
After checking the box for a certain Uses type, results are filtered to only show matches:



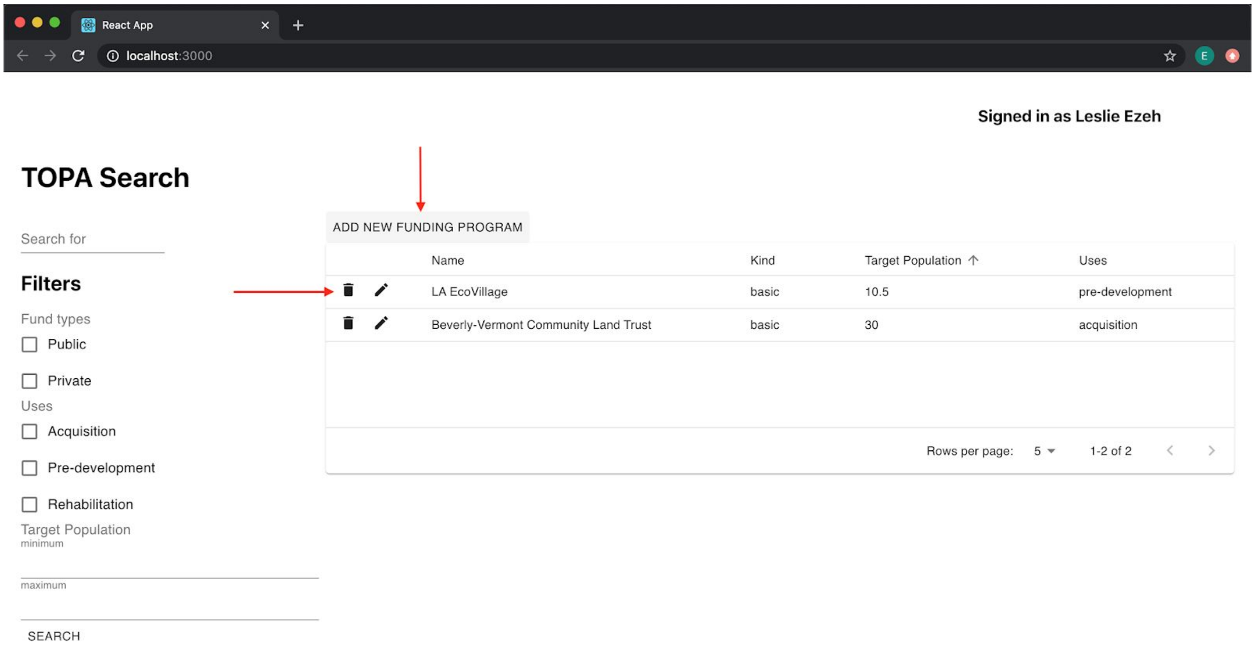
Admin
Users can login using the Login button and entering their username and password:



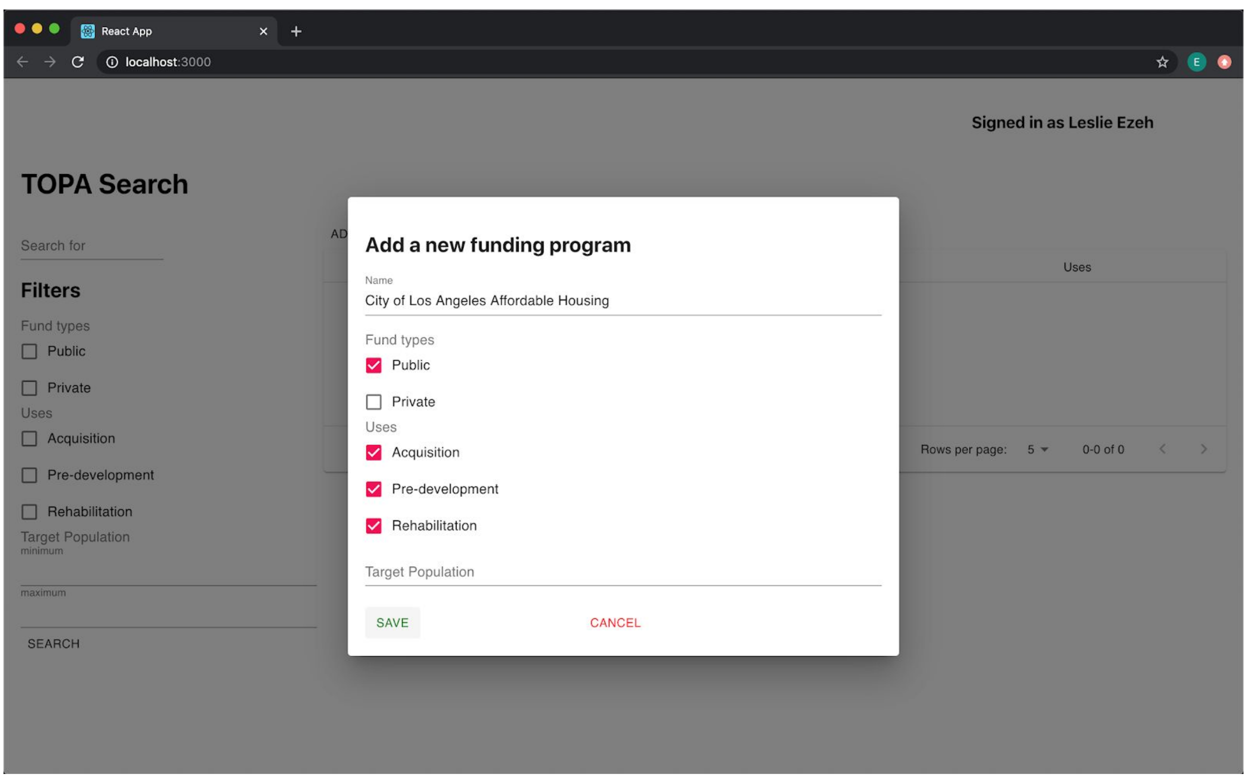
Entering user credentials:



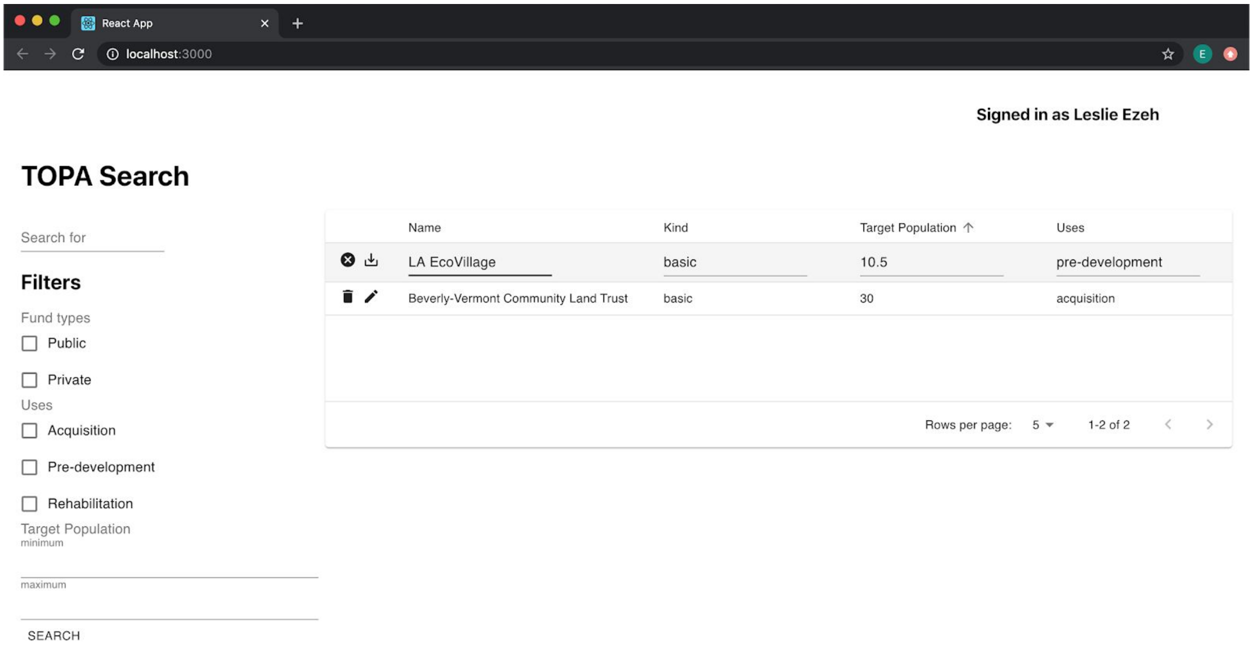
After logging in as admin user, the user sees new functionality to add a new program, or edit or delete an existing program:



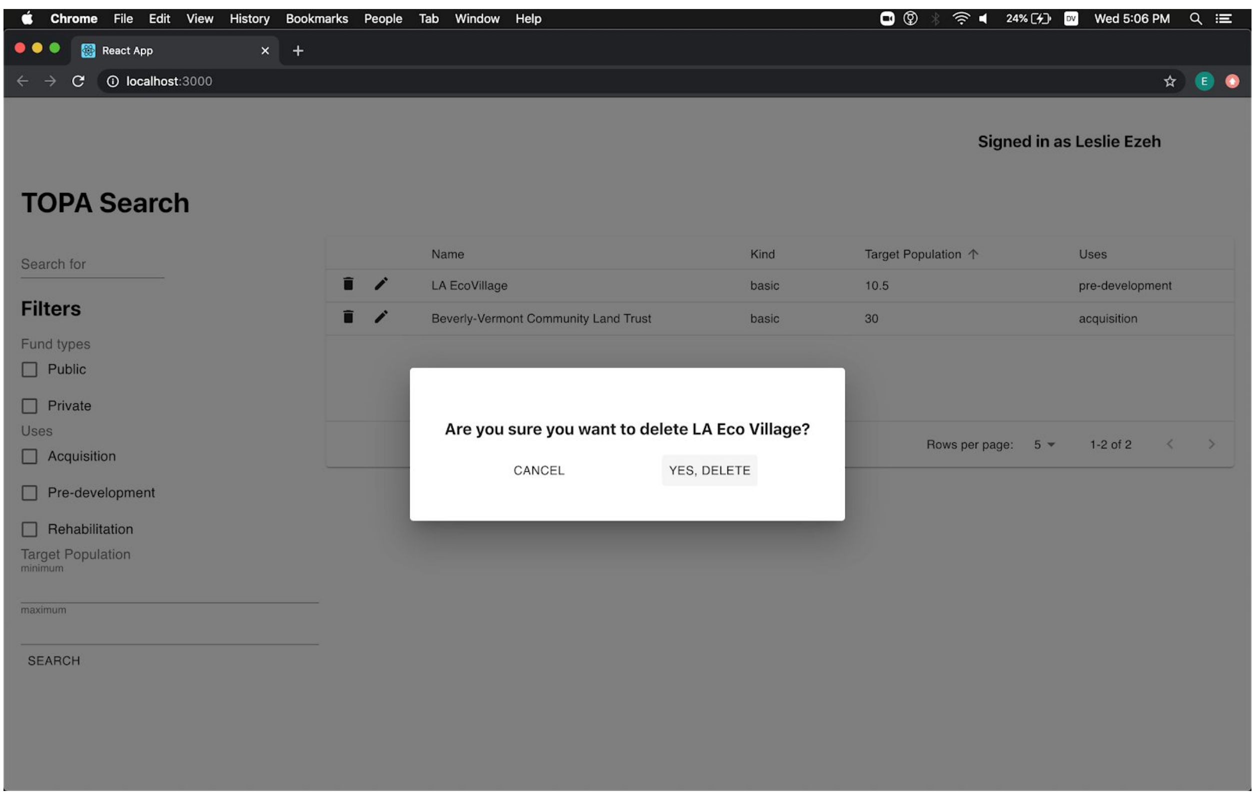
Adding a new funding program:



Editing a funding program (user first clicks on pencil icon next to the program, clicking on the field with the arrow pointing downwards will save any edits made; the X will cancel the edits without saving):



Deleting a program (user first clicks on the trash can icon next to the program, confirming by pressing the button "Yes, Delete"):



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