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Los Angeles' Homelessness Crisis: Leadership from Jerry Neuman and Business Community

Tags:

Jerry Neuman ([tags/jerry-neuman](#)) homelessness ([tags/homelessness](#)) Home For Good ([tags/home-good](#)) Housing for Health ([tags/housing-health](#)) Planning ([tags/planning](#)) Development ([tags/development](#)) civic engagement ([tags/civic-engagement](#)) business leadership ([tags/business-leadership](#)) Los Angeles' homelessness crisis is now the No. 1 priority issue with Los Angeles voters, and the number of homeless individuals now exceeds 50,000. With a measure on homelessness funding coming up on the city of LA's November ballot, **TPR turns to Jerry Neuman**, co-chairman of Home For Good, an endeavor started in 2010 by the Business Leader's Task Force on Homelessness. Neuman chronicles how Home For Good crafted an action plan with both common sense and creative solutions from the public and private sectors to end chronic and veteran homelessness in LA County. Neuman, a partner in Liner LLP's Real Estate, Land Use and Government Relations department, also offers his views on the two upcoming development reform initiatives on the city's fall and spring ballots.

Homelessness has become a serious policy focus of Los Angeles City leadership, reflected in an *New York Times* headline, "Los Angeles confronts a spike in homelessness amid prosperity" (http://www.nytimes.com/2015/06/14/us/los-angeles-confronts-a-spike-in-homelessness-amid-prosperity.html?_r=0)," **From your perspective as co-chair of the Business Leaders Task Force, frame L.A.'s Homelessness policy challenge.**

Jerry Neuman: The Business Leaders Task Force on Homelessness started in 2009 as a venture between United Way and the LA Chamber of Commerce. It was recognition of the concept that, without business engagement in fighting homelessness, little success was had. Most efforts had devolved to maintaining people who live on the streets as opposed to moving them into housing.

From that perspective, United Way asked the Chamber to engage in the subject. The Chamber agreed, and we formed the Task Force. We educated ourselves for more than a year on the issue and on best practices across the country, and traveled to see what was being done in other cities. Ultimately, we developed the Home for Good plan to address homelessness, focusing



first on chronic and veteran homelessness.

At this point, there are a couple hundred signatories to Home for Good. It has been adopted by both the city and the county of Los Angeles, and become an umbrella for service providers, outreach folks, housing authorities and more. It is now both a policy generator and a thought agent on the subject, driving structural change throughout the region.

We look at best practices, policies that need to be changed, the best mechanisms for implementation, and the pathways to implementation, and we work within the network to ensure that those things are in fact being done. We also press for systematic change and policy redirection when necessary. We pushed for the recent city and county plans, as well as the funding mechanisms that are being considered—including the bond issue that the city is putting on the November ballot.

Progress on veteran homelessness has been reported, but not significant progress with other homeless populations. In fact, a recent Los Angeles Homeless Service Authority report indicates a spike of 12 percent in the last two years, cementing Los Angeles's reputation as having the most intractable homeless population in the nation. Does this trend threaten your efforts?

The decrease in veteran homelessness is a strong and positive indication that, given the appropriate resources, the problem can be solved.

It is also indicative of the fact that when there is a shift in resources to only one side of the problem, the remainder of the problem will either stay stagnant or grows. Today, there has been a directed influence toward veterans, but we also went through a period of time where federal funding was stymied or wasn't coming out in the same way due to sequestration. As a result, limited resources went to other areas of the homelessness issue, and the population spiked.

I'll be frank: Our Home for Good plan was on track to our five-year goals of the number of the people we were housing on a year-to-year basis until about two years ago, when all of a sudden, the homeless population skyrocketed, somewhat inexplicably. There are a number of theories as to the cause of this.

There are issues related to the state's early-release legislation. There are issues related to rules the city now has to follow because of settlements or lawsuits. There's also a growing social media network among the homeless, and given the fact that Los Angeles has some of the most tolerant rules relative to living on the street, people are utilizing social media to, in effect, invite others to join them on the street.

All those things have coalesced to change the trending from a true reduction in homeless to an increase in homelessness overall and a slight increase in chronic homelessness. Yet there was still a decrease in veteran homelessness, because we have had specific, targeted resources in that area.

Let's turn to the demand and supply challenges of homelessness. There have been notable news stories about the construction cranes that dot the skyline of Los Angeles, and at the same time, the growth of homeless encampments. Alice Callahan, an advocate for the homeless, has warned, "It's all being gentrified." Can you speak to the supply side of the challenge?

Jerry Neuman

"The decrease in veteran homelessness is a strong and positive indication that, given the appropriate resources, the problem can be solved." - Jerry Neuman

We have a significant challenge in supply. I'm not sure that you can point either to gentrification or the development of condominiums as a direct impact on the supply. For the most part, those developments are not kicking out permanent supportive housing facilities.

We are seeing some loss of rent-controlled housing, but homeless people, of course, haven't been living in those places. Nor have we seen any indication that this has made more people homeless.

The reality is that we are not building sufficient permanent supportive housing. There is a significant pushback from communities to allowing supportive housing into their neighborhoods. We have been stymied in the development of permanent supportive housing citywide.

One place where there has been growth of permanent supportive housing is in the Downtown area. There, people have pushed back to ask why they are the repository of all of the permanent supportive housing. Why is it not more generally located throughout the city and county where the need exists? There is truth to that.

The fact is that, unfortunately, permanent supportive housing costs somewhere in the neighborhood of \$425,000 a door in Los Angeles. (By comparison, in Denver, it costs closer to \$160,000 a door.) Market-rate housing is probably in the \$280,000 a door price range to build. That price increase makes it harder to develop.

There is also not sufficient land available for it, given NIMBYism. Moreover, the development cycle here is a three-year process at its best. Where we have successfully pushed to get more units developed, they won't come online for another year to two years. That lag in the development cycle also increasing the current gap in the availability of units.

At the end of the day, the number of units that we have is insufficient, and we need to find a way to get more units. That could be through existing housing stock; it could be through conversions. There are a lot of other ways that we have been working to do that. There are some great providers out there that are actually making that happen.

For instance, the county initiated the Housing for Health program, which reallocates healthcare dollars to housing. They discovered that it's cheaper at the end of the day for them to build housing than to supply medical services at the current rate, because people tend to have fewer problems when you take them off the street. This program has been wildly successful in both bettering the health of people on the street and providing housing for those same people.

Now, turning to the demand challenge—L.A.'s unemployment rate is a fraction of what it was after the market crash of 2008, hitting 4.8 percent (<http://www.scpri.org/news/2016/07/22/62881/unemployment-in-la-county-is-at-its-lowest-rate-in/>) in Los Angeles County this summer. The region and the city appear economically stronger than they have been in a decade. Elaborate, given such signs of economic growth, on why the homeless population seems to be growing.

We have been trying to drill down into that. There are folks who have become homeless by circumstance; there are those who are chronically homeless—having been homeless for more than one year—many of whom have been on the streets for quite some time.

What we have seen is policy changes, including early release programs, as well as allowing people to maintain their belongings on the street and continue to sleep on the street even during the daytime where once they couldn't do that. That is making some people become more difficult to house.

We did a study from 2009-2010 that found that around 90 percent of people on the street would agree to be in housing if it became available. Between 8 and 10 percent were somewhat housing-resistant, or were so mentally ill that it would be difficult to house them.

The mentally ill percentage seems to have gone up and the percentage of people who are housing-resistant, who are making choices to be on the street or not to engage in the system of getting housed, seems to be growing as well.

Jerry, in an effort to be less theoretical, if you were named the czar of homelessness for the city and county of Los Angeles, what would you focus upon?

First, I would push for the quarter-cent sales tax at the county level to ensure that we have sufficient money for the services to match up with the money that the city hopefully will provide in their \$1.2-billion bond that will create housing.

Second, I would push for the realignment of a number of resources across both the city and county—especially in the county—into the type of programs that County Health services has done in creating Housing for Health, the program I mentioned earlier.

I would create more supplemental vouchers or some supplemental program to make up the difference in rent between what HUD vouchers and HUD-VASH vouchers can pay and the realities of the LA market. That would allow us to move faster “scattered-site support” system, where we can go out and get apartments throughout the city and provide services to those apartments.

Third, I would push for development reform to start reducing the affordability gap—not just by focusing money on the low end of the spectrum, but also by building housing for the middle class. Folks today are moving from the middle-market economy to the low end, and people need affordable housing support who wouldn't have had needed it a year or two ago. That puts pressure on homeless services.

Often, in dealing with a challenge like homelessness—a challenge to our public policy priorities and to our moral core—advocates neglect to address the attendant problems. It's been reported that most of the homelessness money now goes to police, street services, sanitation, etc. Could you address holistically how these public services and agencies that are not directly serving the homelessness, ought to be integrated into a successful homeless action strategy?

When we started, our numbers, which have been relatively consistent, were at about \$875 million a year were spent on what was then a homeless population of about 52,000 people. The bulk of that, as you identified, came out of the law enforcement side, predominantly in the cost of jail time as well as emergency services and how much our healthcare system was burdened by the fact that people who live on the streets utilize the emergency rooms as standard, daily care.

If you put someone in a home, their cost to the system immediately goes down by 40 percent. We need to recognize that we have this mechanism. By reallocating dollars into housing and getting people housed, we gain the ability to utilize those savings to house even more people, or to better the system that we have.



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We should be looking at this across the system: in law enforcement, in health services side, and in terms of the dedicated personnel providing counter services to move people through the system. The county has a number of dedicated people just to research how people move through the system. Some of those dollars could be used to upgrade the technology, which would decrease the cost of the overall system and make more personnel available to become outreach workers on the streets.

Our court system is another area where we could reallocate dollars gained from efficiency. There are already some pilot programs designed to make Homeless Court more efficient and effective, so that we're not burdening the system with the homeless population.

Across the spectrum, the application of efficiency and the utilization of savings could help solve the problem.

Address the particular regulatory challenges that confound those trying to holistically address homelessness in LA City and LA County.

Other communities don't have the limitations that we have in the City of Los Angeles. We have entered into settlement agreements that somewhat tie our hands in our ability to either remove people's belongings from the street or ask people to not live or sleep on the sidewalk during certain hours, which has meant that folks have started to build encampments in a way that has never happened before, and they feel a sense of ownership of the sidewalk in a way that they never have before. It's through lawsuits that we have either settled or lost that we create an unretractable judicial scheme as opposed to just political decisions that can be changed or systematic legislation that can be addressed. That's a huge difficulty, in my mind, for us in Los Angeles.

There are two LA City planning ballot measures that will be on the ballot—one in November and one in March. Related's Bill Witte has said in a companion TPR interview that both implicitly address people's concern that the City's process currently provides no project outcome certainty—for developers, for neighborhoods, for communities—regarding what is ultimately approved versus what city plans define as permissible. Is the aforementioned an accurate reflection of LA's present development challenge?

I don't feel, by any means, that either of these proposed ballot measures changes the unpredictability of the system.

Build Better LA attempts to set a baseline for inclusionary zoning, which does not necessarily in and of itself provide certainty. It merely provides a baseline that, quite frankly, given the way that the proposition is written, is somewhat not understandable, and by its nature will create more uncertainty and more confusion about what the requirements are—especially as it relates to for-sale housing.

Also, for the first time, Build Better LA proposes adding a labor component to an inclusionary housing proposal. That combination will result in putting significant pressure on affordability in the city—more so than we see today—because it will upgrade the cost of overall development. The apartments or housing that's built will support very-low- and extremely-low-income families at the expense of low- and moderate-income families, whose housing will now get more expensive. That will out-price the low- and the moderate-income families as the remaining units will become more expensive, thereby increasing the affordability gap.

As to the Neighborhood Integrity Initiative, if you find certainty in building nothing, then maybe Bill's right on that. But my view is both initiatives create an incentive to never pass another Community Plan, because any increase in density or any attempt to accommodate an increase in density is contrary to what each of those plans are trying to accomplish. Therefore, we're going to be living in a system that is constantly trying to reinvent itself, pitted completely against the people who do not want that system to change. All that does is create an era of turmoil and uncertainty.

Is it not accurate to note that the Neighborhood Integrity Initiative doesn't bar development projects that require no discretionary action; it only affects those projects that need spot zoning or a conditional use permit. Proponents of NII also assert that a two year moratorium on the latter might actually spur the City Council and Mayor to fix the City's planning process, which some people believe is without up-to-date governing rules? Does not, in your opinion, the City of LA need a better planning process?

You are correct that both initiatives tie only to those projects that require some kind of zoning action or discretionary action to build what they want to build. In LA, I contend, that is almost every project.

NII proponents are not tying it to just General Plan amendments. They're tying it also to zone changes, height district changes, and anything that would increase the envelope or density of a building.

In LA, given the fact that we're dealing with codes that are at best 30 years old—and some a lot older than that—almost everything requires some kind of action to move it through.

LA, whether you like it or not, is increasing in population. A significant amount of that is indigenous; some of it is migratory, due to immigration, not just from foreign countries, but internally, from other states. We have to house people somewhere, and we have codes that were written at a time when the projections of population were nowhere near what we have today. So to accommodate this growth, we have to push the envelope.

The belief that discretionary actions are only for those areas that can't build by right, or for greedy developers who are not willing to build by right, is a misinterpretation of where we are in this moment in LA. On your second point, I think you're right. There are provisions within both initiatives to spur the city to, in effect, pass a new General Plan and pass new Community Plans.

The city is moving in that very direction. They are currently processing 25 new Community Plans and are bringing them forward. They have not been successful on some of the Community Plans that they have tried to pass, as they've been challenged in court.

They've been challenged because every time they've tried to address the density issue and tried to accommodate the true growth of Los Angeles, people within the neighborhood—in fact the very people who are sponsoring the Neighborhood Integrity Initiative—challenge those efforts.

What that tells me is that what NII supporters want is a Community Plan that sets the status quo in stone. Once you've done that, there is no Community Plan that the city can pass that will accommodate its growth. Every time they attempt to do that, the very proponents of the Neighborhood Integrity Initiative and the Build Better LA initiative will see that new plan as contrary to what they are attempting to do, and therefore they will fight and challenge that new plan.

We will be in a cycle of having them consistently challenge the very efforts that they're asking for. I see that as one of the biggest problems. And I do see evidence that the city is currently processing plans, and they're trying to do that at a relatively quick pace.

Elaborate on the latter observation.

They are currently circulating the revised Hollywood plan. They have that scheduled to come back to the Planning Commission sometime later this year, or if not, the early part of next year.

There are plans in CD (Council District) 15, CD 1, and CD 14 that are moving forward, all of which are tailoring themselves to the realities of those communities, and have been vetted within the community process and are now waiting to see their time through the city process by going to the City Planning Commission and then to City Council.

The question is: As you get into those neighborhoods like Hollywood, where we've seen more resistance to density and to growth, what happens to those plans? Will the new Hollywood plan be challenged again? Most likely.

To me, again, that is further evidence that the intolerance of a few people to recognizing the needs of the growth of Los Angeles is going to thwart the efforts of the city to actually pass those plans.

Would it be accurate, Jerry, to conclude this interview that you are more optimistic about the capacity of the city and the region to address homelessness than you are about the City of LA's capacity to address development reform?

At this moment, yes, I am. It's a bit of a quandary. But the fact is that we've gotten to a crisis in homelessness.

80 percent of people say that one of their top two priorities for the city is to solve homelessness. Of that number, 90 percent believe it's a solvable problem. When our elected officials see those numbers, they decide: We have to commit to that process.

Interestingly, in polling that I've seen, the electorate actually understands the need for growth in this city, and the need for development generally. But when you try to apply that to specific development to someone's neighborhood, things change. People are tolerant of growth, but some people are not tolerant of the growth of the house next door.

It was surprising that in each council district, there was only one area where folks seemed to not want to see growth. Generally across the board, people do. The problem is that that's a large, silent majority, and there's also a vocal minority and the activist minority.

Address the challenge of executing on growth, and whether their attitude is that the current operating procedures for planning and development in LA are acceptable to them. They would like to see growth in a planned, rational way. Have you polled on that question? Are they satisfied with the status quo of planning?

The polling hasn't asked those exact questions. But in polling about the Neighborhood Integrity Initiative, there is concern that it goes too far—stopping development or hindering development could have unintended consequences, like an increase in homelessness.



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