According to a new study published in August 2015 by UCLA’s Luskin School of Public Affairs, within Los Angeles County rising housing costs coupled with stagnant incomes have given rise to the lowest home ownership rates of any major metropolitan area. The problem is compounded by a widening income gap between the area’s richest and poorest residents.

In addition, according to urbanist Henry Grabar at Salon.com in April, 2015, more than 60% of the city’s population lives in rental housing, and yet the vacancy rate for apartments in Los Angeles County is now 3.3 percent — lower than in New York City.

This has made L.A. expensive for homeowners and tenants alike. The former spend 40 percent of their income on mortgage payments; the latter spend 48 percent of their income on rent. Both figures are the highest in the country.¹

The crisis results from a confluence of policies that squelch supply. These include land use regulations that are used by neighborhood groups to restrict or stop construction. A 2013 paper by Morrow for UCLA found that from the mid-1960s onward, community opposition led to the downzoning of many areas into single-family residential, and this designation now exists across 80% of the city (compared to a quarter of New York City and San Francisco). Even in areas zoned for growth, developers are often forced by local resistance to build far less units than they wish.

L.A.’s rent control laws, passed in 1978, also limit supply by reducing turnover, thus taking a large portion of units off the market. For example, 80% of the city’s 880,581 multifamily units are rent-controlled. This forces newcomers to compete for the far smaller stock of available market-rate units. Although the law doesn’t apply to new units, it discourages development by creating a climate of arbitrary governance, argues UCLA economist Paul Habibi.

As of 2014, L.A.’s downtown area had a residential population of 52,400 and rising, up from just 27,849 in 2000. Skid Row accounts for 17,740 of that total, while estimates put the number of homeless there between 3,000 and 6,000 — an incredible 10% of the current population.

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With clean, safe affordable housing classified as a powerful social determinant of health, Dignity Health has been channeling investments into those non-profit organizations best positioned to develop affordable housing directly and indirectly in Los Angeles County. The following summarizes these investments:

- **Abode Communities ($3,500,000 in total investments approved in 2014 of which $500,000 is currently outstanding.)**

  Abode Communities and Affiliates (Abode) is a nonprofit Los Angeles–based corporation formed in 1968. Abode’s mission is to open new doors in people’s lives through creative and responsible design, development, and operation of service-enhanced affordable housing. Dignity Health’s investment is enabling Abode to exercise their specific strength in building sustainable multifamily affordable housing to address the needs of Southern California’s large workforce, low-income families, seniors, and individuals with special needs.

  One such project was the Rolland development – a Transit Oriented Development consisting of 140 units of affordable housing along with a Federally Qualified Health Clinic (FQHC) in South Los Angeles. Altogether, Abode has developed over 50 buildings containing over 1,800 apartments providing homes to 6,800 working individuals and families who earn between $18,000 and $50,000 per year.

- **Corporation for Supportive Housing (CSH) ($2,000,000 investment approved in 2011 of which $2,000,000 is currently outstanding.)**

  CSH is a Community Development Financial Institution that provides capital and technical support to organizations engaged in supplying permanent housing with supportive services to prevent and end homelessness. Dignity Health’s investment is being used in CSH’s Los Angeles Supportive Housing Loan Fund (LASHLF) aimed specifically at non-profits engaged in providing permanent affordable housing tied to supportive services for homeless and at-risk individuals in Los Angeles, with emphasis on frequent users of emergency rooms, shelters, and jails.

  Since its inception in 2003, LASHLF has financed over $22 million in loans, stimulating the development of over 2,000 units of affordable and supportive housing in Los Angeles.

- **Art Share Los Angeles ($500,000 investment approved in 2015 not yet deployed.)**

  Art Share occupies a unique position as a combined community arts center and affordable housing complex, and was founded during a time when inner-city arts programming was almost nonexistent and artists were being displaced by skyrocketing property values and rent increases. Residents occupying Art Share’s 30 affordable rental units are an important part of Art Share. These low-income residents are part of the decision-making
process for residential decisions, and there is a full-time live-in resident manager who has close contact with the residents and can solicit feedback. Some residents participate in Art Share programs and exhibits.

Dignity Health recently approved a loan to enable Art Share to lower its mortgage so that funds saved could be used to refurbish the units (e.g. air conditioning), maximize occupancy, and improve the community arts space.

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Investing in health and human services is also an important focus for Dignity Health investments in Los Angeles. In 2012, Los Angeles County had the highest poverty rate in California: 26.1% of the county’s residents were poor (as defined by the Public Policy Institute of California in conjunction with the Stanford Center on Poverty and Inequality).

The following are current examples of Dignity Health investments in organizations providing much needed social and medical services to the most vulnerable populations:

**Los Angeles House of Ruth (LAHR) ($75,000 investment approved in 2012, of which $31,746 is currently outstanding.)**

LAHR serves homeless women and their children straight off the streets as well as those who are residing in emergency shelters, shelters for victims of domestic violence, in parks, encampments or other public places. LAHR serves pregnant women, non-English speaking mothers, and women who are not eligible for emergency human services. One hundred percent of the service population lives below the federally determined poverty level. The average age of the woman served is 26 years old and the average number of children in the families served is 2.5 children. Although the defining criteria are homelessness and poverty, more than half of the women aided have been victimized by domestic and/or sexual violence and 97% of the clients are women of color.

Dignity Health’s secured loan is being used to assist the organization with working capital needs.

- **Northeast Community Clinics (NECC) ($1,632,747 investment approved in 2010 of which $1,632,747 is currently outstanding.)**

Since 1971 NECC has been providing primary healthcare services to the high risk, indigent and uninsured population of Los Angeles County. They became a Federally Qualified Healthcare Center (FQHC) in 1994, and since then have expanded into the South Los Angeles cities of Bell and Huntington Park, as well as to other areas of Los Angeles. Now serving over 45,000 patients a year, they have expanded their services to include a myriad of social services including behavioral health, nutrition, health education, and referrals to specialists and hospital in-patient care.
Dignity Health, in partnership with Capital Impact Partners, invested in NECC’s acquisition and refurbishment of their health clinic in Wilmington, California.

Information only.