

BETTER HOUSING THAN BEFORE:

The LAADU Accelerator Program and the Social Cost of Homelessness in Los Angeles

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REPORT AUTHORS

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INTRODUCTION

In 2018 the City of Los Angeles was selected as a winner of the Bloomberg Philanthropies U.S. Mayors Challenge, which incentivized bold and creative new ideas to confront the most complex challenges facing American cities today. L.A. was selected as a winner for its innovative approach to combat the City's homelessness crisis: the LAADU Accelerator Program. Following the passage of AB 2299 and SB1069 in California, homeowners have been allowed to retrofit or build secondary accessory dwelling units (ADUs) on their property since 2016 (City of Los Angeles 2018). LAADU takes advantage of this shift in policy to partner with homeowners to rent their ADUs to older adults facing housing insecurity. Eligible and approved homeowners and tenants are paired through a screening and matching process. Landlords receive stable rent payments and tenants get case management support during the program.

As part of the impact evaluation of this program, we were asked to conduct an analysis to examine two questions: 1) does the LAADU Accelerator improve the housing situation of the elders it aims to serve? and 2) how does LAADU compare to other Los Angeles City social housing programmes, such as housing built using the low-income housing tax credit (LIHTC), housing choice vouchers (HCVs) or public housing, on a cost per participant basis.

In objective and subjective terms, LAADU housing substantially improves the housing situation of its tenants relative to their prior living situations. Tenants served by the program reported high levels of satisfaction with their housing situation while living in dwellings provided by this program, and many rated their LAADU dwelling as the best living situation they had ever had. Additionally, interviews show that the population of LAADU tenants being served were truly housing and economically vulnerable prior to entering the program, many of whom lived on a fixed income and have a history of unsheltered homelessness. Thus, the improved housing provided by LAADU is best characterized as moving tenants from a state of housing instability to a state of housing stability in high-quality dwellings. The LAADU program therefore fulfills its principal goal of providing "affordable, safe and decent housing" for this population of older adults.

In cost benefit analysis, the LAADU program is much cheaper than programs that serve the homeless population. By our estimates, if 48% of LAADU tenants became homeless, they would cost Los Angeles City more than the cost of the LAADU program. If only 19% of LAADU tenants became homeless in the absence of the program, the LAADU program would have net positive social value by the standards used to assess health policy.

As a housing program, LAADUs costs are about the same as other affordable housing programs. However, it is likely cheaper than other housing options in terms of cost per additional affordable unit because it increases the total stock of affordable housing by

subsidizing a part of the housing market (ADUs) which currently has high supply elasticity (many more ADUs could be built by right in Los Angeles than have currently been because the zoning laws changed relatively recently), so rent subsidies are less likely to simply bid up rents.

EXECUTIVE SUMMARY

Headline:

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In cost benefit analysis, the LAADU program is much cheaper than programs that serve the homeless population. In our estimates, if 48% of LAADU tenants became homeless, they would cost Los Angeles City more than the cost of the LAADU program. As a housing program, LAADU’s costs are about the same as other affordable housing programs. However, it is likely cheaper than other housing options in terms of cost per additional affordable unit because it increases the total stock of affordable housing.

Using a new quality adjusted life year metric (adapted from health economics), we estimate that participants valued their quality of life in poor housing situations (including homelessness) that they previously experienced at just 6% of the level they valued living in LAADU. Using standard valuations from health economics, the improved quality of life from LAADU is worth \$89,569 per participant per year. When accounting for the quality of life benefits, LAADU would be a cost-effective social policy even if only 19% of tenants would have become homeless without the LAADU program.

The report is divided into two parts. The first part describes and evaluates the experiences of LAADU tenants on the basis of in-depth interviews. The second part presents the cost-benefit analysis, including calculations for the quality of life costs that are saved through LAADU housing.

METHODOLOGY

Interviews

- In-depth qualitative interviews with 17 tenants (over half of all LAADU tenants) and 11 landlords.

Quality Adjusted Life Year (QALY) Methodology

- Application of an innovative QALY instrument to the tenant population. This instrument allows us to derive a standardized measure of quality of life that can be translated into a monetary value. Quality adjusted life years or QALYs are a standard measure of human suffering used most commonly in medicine. This is an original application because QALY methodologies have not usually been applied to housing questions

Cost-Benefit Analysis

- The data landscape for housing is very inconsistent across programs, so we use best estimates based on data of differing quality. We indicate where this introduces uncertainty throughout and it is important to recognise that these numbers should not be treated as precise estimates.
- For this exercise, we assume an example tenant who is a 75-year old woman who lives alone and has a yearly income of \$12,000. She has moderate arthritis, type 2 diabetes and hypertension but is otherwise healthy. We aim to house her in a 1 bedroom apartment (where that is an applicable option).
- Estimates account for discount rate, inflation, overhead, construction rates and utilization. Estimates for the cost of crowdout are not included, but are discussed.
- We compare the total government cost of LAADU against seven alternative housing situations: HUD Section 202 Supportive Housing for the Elderly, Public Housing, Low Income Housing Tax Credit (LIHTC), Safe Parking LA, Housing Choice Vouchers (HCV), Unsheltered homelessness and Sheltered homelessness. We discuss the structure of each of these strategies, evaluate their cost and potential for crowdout.

PART 1: PEOPLE, PLACE AND OUTCOMES

PEOPLE: LAADU tenants

Demographics

- The respondents match the population that the LAADU program aims to serve: economically-vulnerable elderly adults. The tenants we interviewed were between 62 and 87 years old at the time of the interview and most respondents reported earnings below the poverty line for a single adult in 2022.
- The majority of interview respondents that we interviewed are ethnracial minorities and born outside of the United States.

Previous Living Situations

- Almost all LAADU tenants were housing insecure prior to entering the program. Tenants described four types of housing situations prior to entering the program: living on the streets or in a vehicle, couch surfing, room hopping (very short-term, usually weeks or month-long room rentals) and stable housing. Of these four situations, only stable housing provides a living situation devoid of physical and psychological suffering.
- The most common prior living situations immediately before LAADU housing were intermediary situations where respondents were reliant on family or friendships for a couch or floor to sleep on or room hopping which was (often prohibitively) expensive. Only one respondent was sleeping in their car immediately prior to entering the program. And only two had relatively stable housing situations.
- While it was not common for LAADU tenants to have been experiencing unsheltered homeless immediately before they received LAADU housing, many had experienced unsheltered homeless at some point in their life. The majority had experienced housing insecurity at some point in their life.

PLACE: LAADU program

- LAADU tenants were connected to the program through referral by institutional actors, like social workers, family or friends, or found it themselves by searching online or making phone calls.

The ADU homes themselves were high-quality. The majority were brand new or recently renovated units with new appliances. Units tended to be between 400 and 600 sq. ft.

OUTCOMES: Better Housing Than Before

Objective Measures

- Just on objective measures, we assess that the LAADU Accelerator Program substantially improved the housing situation of the tenants we interviewed. All respondents that we interviewed experienced an improvement in their housing situation through participation in the LAADU program.
- While many had been housing insecure prior to entering the program, there was no respondent that was currently housing insecure at the moment of interview. No respondent was living on the street, no respondent was currently experiencing uncertainty about where they would sleep that night nor did any report an urgent need to find housing somewhere else.
- Rent was much more affordable through participation in the LAADU program. The tenants were paying on average \$704 per month in the housing situation immediately before entering LAADU. Some were paying as high as \$1,700 a month, which made the relief from LAADU even more significant for tenants who felt rent-burdened for years prior. While rent in the LAADU program varied based on the tenants' income, the average rent for tenants was \$351.71. The LAADU program slashed rent prices virtually in half for its participants.
 - For reference, affordable rent is generally defined as 30% of adjusted income (Herbert, Hermann, and McCue 2018), which for someone earning \$12,000 annually translates into \$300 a month. Thus, reported rents by tenants are aligned with the provision of affordable housing.
- Rent also went farther in improving their housing situation. Many respondents were living in brand-new or recently remodeled units with new appliances. Problems with the units were minor and quickly resolved.
- The program connected tenants to networks of institutional and social support that some did not have before living in LAADU housing. This social support could be critical in further alleviating the financial burdens of this economically-vulnerable group of tenants.

Subjective Measures

- Tenants served by the program reported high levels of satisfaction with their housing situation while living in dwellings provided by this program, often describing themselves as at peace or very happy with their LAADU dwelling.
- As reported by tenants, a major benefit of the program is a regained sense of independence which many respondents felt they had lost.

- Respondents did report some negative experiences in the LAADU program, but these complaints were minor or not directly connected with the aims of the program.

Quality Adjusted Life Years (QALYs)

- Quality adjusted life years or QALYs are a standard measure of human suffering used most commonly in medicine. The QALY attempts to combine two aims of health policy into a single indicator: longevity and quality of life. In this report, we develop the basic needs QALY and apply it to a population that is housing insecure.
- QALYs are an interesting new option for integrating quality of life into cost-benefit analysis and should be more widely used. Results so far are very preliminary but provide invaluable additional context to the experiences of program participants.
- Respondents universally gave extremely low time-tradeoff scores to their worst past living situation. Nine out of thirteen participants said that they would prefer any amount of time in their current situation over living in their worst past living situation for ten years.
- There were two main types of worst experiences among those that told us that they would never trade off any life in their present LAADU home: unsheltered homeless or extreme housing instability.
 - For those whose worst living situation was sleeping in the street or their car, uncertainty about going to the bathroom, inability to clean themselves, exposure to heat and cold, concern for safety and inability to sleep well were the major reasons why respondents told us this living situation was not worth living.
 - For those whose worst living situation was extreme housing insecurity, the stressed caused by being unsure about the permanence of their housing situation or the prospect of eviction were the major reasons why respondents told us this living situation was not worth living.
- Participants generally considered their living situation in LAADU to be close to the level in their best past living situation (indeed most [11] said that the LAADU housing was the best living situation they had experienced).
 - Tenants cited the quality of the housing, the landlord service, and a sense that they had a place to call their own as major reasons that LAADU housing was the best housing they had ever had.
- On average, they considered 9.2 years in their best previous situation as valuable as 10 years in their current situation in LAADU. This means life in LAADU was seen as 92% as valuable as life in their best past living situation.
- The QALY measures suggest that poor housing situations short of homelessness may be similarly bad in terms of quality of life, so there is likely high social value in preventing these housing outcomes as well as homelessness.

PART 2: COST BENEFIT ANALYSIS

Results

- We synthesize the key numbers in Table 1 below. We describe the major takeaways below this table.

Table 1. Key Numbers Summarizing the Costs and Benefits of the LAADU program¹

Program	Housing Provided	Government Expenditure (1 year of shelter for 1 person)	Net Social Benefit of Fulfilling Housing Need	Who Pays	Political Feasibility for Expansion	Crowdout
LAADU	Housing	\$21,994	\$67,575	City	Medium	Probably low
Public housing	Housing	\$26,339	\$63,230	HUD	Low	Medium
Section 8 HCV	Housing	\$20,249	\$69,320	HUD	Low	High
LIHTC	Housing	\$20,070	\$69,499	HUD	Low	Almost complete
City shelters	Shelter	\$102,425	-\$72,425	City	Medium	Probably low
Safe parking	Unsheltered	\$64,578	-\$64,578	City	Medium	Probably low
Unsheltered	Unsheltered	\$35,612	-\$35,612	City/County	Status Quo	NA

Discussion

- Even without accounting for improvements in quality of life, LAADU is cheaper than programs that seek to serve the homeless population.
 - LAADU is much cheaper than providing services through shelters (\$21,994 vs. \$102,425).

¹ Green = Most Preferable Result, Yellow = Preferable Result, Light Red = Unpreferable Result, Red = Least Preferable Result

- LAADU is cheaper than doing nothing (which implies costs in terms of healthcare, social services and public safety; \$21,994 vs. \$35,612) and programs like Safe Parking (\$21,994 vs \$64,578).
- We estimate that if 48% of LAADU tenants became homeless without the program, they would cost Los Angeles City more money than the LAADU program does.
- When accounting for the quality of life benefits (using the QALY tool) of adequate housing, only 19% of LAADU tenants would have to become homeless (or experience similar negative housing situations) for it to be a social net positive.
- LAADU costs about the same as other affordable housing programs in Los Angeles. However, it is likely cheaper than any other housing option in terms of cost per additional affordable unit because of crowdout.
- While shifting LAADU tenants to federal housing programs may appear to be an attractive option to avoid incurring these costs, given the federal program's fixed size, it is likely that transferring LAADU tenants into other programs merely transfers housing instability to another set of tenants with a high likelihood of poor housing outcomes. It is therefore our assessment that policy initiatives that transfer housing insecure people between programs without increasing the stock of affordable housing are unlikely to be effective.
 - Housing a LAADU tenant through Section 8 means not giving that voucher to another person in huge need of housing. This just creates homelessness risk for a different set of people.
 - If these transfers result in additional unsheltered homelessness, these costs will be incurred by Los Angeles City at a higher price than if they were provided affordable dwellings.
- Crowdout: one of the big challenges with affordable housing programs is that they can crowd out private investment in housing.
 - LAADU likely increases the total stock of affordable housing because a huge number of additional ADUs could be built under current zoning rules, so increasing demand should spur further development rather than increasing rents.
 - Section 8 vouchers mostly do not expand the total number of affordable units because it is difficult to build new housing in Los Angeles so vouchers increase rents rather than housing supply
 - Public housing does a bit better but still has significant crowdout.
 - LIHTC likely has zero effect on the total amount of affordable housing

PART 3: RECOMMENDATIONS

How the design of LAADU could be improved

- LAADU's met its primary goals of providing affordable, safe and decent housing. But, we believe the program could be improved by:
 - Putting procedures in place to protect housing benefits from political transitions. This is especially important since uncertainty around housing is a principal mechanism through which poverty is transmitted.
 - Implement clearer plans to address the process through which tenants age out of LAADU homes and into other affordable housing options.
 - Landlords indicated needing stronger financial incentives to encourage their participation.

Recommendations for policy-makers

- ADUs are a viable housing option for this population. They can provide quality housing that drastically improves quality of life with costs that are comparable to other affordable housing programs.
- One of the major advantages of ADUs is that they can be built by right and can expand the housing supply instead of crowding out existing low income tenants and new affordable developments.
- According to our best estimates, the hidden costs of unsheltered homelessness and the cost of providing services in shelters substantially exceeds the cost of providing affordable housing.
 - Though policymakers and funders may balk at the high cost of building new units or creating programs that place housing insecure people in existing units, the cost of having people living on the street or in shelters is likely higher.
- In general, policy initiatives that transfer housing insecure people between programs without increasing the stock of affordable housing are unlikely to be effective. If these transfers result in additional sheltered or unsheltered homelessness, these costs will be incurred by policymakers at a higher price than if they were provided affordable dwellings.
- The provision of social services in tandem with affordable housing was a key part of LAADU's success and should be repeated in future iterations of the program.

METHODOLOGY

In order to understand how the lived experiences of these tenants have been affected by the program, this study relied on interviews containing both open- and closed-ended questions. The open-ended questions were used to elicit narrative descriptions about the tenant experiences in the LAADU program while the closed-ended questions were used to collect demographic information and administer an innovative application of a novel QALY questionnaire. We also used administrative records, academic research, and government reports to estimate the costs to government of various affordable housing and homelessness programs so that we can compare LAADU's cost-effectiveness against policy alternatives. We integrate the QALY findings into the cost-benefit analysis to estimate the net social benefit of various housing policies including LAADU.

1 INTERVIEWS

The interviewees were recruited with assistance from ONEgeneration, a nonprofit in Los Angeles, that specializes in providing social support and services to elderly adults in Los Angeles. ONEgeneration collaborates with the City of Los Angeles to implement the LAADU program and is in contact with all tenants participating in the program. Letters were forwarded to the residences of all program participants requesting their participation. Los Angeles City agencies and nonprofits were also given the opportunity to forward the letter to other eligible participants in order to increase recruitment. Participants volunteered their time and expressed informed consent for the interviews and were compensated with thirty dollars in cash. Since this study involved economically-vulnerable older adults, ethics review of study procedures was sought and received from Arizona State University.

Interviews were conducted in English and Spanish, in the participants' homes or wherever they felt most comfortable over a period of 4 weeks in the winter of 2022. Because of scheduling issues, a small number ($n = 7$) were conducted over the phone or through the video conferencing service, Zoom. Interviews lasted no longer than ninety minutes. The interviews asked tenants, specifically, to reflect on the life they've lived, focusing on their previous housing experiences, and their life now as a part of the LAADU program, and how the two compare. Landlords, in contrast, were interviewed about their experience leasing through the LAADU program and about any changes they may want to see enacted. Twenty-five total interviews were conducted by the end of the data collection, with a total of twenty-eight unique cases (accounting for two sessions where couples were interviewed together).

In most situations, a major strength of qualitative data collection lies in its capacity to describe processes and inform researchers about the plausible theoretical range of phenomenon (Small 2009). However, in this case both the qualitative interviews and closed-ended survey questions

are also likely representative of the experiences of the population of LAADU tenants. This is because, at the time of our data collection, LAADU only had thirty-two tenants and seventeen of them were interviewed. In this case, interviews did not just proceed until saturation was achieved, but until half of tenants were interviewed. Those that were not interviewed either declined the invitation to participate or were not contacted because their primary language was not English or Spanish (n = 7).

After interviews were conducted, they were transcribed by the research team. The data collected from the interviews was analyzed using the qualitative data analysis software NVIVO. Interviews were coded using Deterding and Waters' (2018) method of flexible coding.

2 QALY METHODOLOGY

Academic and policy research has carefully estimated the social costs of homelessness in terms of government expenditure on social services, policing, and health (Culhane 2008; Poulin et al. 2010; Steen 2018). Some studies also add in the social cost of poorer health outcomes among people experiencing homelessness (Evans, Sullivan, and Wallskog 2016; Steen 2018) to this estimate. However, existing research does not quantify the most important social cost of homelessness: that being homeless forces large numbers of people to endure huge suffering because of society's failure to meet their basic housing needs.

Policymakers and economists often shy away from trying to quantify something as important yet subjective as human suffering and meeting basic needs. But refusing to put a number on suffering implicitly sets that number at zero. However, in health policy around the world, hundreds of billions of dollars (Anell and Persson 2005; McCabe, Claxton, and Culyer 2008; Shiroiwa et al. 2017) are allocated to minimize a measure of human suffering: the quality adjusted life year or QALY. The QALY attempts to combine two aims of health policy into a single indicator: longevity and quality of life. This reflects the fact that medicine aims to not just extend life but make sure that the life it extends is worth living. Extending someone's life by 5 years in excruciating pain seems intuitively less valuable than extending someone's life by 5 years in full health. QALY ratings of different health conditions can be estimated in a number of ways. In every case, however, the goal is to see how much life in perfect health is seen as equivalent to a certain amount of life in a particular health state.

In this report, we extend the QALY concept to account for loss of quality of life from poor housing situations as well as health outcomes. We reconceptualize QALYs as tracking society's failure to meet a person's basic needs whether in terms of health or housing.

Beyond Health QALYs and Health Solutions

While QALYs are usually considered “health” measures, there have been repeated calls for QALYs to be extended beyond health and grounded in a more general framework (Brouwer et al. 2008). However, there is relatively little work (Coast, Smith, and Lorgelly 2008; Round 2012) that attempts to do this in practice.

We think that health is just one example of something that society expects everyone to have and—insofar as they do not have them—this can be considered a failing of society. In other words, health is a basic need (Reinert 2020) and a QALY is an indicator tracking society’s failure to provide this need. On this view, a person who has their basic needs fulfilled (in this case housing and health) has a value of one basic needs QALY. Importantly, this approach is not grounded in trying to measure utility or welfare, but in a quasi-deontological view that there are some things that society owes all its members. Any failure to meet these needs is a societal failure but we can still ask which failures are worse than others. To do so, we look at the quality of life loss a person suffers relative to the quality of life they would have if all their basic needs were met. On the bottom end, society has completely failed to meet someone’s basic needs if their life is not worth living.

Valuing the Basic Needs QALY

One of the goals of estimating QALY gains for policy interventions is to put a comparable social value on different policy outcomes. Because the basic needs QALY includes health as one of its components, a year of life where all of someone’s basic needs are fulfilled should be strictly more valuable to society than just fulfilling their health needs. The social value of a health QALY therefore represents the lower bound for the social value of the basic needs QALY.

In the United States, \$50,000 has long been the standard figure for cost effectiveness in saving one QALY (Grosse 2008). This figure has been loosely linked to the revealed willingness of governments to spend money on improving health outcomes based on costs of renal dialysis for end stage renal disease. However, inflation, economic growth and increased health spending have led scholars to recommend thresholds of \$100,000, \$150,000 or even \$200,000 (Neumann, Cohen, and Weinstein 2014). Since that recommendation was made in 2014, even the \$100,000 recommendation would be worth \$120,000 in 2022 dollars. We therefore use a figure of \$120,000 as a conservative QALY estimate.

The QALY Instrument

We fielded the basic needs QALY time tradeoff exercise as part of our wider qualitative interview of residents in the LAADU program to see how the participants might trade off time in their life for their current housing or health.

As part of this interview, residents were asked about their current housing situation, their best previous housing situation, and their worst previous housing situation. After describing their experiences in these situations, we fielded a time tradeoff (TTO) comparing the following situations:

- 1) Current life for x years then death versus worst past living situation for ten years then death
- 2) Best previous situation for x years then death versus current situation for ten years then death
- 3) Perfect health for x years then death versus current health for ten years then death

We define 1 QALY as a year of life in the best housing situation (whether that was the current program or another situation) AND in perfect health.

These three comparisons allow us to index their worst past living situation against their current situation and the current situation against the best situation (if these were different).

We followed a largely standard time tradeoff approach. For the housing tradeoff the interviewer showed the screen in figure 1 and asked:

Thinking back across your different housing situations, you said that [brief reminder of bad housing situation] was the worst housing situation you have been in.

Imagine that you were told that you could live the rest of your life in one of two possible ways. Either you could live in your current housing situation for five years and then you would die or you could live in the [descriptor of bad housing situation] for 10 years and then die.

Which of those lives would you prefer to have?

Which of the following lives would you prefer?

Life A Life B

Life A

0 years Current situation
(5 years) Dead 10 years

Life B

0 years Your worst past living situation
(10 years) 10 years

Reset

Return to home

Figure 1 Initial screen for housing QALY

The screen would then update in response to the choice made by the respondent, showing a new tradeoff between either 7.5 years in the current housing situation and 10 years in the worst housing situation or 2.5 years in the current housing situation and 10 years in the worst housing situation. Subsequent choices would update the screen again with the size of the steps halving each time.

After five iterations, the next tradeoff value that the respondent would have been shown was recorded as their preferred tradeoff. Figure 2 shows an example of the screen after four iterations.

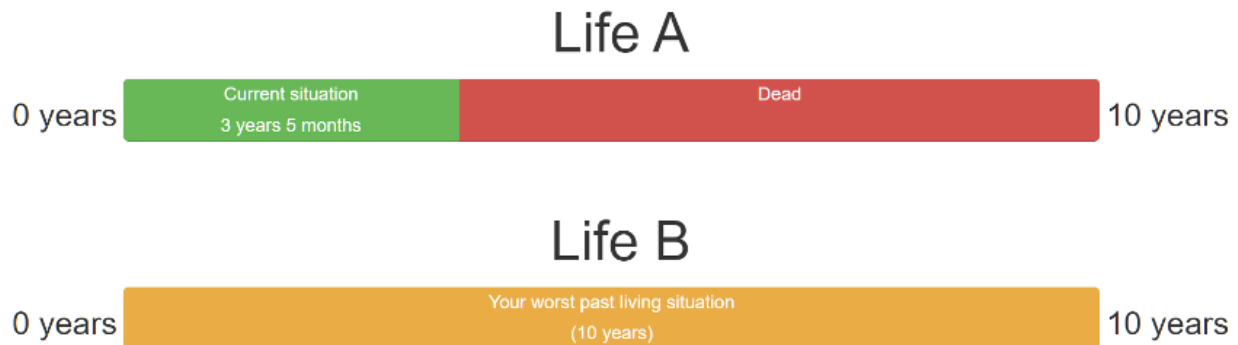
If the person chose 10 years in the bad situation four times in a row, they were asked:

Is there any amount of life you would trade off to avoid [bad situation]?

If the respondent said no, then they were given a value of 10 years but were otherwise given the normal value. If they chose the fewer years of life in the good situation four times in a row they were asked:

So are you saying that life in [bad situation] isn't worth living?

If the respondent said yes, they were given a value of 0 years but were otherwise given the normal value.



Record response: 3 years 5 months

Figure 2 Screen for housing QALY after four selections

The standard basic needs QALY measures the respondent’s quality of life in a given situation relative to their quality of life if they had good housing and health. Each of the time tradeoffs gives a quality of life ratio of a particular situation relative to another. The number of years given is divided by 10 to turn this into a proportion. We notate the ratio of quality of life in situation A over the quality of life in situation B as $Q(A,B)$. So a respondent who says that 3 years in their current housing situation is equivalent to 10 years in their worst housing situation would be notated:

$$Q(\{home=worst\},\{home=current\})=0.3$$

To estimate the quality of life in their worst housing situation and current health in QALY units we calculate:

Equation 1:

$$Q(\{home:worst \wedge health:current\},\{home:best \wedge health:perfect\})= \\ Q(\{home:worst\},\{home:current\}) \times \\ Q(\{home:current\},\{home:best\}) \times \\ Q(\{health:current\},\{health:perfect\})$$

This equation first takes the quality of life in the person’s worst housing situation measured in units of their current housing situation. It then multiplies that number by the ratio of the quality of life in their current situation to the quality of life in their best housing situation to convert the quality of life in the worst housing situation into units of quality of life in the best housing

situation. Finally this number is multiplied by the ratio of the quality of life in their current health compared to the quality of life in perfect health. This means that the final number is now measured in units of quality of life where the person is in perfect health AND housing which matches our definition of the basic needs QALY.

This equation assumes that the ratio of quality of life between perfect health and current health is the same regardless of whether the respondent is in their current housing or best housing situation:

$$\frac{Q(\{health:current \wedge home:current\}, \{health:perfect \wedge home:current\})}{Q(\{health:current \wedge home:best\}, \{health:perfect \wedge home:best\})}$$

To estimate the quality of life in their current housing situation and current health in QALY units we calculate:

Equation 2:

$$\frac{Q(\{home:current \wedge health:current\}, \{home:best \wedge health:perfect\})}{Q(\{home:current\}, \{home:best\})} \times Q(\{health:current\}, \{health:perfect\})$$

Based on equations 1 and 2, we can estimate the QALY improvement from being housed by LAADU rather than their worst housing situation as:

$$Q_{\Delta} = \frac{Q(\{home:current \wedge health:current\}, \{home:best \wedge health:perfect\})}{Q(\{home:worst \wedge health:current\}, \{home:best \wedge health:perfect\})} -$$

This change is then multiplied by the social value of a QALY (\$120,000 in our case) to estimate the social value of better meeting a person's basic needs by housing them in this program rather than their worst housing situation for one year:

$$Q_{\Delta} \times \$120,000$$

3 COST-BENEFIT ANALYSIS

A major goal of this report is to compare the costs to the government (at all levels) that would be incurred if a typical LAADU tenant instead ended up in one of several different housing situations.

We compare the following housing situations:

- LAADU
- HUD Section 202 Supportive Housing for the Elderly
- Public Housing
- Low Income Housing Tax Credit (LIHTC)
- Safe Parking LA
- Housing Choice Vouchers (HCV)
- Unsheltered homelessness
- Sheltered homelessness - A Bridge Home

The data landscape for housing is very inconsistent across programs, so we are often using best estimates based on data of differing quality. We indicate where this introduces uncertainty throughout and it is important to recognise that these numbers should not be treated as precise estimates. However, they are likely to be within the right range to understand whether programs are of vastly different cost-effectiveness levels.

3.1 Example Tenant

The costs for housing a low-income person are highly dependent on that person's specific attributes and how those interact with the particular program's structure. To standardize our estimates, we define an example tenant who will be housed through each of these programs. She is intended to be typical of a LAADU tenant and may be a better or worse fit for other affordable housing programs. Our estimates here are not designed to be a final judgment of the cost-effectiveness of every program listed here, but merely to look at the cost-effectiveness with regards to the population LAADU aims to help.

The tenant is a 75-year old woman who lives alone and has a yearly income of \$12,000. She has moderate arthritis, type 2 diabetes and hypertension but is otherwise healthy. We aim to house her in a 1 bedroom apartment (where that is an applicable option).

3.2 Discount Rates and Inflation

An additional challenge in assessing these programs is that the value of money and program benefits is not constant over time for policymakers.

The simplest component of this is inflation. Many of the data sources we are using span back years or even decades, which means that we will underestimate costs if we use these numbers without adjusting for inflation. We therefore translate historical numbers into 2020 dollars using the priceR package which uses World Bank inflation data for the United States (Condylios 2021).

Another way in which costs and benefits can vary in value over time is through the discount rate. It is generally agreed that benefits and expenditures far in the future should be valued less

than benefits and expenditures right now (US OMB 2003:32). The financial logic behind this is that the money to gain a benefit in the future could instead be invested with a given rate of return and that the benefit in the future needs to outweigh the value of the money spent and the interest that it would receive in the meantime. Even if this investment wouldn't actually take place, the discount rate idea is a popular way of accounting for greater uncertainty over longer time periods and presumed greater fiscal capacity of government in the future.

We use two discount rates in this study. For non-monetary benefits (e.g. number of affordable housing units) we use the Obama administration's social discount rate of 3% which continues to be the OMB recommendation for regulatory and public investment analysis (US OMB 2003:33). This means that a year of affordable housing achieved in fifty years of time is valued at 23% of a year of affordable housing achieved this year.

For monetary costs and benefits we instead use the government's nominal discount rates. These discount rates account both for the lowered value of future expenses but also for expected inflation. The current figure for the ten year nominal discount rate is 2% (US DOE 2020). If we expect inflation to reduce the value of a dollar by 20% over a fifteen year period, then we should be less worried about incurring an obligation to pay a given amount of money in fifteen years than we are today. The nominal rate integrates this inflation expectation and real discounting.

3.3 Overhead and Other Costs

In addition to direct program costs (rent subsidies, capital investments, tax credits etc), programs also incur administrative costs. This is a particular concern for affordable housing programs where there are large administrative burdens and complex long-running relationships to manage. Additionally, some programs incur costs associated with maintaining property, or have specific staffing requirements unique to the program. Where we can estimate a reasonable per-occupied-unit overhead cost, we use this number. However, many agencies such as HUD share resources across programs, so parsing out the administrative overhead for a single program is difficult.

Where a grounded estimate is unavailable, we apply an overhead value of 10% of program costs. This is not intended to be a reliable number but it is the federally recognized de minimis indirect cost rate that can be recovered under grants and cooperative agreements, and a rate that is commonly used internally by HUD (US HUD 2021d:12). It is also close to LAADU's actual overhead percentage of 11%. Overall, we think that the 10% figure is likely to be an improvement on simply omitting overhead costs where the actual number is unavailable.

3.4 Construction Costs

In several of the affordable housing models discussed in this analysis we have to estimate the capital cost of building new affordable housing. This is of course a difficult number to assess since there are relatively few examples to draw on since large scale public housing construction is largely a thing of the past (Kleit and Page 2015:623; Pattillo 2013:523; US GAO 2003:42). For all of these examples, we use the HCIDLA development costs for new units from the 2019 Los Angeles controller's report (LA Controller 2019:17) of \$521,861 per unit.² This is a very high figure, but it would be incautious to assume a new public housing program would be capable of better cost control. However, we also provide lower estimates using the figure of \$350,000 per unit (this assumes a 1 bedroom unit) which was the original estimate for the HCIDLA developments (LA Controller 2019:16). Ultimately, many of the different affordable housing models are expensive in the context of Los Angeles simply because construction and land costs are high. After inflation adjustment, these figures are \$377,422 for the low end estimate and \$528,299 for the high end estimate.

3.5 Utilization Rates

Most costs are calculated on a per unit basis, but some of these costs are incurred only if the unit is occupied (e.g. rent subsidies), but many are incurred even in the absence of a tenant (e.g. tax credits in LIHTC). The benefit we are interested in is housing our example person for one year. We therefore have to adjust some costs to account for utilization rates. For instance, if the government pays \$1,000 per year for maintenance of an apartment regardless of whether it's occupied, and these apartments are 80% of the time, the maintenance cost per occupied unit would be calculated as $\$1,000/0.8 = \$1,250$.

3.6 Crowding out, Wasted Payments and Supply Elasticity

One aspect of housing that we do not directly consider is the question of whether the program actually creates additional affordable units. The primary goal of affordable housing policy is to give more low income people a place to live that doesn't place a high financial burden on them than would have been the case without the existence of that policy. One very important aspect of cost-effectiveness is therefore whether or not a program actually expands the supply of affordable units within an area.

To show why this is an important concern, imagine an "affordable housing program" that consists of giving a dollar to every landlord in the city who is housing someone with an income

² This figure is derived from a housing mix that is 90% 1 bedroom/studio units so is reasonably applicable to our case. It is notable that the controller reports that 40% of these costs are "soft costs" such as fees, consultants and financing (as opposed to land and construction costs). However, it is not at all clear that these are avoidable in practice.

below 30% of AMI. The cost per low income resident covered by the program would be very low (\$1) and therefore a normal cost-benefit analysis would say that this program was incredibly cost effective. However, the program almost certainly isn't adding any new affordable housing supply: it's merely a small windfall payment to landlords who already housed low income people.

There are two relevant ways in which an affordability program can fail to expand the affordable housing supply. First, as in the case above, it's possible that a program is simply giving money to activities that would have happened even without the payment. Programs such as LIHTC give developers tax breaks in exchange for renting a certain proportion of their units at certain rates of affordability. However, we don't directly observe whether those developments would still have happened and what the affordability ratios would have been in the absence of the tax break. It is possible that developers decide on what they want to build and their target market without reference to the tax breaks and then simply collect the windfall payment if their project happens to fit within the scope of the program .

The other type of failure is crowding out where the units created by the affordability program reduce the incentive for other developers to build affordable units. Consequently, a program may affect *which* building projects go ahead without increasing the total number of affordable building projects.

These types of failures have been examined by academic literature, but the estimates vary dramatically across studies, programs and contexts, so it would be impossible to arrive at sensible numbers for wasted payments and crowding out without a Los Angeles specific analysis that would likely entail years of careful research. However, it is important for policymakers to think through these concerns when making policy decisions as they could completely change the policy calculus if certain types of affordable housing programs add a much higher number of net units than other programs.

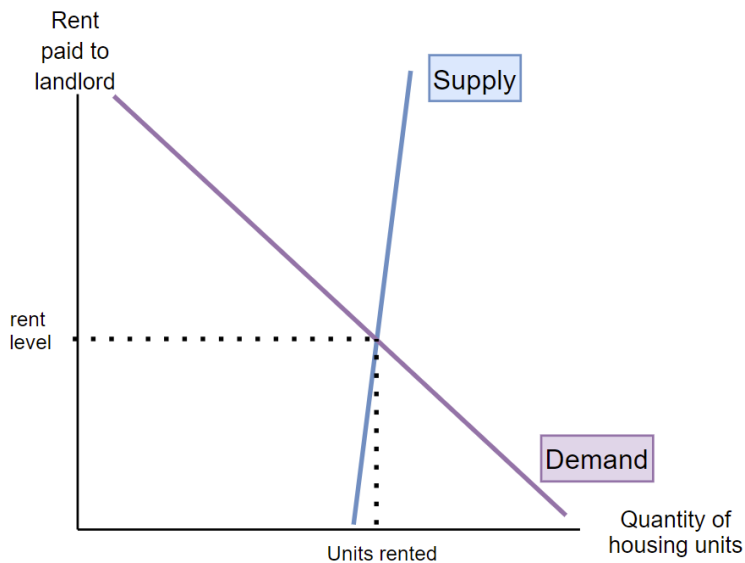
Both of these types of failures are more likely in situations where housing supply is inelastic (or unresponsive to changes in pricing). The figure below shows a stylised supply-demand chart of a housing market with an inelastic housing supply (the real market is considerably more complicated than economics 101 supply and demand analysis would suggest, but the intuitions are still relevant). The blue line shows the number of housing units that the market will supply for a given level of rent. The intuition here is that suppliers of a good (housing in this case) will produce more of a good if they can sell it at a higher price (rent). In an inelastic market the supply curve is steep which means that an increase in rents will only induce developers to slightly increase the number of buildings. This can be because inputs to building new housing units (e.g. land costs and construction costs in terms of labor and capital) are expensive or because regulatory constraints make new housing development costly or

infeasible (e.g. if zoning regulations forbid certain types of new construction which would be profitable such as large apartment blocks in wealthy suburbs).

The purple line shows the demand curve which shows how many housing units will be rented by tenants at different rent levels. Again, the idea here is straightforward. If rents are too high, some people will simply not be willing and able to afford a unit and will either become homeless, substitute into other forms of shelter (e.g. living with family) or leave the area to find somewhere else with cheaper housing. If rents are cheaper, people will move to the area and people without stable housing situations will rent apartments.

In this stylised case, the equilibrium rent and housing supply are jointly determined by where the demand and supply curves cross (shown by the dotted lines).

FIGURE 3



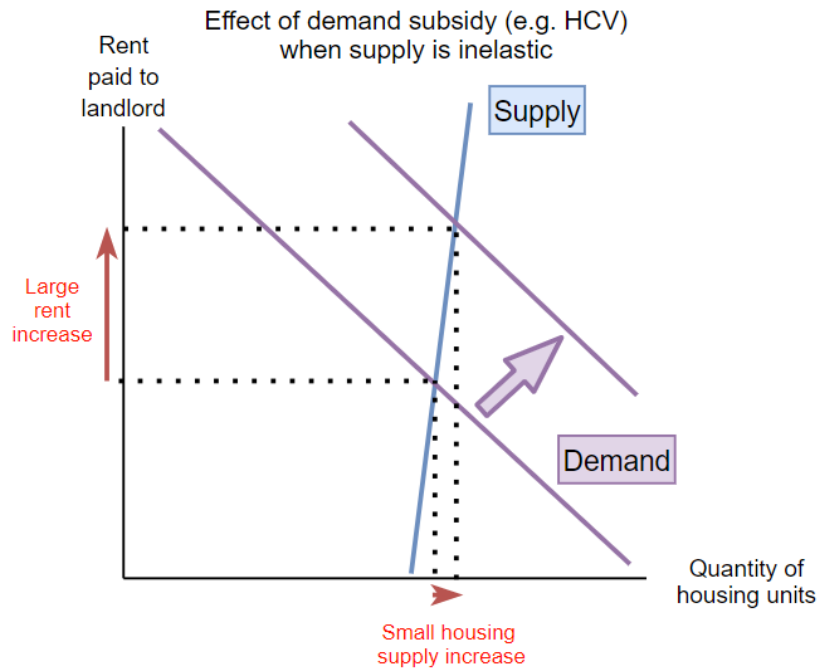
The slope of these curves has a strong influence on how policies such as housing subsidies will affect affordability. A demand subsidy such as a housing voucher can be represented as moving the demand curve to the right. In other words, a housing voucher makes people more willing to rent housing at a given rent level because the government covers part of that cost. When the supply curve is steep, this subsidy will increase rent levels substantially but will only slightly increase supply because developers only have a limited ability to respond to the incentive of increased rents. Instead the subsidy will mostly just redistribute housing units from people with the subsidy to people without it.

Unfortunately, Los Angeles's housing market appears to be highly inelastic. A recent estimate (Orlando and Redfean 2018) of Los Angeles City housing supply elasticity is just 0.0007 for

one-year elasticity and 0.002 for four-year elasticity. This implies that a 10% rent increase would only increase LA's housing supply by 0.02% four years later.

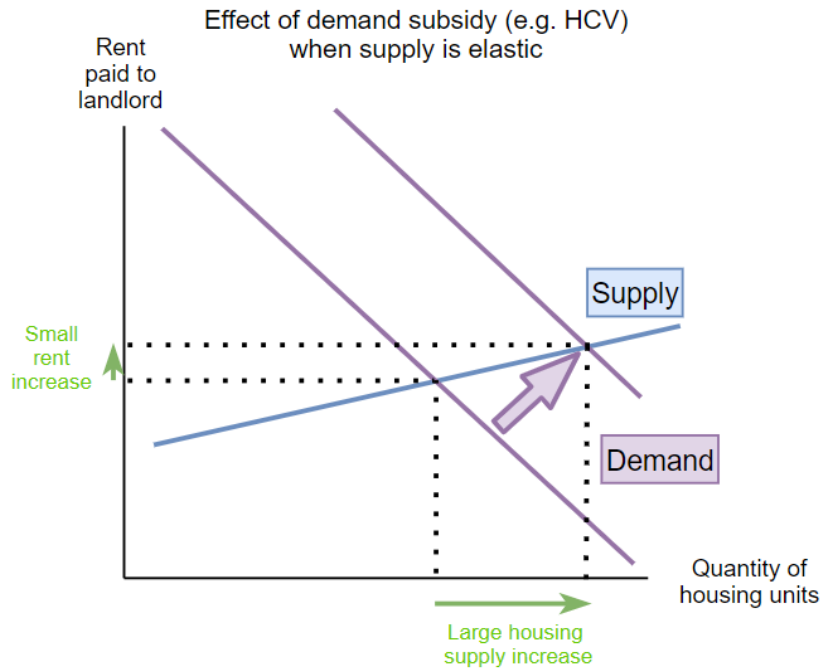
The following graph shows the effect of a demand-side subsidy in such a context:

FIGURE 4



However, if the housing supply is elastic, a voucher subsidy will be much more effective in increasing the affordable housing stock. The elastic housing supply is represented by a much less steep supply curve. In other words, an increase in rents induces developers to produce a much larger number of housing units. In this situation, a voucher subsidy greatly increases housing supply but only slightly increases rent.

FIGURE 5



There are some indications that supply elasticity may be dramatically higher when laws open up new development possibilities. A study of the proposed California housing law SB-9 suggested that 335,000 parcels of land would be eligible for building new units within Los Angeles City (Metcalf et al. 2021). Importantly, the same study (Metcalf et al. 2021) suggests that only 37,500 of the potential Los Angeles City developments would be financially viable at current rent levels. However, this study provides strong evidence for supply elasticity, as it suggests that (across the whole of California) a 10% increase in rents would increase the number of market-feasible units by 8%. That would mean supply elasticity could be as high as 0.8 (although this will be reduced to the extent that some homeowners might refuse to build new units at any price).³

While we do not conduct a full assessment of the structure of the housing market in Los Angeles, these benchmarks can help to inform our understanding of these programs.

We include brief discussions about the potential for crowdout for each program given the available evidence, our understanding of each program and the surrounding evidence about the market's elasticity.

³ If homeowners demand a sum above mere "financial viability" for building a new unit, this will mean fewer units will be built than the initial viability estimates suggest but price elasticity of supply will be largely unaffected. This is because an additional sum is best understood as shifting the supply curve left but leaving the slope of the supply curve (which defines elasticity) unaffected. By contrast, if some homeowners would not build a unit at any feasible rent level, this will steepen the slope of the supply curve and reduce price-elasticity of supply.

3.7 Target Rent

Affordable rent is generally defined as 30% of adjusted income (Herbert et al. 2018). For the purposes of our cost comparisons we take this figure as our target. Some affordable housing programs do not necessarily entail rents that hit this target. For those cases, we add the additional cost that would be required in rent subsidies to hit the 30% of adjusted income target. This avoids saying that less generous programs are automatically more cost-effective. For programs that entail rents below 30% of adjusted income we credit them with the amount of rent below 30% of adjusted income, since they are providing additional benefits to the tenant beyond our affordability target.

3.8 Quality of Life Benefits

Additionally, we estimate a total net social benefit per year for a particular housing situation using the QALY responses collected during the qualitative fieldwork. We estimate the value of the quality of life improvement relative to LAADU tenants' worst previous housing situation (generally extreme forms of housing insecurity including homelessness and living in a vehicle). While we only have limited QALY data, the patterns are clear enough to give a rough estimate of the social benefit of secure housing versus very insecure housing situations.

Based on the QALY analysis, we give a social value of a year of living in a LAADU unit rather than the worst previous situation at \$89,569 per year per filled unit. We use this same value for other stable housing situations: public housing, LIHTC, Section 202, and housing choice vouchers.⁴

For unsheltered homelessness and living in a vehicle (which Safe Parking is an example of), we rate that situation as having zero additional social value relative to LAADU tenants' previous worst living situation, since those who experienced these scenarios gave zero or extremely low valuations of their quality of life in those scenarios.

Sheltered homelessness is tougher to value because we have not conducted QALY assessments on shelter living. We suspect the quality of life in shelters is not that much higher than living on the street or in a vehicle given that people voluntarily choose not to enter shelters (Donley and Wright 2012). Indeed, 70% of Los Angeles county's homeless population are unsheltered, despite LAHSA-funded shelters only managing to fill 78% of their available beds (Associated Press 2018).⁵

⁴ It may be the case that section 202 provides even more benefit because it is tailored specifically to the needs of elderly populations.

⁵ Some of the gap may be due to geographic differences in demand versus supply of beds, but there is substantial evidence that a significant number of people choose unsheltered homelessness over staying in a shelter.

However, we show two estimates: 1) where shelter living has no quality of life benefit over unsheltered homelessness and 2) where shelter living has the highest a QALY benefit of 0.25, the highest rating given to a bad previous housing situation by a LAADU participant (that participant lived in a trailer park). This latter rating likely overestimates the social benefit of living in a shelter represents a generous upper bound of the value of shelters.

PART 1
PEOPLE, PROGRAM AND OUTCOMES

1 INTRODUCTION

“It’s like I died and went to heaven” he said, reflecting on the past year living in his ADU. We met Victor⁶ on a sunny February morning in San Fernando Valley. After opening a wooden gate and walking to his door on the side of his home, the short 69 year-old Chicano greeted our interviewer and shuffled slowly inside his apartment. Moving around did not seem easy for him. He explained that he had fallen just the other day off of a ladder, and was still in recovery.

In his brand new ADU, he had a tiny twin bed with a radio playing the news, and a desk on the other side of the space. Just next to the desk was an old television with a built-in VCR and a black milk crate of VHS tapes on the floor. Victor is a movie fan with a particular soft spot for older films.

Just before discussing his housing history, a woman from ONEgeneration, a social service agency for elders, came to deliver his groceries. Victor and Dominic (his interviewer) carried the groceries to his kitchen, located just a few feet away on the other side of his bed and desk area. His stainless steel refrigerator, wooden cabinets, and marble countertop could not have been more than a year old. A new home, and a new beginning for its new resident.

Before finding this ADU, Victor had been hopping from room to room. Each had its own set of problems: he’d had a landlord with a schizophrenic daughter who used methamphetamine and heroin with her boyfriend, and there was the woman who always left Victor to clean after her dog’s poop on the floor. Victor was trading affordable rent for dysfunctional living situations. Yet, compared to living in his van, these places had been an improvement. The three years he had spent living in his van had been the worst he had ever lived.

“There’s nothing comfortable about a van. As soon as the sun came up, you know I used to park in the street. But when the sun came up, I had to move my van because the sun was going to start beating on it. And I was going to be inside of a microwave. You know what I mean?”

To take a shower, Victor would buy a gym membership or take odd installation jobs to get access to a shower onsite. “That’s like hell bro,” he said. After three years, he couldn’t manage living like this anymore and opted for renting rooms. A room at least guaranteed a shower, but rooms were not cheap for a retired senior, even with all of the problems that came with them. The various rooms he rented ranged from \$700-800 a month. His income through Social Security Retirement and Supplemental Security Income came to about \$1000 a month.

⁶ All names presented in this report are pseudonyms.

Victor was desperately searching for more affordable housing when he found ONEgeneration. “When I got ONEgeneration on the line, that seemed to be breathing a breath of life. I said, ‘I’m going to jump on this and just go for it and find out whatever I can.’” The process was simple and with the help of ONEgeneration’s social workers, Victor moved into his ADU in May 2020.

That the ADU felt like heaven was a testament to how long it had been since Victor had stable housing. “I just haven’t had all of these facilities at my disposal in so many years. If you want me to tell you how many years, I could tell you how many years.” He grabbed his calculator and began calculating the time. “Forty-one years. That’s how long it’s been since I have been comfortable. I mean, living like a normal human being.”

Victor’s story illustrates how living on the streets without homes makes people feel less than human, but rather than being exceptional among tenants we interviewed, it was the norm. In a city increasingly unaffordable for those without a dependable income, low income seniors in the final chapter of their lives have limited options for spending these last years in stable housing. Victor would likely still be housing insecure had it not been for the creation of the LAADU Accelerator Program. Instead of being on the streets, today he has a home where he can feel like a person.

This first section of the report deals with the question: Does the LAADU Accelerator Program improve the housing situation of the elders it aims to serve? As our interviews with Victor and others LAADU tenants show, the answer is an unequivocal yes. In the course of this analysis, we interviewed current tenants living in LAADU housing to find out about their experiences prior to living in LAADU housing and their experiences once they had acquired a unit. For almost all, moving into the ADU had been an improvement on their prior housing situation. We present these findings in this report.

Briefly, it is our assessment that the LAADU Accelerator Program substantially and meaningfully improved the objective and subjective housing situation of the tenants we interviewed. It did so by putting tenants in stable housing that was affordable and high-quality, as well as connecting them to a network of institutional support capable of reducing their poverty. We present the findings of our interviews in this first section, describing through the accounts of respondents and researcher observations, who the tenants are, the type of housing that LAADU provides and the changes that LAADU housing has brought to their lives.

2 PEOPLE: LAADU TENANTS

2.1 Demographics

Table 2 provides descriptive statistics for the interview sample. In all, we conducted in-depth qualitative interviews with seventeen tenants that were currently residing in LAADU housing. As expected, this table shows that interviewed tenants match the profile of the individuals that LAADU aims to serve: economically-vulnerable elderly adults. The tenants we interviewed were between 62 and 87 years old at the time of the interview. Respondents' mean earnings (\$15,693) were slightly above the poverty line of \$13,950 in 2022 for a single adult and most (N=10) had earnings that were below the poverty line (US HHS 2022). No respondent had earnings that exceeded 200% poverty, making them extremely low income according to the Housing and Urban Development income thresholds for Los Angeles (US HUD 2021g).

As a population of seniors, most of the tenants rely on Social Security retirement benefits as well as Supplemental Security Income to pay their monthly expenses. The majority of tenants we interviewed had no additional income from a job. A few tenants we interviewed also received modest retirement benefits from their former jobs. Only one tenant currently relies on a job as their primary source of income. A reliance on state benefits, in particular, is what makes finding affordable housing significantly difficult for this population. Though some respondents had attended college, the majority (11/17) had a high school education or less, and we interviewed slightly more women than men.

The demographic table also shows a number of other features about the population being served by the program. The tenants we interviewed are mostly ethnoracial minorities, with Latinos comprising the biggest group, and most were born outside of the United States. We did not collect any direct information about citizenship status. Finally, less than half indicated being in very good health or excellent health which is consistent with a study of older adults.

Table 2. Interview Characteristics

Statistic	Total	N	Mean %	Min	Max
Education, less than high school	17	6	0.35	0	1
Education, high school	17	5	0.29	0	1
Education, some college	17	2	0.12	0	1
Education, college	17	4	0.24	0	1

Income	16	16	15,692.64	10,332.00	26,000.00
Age	17	17	72.94	62	87
Female	17	10	0.59	0	1
Male	17	7	0.41	0	1
Birth country, USA	17	5	0.29	0	1
Birth country, other	17	12	0.71	0	1
Race, white	17	2	0.12	0	1
Race, Black	17	3	0.18	0	1
Race, Hispanic	17	9	0.53	0	1
Race, Asian	17	3	0.18	0	1
Health, poor	17	3	0.18	0	1
Health, fair	17	4	0.24	0	1
Health, good	17	3	0.18	0	1
Health, very good	17	5	0.29	0	1
Health, excellent	17	2	0.12	0	1

2.2 Previous Living Situation Immediately Before LAADU

During interviews, tenants described the range of previous living situations that they were in before they began participating in the LAADU program. These ranged from the most unstable housing situations (unsheltered homelessness) to more stable (had a stable housing situation but desired a different situation). Of these, the most common were intermediary situations where respondents were reliant on family or friendships for a couch or floor to sleep on or were renting on the open market (which was often prohibitively) expensive. In the sections below, we offer examples of these four situations.

Unsheltered Homelessness (Living on the Streets or in a Car)

Unsheltered homelessness was not a common previous living situation immediately prior to entering LAADU housing. Only one respondent had been living in their car just prior to entering the LAADU program. However, his experience shows us what a large improvement living in an ADU unit is to sleeping in a car.

Jesús is seventy-five and was born in Latin America. We interviewed him in Spanish and he told us that he'd been living in peace ever since he moved into his unit. He was especially excited that he now had a desk with a desk chair—he would sit at his desk analyzing texts, writing a lot and reading his Bible. He said he was happy.

Before he had a desk to write on, Jesús had been living in his car for two years. Before this he had been renting a small room—he told us it was actually a closet—for \$200 dollars a month. The room was the width of a coat and he could barely stand inside, but at least it was a roof over his head. He slept in his closet until he got kicked out. While he was living there, his landlord had gotten into some problem at work, and two large men had come to his home to “get what they were owed.” The landlord figured out that these men were waiting for him and had called Jesús telling him to call the police on his behalf. He refused because he didn't want to get involved. He knew that he would have to give the police his name and number, and he already had enough trouble in his life. He didn't understand why his landlord couldn't just call the police himself. Later that same day, the landlord threw him out because he hadn't done him the “favor” of calling the police. He had nowhere else to go, so he started sleeping in his '98 Honda.

Living in his car was the worst living situation he had ever had. It was “horrible, horrible, horrible, horrible”. He could never sleep well, afraid of anyone that got near his car. Sometimes there would be security guards patrolling the asphalt lots where he tried to park his car, telling him to move on. This was alright because sometimes he could entice them with a coffee or sandwich to let him stay. But he was more afraid of strangers. He told us he had been in places where strangers would break the car's windshield, kill the inhabitant and take the car.

Going to the bathroom was always an ordeal. Afraid he would get kicked out by security guards, he couldn't pee on the asphalt lots at night, so he would fill plastic bottles in his car. When he had a bowel movement, he had to go in public parks which were so dirty he “always left wanting to vomit.” There were entire months where he didn't take a shower.

But, the first thing he told us about was the cold. Even in Los Angeles, in the winter months, he would get chilled to the bone in his car and his recurrent bronchitis would flare-up. One day, he got so cold that he started having trouble breathing. Frightened, he called 911.

It was an angel that delivered him from this situation. At least that is what he calls the social worker that connected him with the LAADU program. After visits with his doctor at the hospital, he would have visits with her to get connected with social services. One day, Jesús told the social worker that what he needed most was housing, not food. With this new piece of

information, she connected him with ONEgeneration who were able to place him in the LAADU program.

He wouldn't like to leave his new home. Without this program he would probably still be living in his car. The only time he's had it better, was when he lived with family in Latin America. He is "infinitely grateful" to his landlord for letting him live there. He tries very hard not to make problems for her and he enjoys a cordial relationship with her in Spanish. He feels like "he finally found the end of the tunnel," and that he's finally "living like one should".

Jesús was unusual among our respondents in that he had actively been unsheltered immediately prior to entering LAADU housing. As we discuss below most of the tenants we interviewed at least had a roof over their head no matter how tenuous. As we will see, however, this did not necessarily diminish the hardship they experienced, as they overburdened their family or friends for a place to crash, spent hours trying to find a place to sleep day to day, dealt with unpredictable roommates or sacrificed other necessities like food to pay rents they could barely afford.

Couch Surfing

Before finding the LAADU program, some seniors relied on their social networks to navigate housing precarity. They turned to a variety of relationships, including friends and acquaintances to find a place to sleep, but most often they went to family to find housing. Living with family was a critical resource for some seniors to avoid exorbitant rent costs. Family members would often refuse a formal rent agreement and instead accept help with groceries and help with tasks around the home. Having a family member with means was not something that every senior we interviewed had available to them, but as the tenants' stories will show, this ostensibly beneficial arrangement could have a number of disadvantages. The primary one being cramped living space, and the persistent feeling of staying much longer than they were welcome.

Alma, a seventy-two year old African American retiree and lifelong Angelino had only lived in her brand new ADU for about three months at the time of our interview. As we sat in the living room, cardboard boxes of things that had sat in a storage unit for years were placed throughout different areas of the ADU's newly paneled floor. Her new place had a refrigerator, stove, washer, and dryer when she moved in, but "I'm still sorting out stuff," she explained.

As we asked about her housing history, she began to say that the ADU was the best housing she had ever had. It was a private place that she could have all to herself. But then she remembered living with her fiancé.

James was a friend of her sister's who some years after getting a divorce began dating again. "Off and on, we were off and on" Alma recalled their earlier years of seeing each other. But

then they began living together in a house James had owned for about 40 years. “He took care of everything. Said his money was longer than mine,” she laughed. They would invite family to their home and share their yard for gatherings. “It was just nice. You know, he was crazy about my family, my mother. You know, so it was pretty good. And they were crazy about him.” So they began making plans to get married. And then James got sick.

Alma retired from her job to help care for her fiancé, but his health did not improve. After living together for about five years, James died. Alma explained that “after that, it wasn't my house. It was his house and his sister had to take care of it. It went into foreclosure. So then I had to pack up everything and move.”

Thankfully Alma’s sister took her into her home with her husband and their daughter. While she did not have a room available, she offered the living room couch as a place to stay while she looked for housing. Alma would soon learn that the search would not be so simple.

“It’s hard. I couldn't afford to—without this program—afford to go and find a place. Even trying to get on a senior citizen thing, it takes some time.”

Despite searching, Alma explained that her best option for affordable housing had waitlists of “five, seven years”. Alma slept on the living room couch for four years before she found the LAADU program. It was the worst living situation she had ever experienced.

Gerardo and Josefina found themselves living in between family, friends, and even out of a hotel room in the months before they entered LAADU. They were living with Gerardo’s son in Arizona for three and a half years paying a rent of \$425 a month before going to Mexico. The following years involved going back and forth between Mexico and Los Angeles while living with one of Josefina’s daughters—sometimes for months at a time. The couple mentioned that they paid rent to the oldest daughter who took them in, but weren’t charged by the younger daughter who asked them to stay with her while she finished her college work and graduated. When Josefina started exhibiting symptoms of COVID-19, the couple were ostracized by the family and asked to leave.

“When I got sick, sick and all, my daughter told me, “Mom, you can't be here anymore.” Then, I told her, oh daughter for God's sake, you should have warned me in advance -I told her- because right now, where could I go?”

They were also rejected by their older daughter, who demanded they show a negative COVID-19 test before they could stay with her. The rejection forced them to ask for help from an old friend, who offered shelter for two to three days, but they stayed longer due to the disease and limited savings. When both got sick with COVID-19, they were forced to live in hotel rooms, exhausting all their income, leaving them with little money for food and medical

care. It is during this time when they were connected with the social worker from LAADU who helped them enter the program.

Alma, Gerardo, and Josefina relied on family, but not everyone did. Some seniors like Eli relied on friends. The eighty-four year-old white man moved into his ADU in December of 2020 after cycling between the homes of three different friends. Eli lived as the tenant of another senior woman for ten years until her children decided to move her into a retirement home, and renovate the house to become a rental property. This rental property would be financially inaccessible given Eli's income. With no option to stay, the next three years and four months would be a string of six month housing accommodations.

"After needing to leave the home and then, after I left her, I went to two of my friends' houses. One I spent about six or seven months, where I had my own room, he had his own house. And then I went with my other friend who was just about to get married. And then I went to a third friend's house. And so, between all of these, there were three friends of mine who I spent time with."

While he was indeed fortunate to have friends who could accommodate him without charging much for rent, relying on friends came with the guilt of paying for his housing and the feeling of burdening them by being around.

"Again, they never said no to me. But you know, I did not belong there. They have their own lives. And so I told one of my friends that I would definitely be out after no more than three months. And so the third month came, I started looking around."

Carrying his clothes, his books on jazz, the American 20th Century Songbook, and the rest of his belongings, Eli moved around from place to place. But he was getting tired of it. "I was going back and forth and back and forth with clothing and books and everything. And I didn't have any more energy to do that anymore," he said. While he wanted to find a stable place of his own, Eli knew that it was impossible to move into a unit he could not afford.

"I was frustrated because again, I was looking at Craigslist or a couple of other lists. I was looking at individuals who might have advertised in the paper or something like that. And it was so distant and foreign from my lifestyle that I was just about to give up. I don't know what, you know—and so I just called one day, amongst many other calls that I made, I called ONEgeneration, not knowing anything about their program. And from the moment I spoke on the phone it just blossomed (I: that's all she wrote.)"

These four tenants had networks of support that they could rely on in such a vulnerable moment in their lives. What they traded for cheaper rent was guilt, stress and strained relationships with their friends or loved ones. Besides feeling like they were being a burden, these situations were inherently unstable. They were reliant on the good will and patience of

their friends and families which were not infinite. If, as with Gerardo and Josefina, the situation soured, they could be out on the street within a matter of hours or days.

Room Hopping

While some tenants found housing navigating relationships with friends and family, another group of seniors we interviewed went out on their own to find rooms in apartments or houses wherever they could. These housing arrangements were often short-term, informal housing agreements with non-family members. And they were still too expensive.

One senior's housing history that was an exception to unaffordable room rentals was Mary. The seventy-seven year-old from New York had spent most of the past ten years living with a roommate and splitting rent on an apartment. But with her roommate moving, she needed to find another place to live. Her next living arrangement was affordable but short-lived. She moved in March 2020 and was looking for housing again by August 2021.

Mary was no stranger to unstable housing including homelessness. While battling chronic illness, she often struggled to pay rent with only an income from federal assistance, and as a result, was often evicted.

“Let me put it this way. Okay? I've done the couch trip more times than I can remember. You know, I've done the roommate thing more times than I can remember.”

After moving out of her room in August 2021, Mary was able to use the temporary housing her church had available. At \$400 a month for rent, she stayed there for three months just before finding ONEgeneration and moving into her ADU.

Esteban was living in a house with friends for “various years” far from his ADU location. He was paying approximately \$500 per month for the room. Before this, he spent three years in an apartment complex that was “bigger, much bigger, but old. Very old...[and] ugly”. However, he enjoyed the security of the complex, where there was a gate for entering and leaving, and “everything [was] very controlled”.

Stable Housing

Some of the tenants were indeed able to find somewhat stable housing before LAADU. And for one of the seniors we interviewed, that stable housing was in fact an ADU, at a more affordable rent than when she moved in. Mariam lived in a studio apartment for about six to seven years before moving into an ADU.

The sixty-two year old woman explained “The rent was not too bad, seven something, 720s. Then it started going up. Because it was six, seven years ago, it was not that high.” The studio

was small, and being on the second floor of the apartment building meant going up and down a flight of stairs whenever she had to leave. Nonetheless, it was economically manageable for her while working as an elderly caregiver. However, the rent continued to increase as time went by. At the same time rent was increasing, Mariam told us “my income [stopped], and things happened, life got changed... [rent] started going up, I was looking for a place, and I was struggling.” By the time Mariam moved, the monthly rent was over \$1,000, and she was retired.

Mariam’s next home was an ADU that was completely new. And there was a lot to love. “It’s sunny. Appliances, and how the unit is new. It’s one story. Like I don’t need to climb the steps. If I look at the street, I can see the activities in the street. It’s close to my doctor’s, close to the stores I know, stores I’m used to.” But the rent was \$1,700 a month.

“I already was living here and I was financially struggling. My kids were helping, but still I was financially struggling... my checks would keep canceling and getting returned. It wasn’t good for me, for my landlord, emotionally. It wasn’t helping me. What am I going to do, go live in the corner of the street? What am I going to do?”

Another example are Anika and Sahil. The married couple needed housing after Sahil’s sister died, who they relied on for housing. To make matters worse, Sahil was diagnosed with prostate cancer while his sister’s health deteriorated, making it impossible for him to work. A recent knee replacement also made it difficult for him to move around. The biggest problem with the one-bedroom apartment they found after leaving their sister’s home was the \$1,400 monthly rent that ate up most of the \$2,200 monthly income from Anika’s job as a certified nursing assistant. Anika still drives to work every day and pays for both car insurance and the skyrocketing cost of gas, leaving them with a limited amount of money to buy groceries and navigate any additional expenses. While Sahil would not call the one-bedroom the worst housing he and Anika had experienced, the financial strain and the stress it caused tainted what might otherwise be considered quality housing.

Elise was another senior who shared that she spent the last five years before LAADU renting a room with her friend. Paying only \$400 a month while working as a medical secretary at a hospital, Elise often had two-thirds of her paychecks remaining while she lived there. After a little over a year, she retired at sixty-five and was still able to manage her rent with Social Security benefits. Elise had very few complaints about her home or the neighborhood.

“Well, the people are, I think, friendlier [in this neighborhood]. Well, right next to [us] is a school and the students you know, we would wave at them when they came out. And my landlady then, she’s a very generous person. She would offer fruits from her trees to them. Yeah. And so yeah. But kind of noisy.”

Then came the news that her landlady was selling her house. “She’s been saying that to us for some time.” Elise said. And so she and her roommate were already looking into an affordable

senior housing complex, one with a notably long waiting list. She found ONEgeneration instead.

“I have two friends. And I overheard them talking that they were going to go to ONEgen, and check out the housing application. And so I asked them “Can I tag along?” you know, and so, but in the past, I've already applied [to an affordable senior housing complex], but you know, still waiting. So, they were nice enough to bring me along. So the three of us filled out the application at ONEgen. And then when they came here to be interviewed, they brought me along too. Yeah, and so, thank God, one of my friends, it's too small for her, because she has a lot of stuff. And then my other friend, she wants to have a roommate with her. So and then thank God, you know, they picked me too. So those are all blessings, you know, like, unbelievable.”

A common theme among the group of seniors who experienced some housing stability before finding LAADU was that aging and retirement was a primary factor in generating economic vulnerability. Seniors who had retired or simply become too frail to economically support themselves could no longer navigate a housing market with limited options for seniors who were at the end of their working careers. They instead found opportunities for stable housing through their support networks, which were only a crisis away from becoming unstable again.

2.3 Previous Experience with Housing Insecurity

While it was not common for LAADU tenants to have been experiencing unsheltered homelessness immediately before they received LAADU housing, the majority had experienced severe housing insecurity at some point in their life, either taking a rental where it was difficult to keep up with the rent, being forced to sleep on the couches or floors of the people they knew or at worst, sleeping in their car or on the street. It is the combined unaffordability of stable housing and the economic status of seniors often past the age of work that has led to housing insecurity for many of the LAADU tenants.

In our sample, about a third had experienced periods of homelessness in the past. Only one tenant was directly recruited while unhoused, however a past experience of living unhoused is a significant factor used by the Los Angeles County government for assessing the risk of experiencing periods of homelessness in the future (LAHSA 2018).

Before applying for the LAADU program, many tenants had managed to find housing at an affordable rate by sharing or renting rooms in larger homes or apartments. Yet these arrangements were possible usually because the rooms were offered at a discounted rate. Multiple seniors we interviewed relied on a network of either friends or family to find affordable rooms, or were living with family where they were not asked to pay rent at all.

“I was living with my daughter, helping her out... And I had \$500 rent for her and I would help out with the utilities. So that’s gone on for about 10 years.” - Renee

“So aside from this woman...every one of these other [living arrangements] were basically (I: Friends) friends. Yeah. I never paid an exorbitant amount of rent.” - Eli

As we have discussed, a downside for some seniors is that although affordable, these arrangements are often overcrowded or create tension with the people they live with. We saw this with Alma, who described her past living arrangement sleeping on her sister’s couch as the worst living situation she had ever experienced. Particularly because of the lack of privacy. As we described in the opening paragraph of this section, Victor told us about one example of the stressful relationships he had to navigate renting a room recommended by a family member.

“My cousin knew a lady that needed some financial help. And so she stuck me with renting a room from her. So I stayed there for like three years. But – they hadn’t warned me at the beginning that her daughter is schizophrenic. (I: Yeah) And she has episodes...Anyway, she met this other dude, who’s just as nutty as she was. [I laughs] And they’re both experimenting with methamphetamines and heroin. (I: Oh no!) Heroin as well. The cops must have gone to that place like seven or eight times. (I: Yeah) Because she would, she would go into an irate [sic]. Screaming, “Get the fuck out of my house!”, talking to her boyfriend. She’d be screaming for two hours. Of course the neighbors—they had to call the cops. So here come the cops again. Seven or eight times she did this, you know. Then finally, when I decided to get the hell out of there is when he overdosed on heroin. And so they sent an ambulance for his ass. (I: Yeah) That’s when I go, “Man, I gotta get out of here. I don’t need to be around this stuff.””

While the support of family and friends was useful for the seniors who had it, this support could also be tenuous. It was the sudden loss of support which caused a number of seniors to become housing insecure in the first place. Whether it was the death of a loved one, the divorce of a couple, or a change in the health of the homeowner, these major life changes often came with financial consequences. For example, Anika and Sahil found themselves in urgent need of housing after Sahil’s sister passed away.

Aside from the LAADU program, one of the most affordable housing options for extremely low income seniors in Los Angeles is subsidized housing in an apartment complex specifically devoted to seniors. Multiple tenants informed our research team that they had sought out vacancies in these apartment complexes only to encounter waiting lists that could take years to reach their application. Victor described the process of searching for affordable senior housing apartments.

“That probably would have gone down the line like this: Gonna give me some numbers of some apartment buildings—have created a list, a waiting list. And those waiting lists are in the neighborhood of eight to ten years. And I even went to another organization that told me exactly the same thing. “Yeah, we can get you, we give you all these numbers and addresses and you go put yourself on the waiting list. And it's gonna be like eight years.” I said, “I'm gonna be dead by then. So what good is that for me?”

3 PROGRAM: LAADU HOMES AND PROGRAMMING

3.1 Accessing the Program

A common concern for social scientists about a range of beneficial programs is the question of whether the program is equitably accessible to all people. While it is common to presume income is the most valuable indicator for accessing resources, sociologists are sensitive to other forms of capital that people can rely on to create material benefits like personal networks. These non-economic forms of capital can exacerbate ongoing inequalities for one's ability to maximize the use of public resources. With this concern in mind, our research team investigated how seniors came to learn about the LAADU program and how they navigated the application process. We found that seniors accessed the program in a myriad of ways; most through friends and family members, some through already having an established connection with ONEgeneration, and even fewer through individual searches for affordable housing.

Institutional Actors

Some seniors who already had some connection to ONEgeneration learned about the program through various staff members. Anika and Sahil shared that Anika's sister-in-law was their connection to ONEgeneration. “She told me about ONEgeneration. She was working with ONEgeneration. She's working as a caretaker.”

Renee was actually a volunteer at ONEgeneration and regularly visited the center, although she had not yet known about the new Accelerator Program.

“I was caught in a situation where my daughter was going to court with the landlord because he was trying to evict her. And she was trying to evict me. And I just called [ONEgeneration] and asked, what were my rights? And they told me and I told my daughter, and they went to court. So to make a long story short, they worked with me, I filled out the application, and I brought in my income report. And two weeks later, I was viewing units, I saw two units.”

Friends and Family

Friends and family did not only offer their homes to some of the seniors, they also helped them find the LAADU program. As she explained before, Elise had gone to ONEgeneration by chance with her friends to learn about housing applications and it resulted in finding quality housing. Alma's niece found the LAADU program online. Jaime found his casita through a network involving friends and family.

"It seems that the ex-husband of an aunt of my son's girlfriend had commented on the program at a family gathering. And she took note of that. And she is a very diligent woman. She started researching and came to [social worker], ONEgeneration.And from there, I said, let's try. It was like throwing a stone into the sea, and I was graced with this little house."

Individuals

Some seniors like Eli and Victor simply came across the LAADU program in their general search for stable housing.

"I called the Jewish Federation. And they gave me some leads. But the leads always turned out to be on a waiting list. There was a large, many places have waiting lists. I'm on a waiting list right now. But you know, the numbers go slowly. You know, it could take five years, something more. And I thought of ONEgeneration, or somebody gave me the name of ONEgeneration, I forget which. But I called them. And they opened up their hands, they opened up to me, they said, "We're starting a new program and you're one of the first!" - Eli

Overall, the wide range of ways seniors who came to learn about the program and access its resources demonstrated that any inequalities in access to the LAADU program were minimal.

3.2 The Homes

As part of the interviews, we were able to visit most of the units and, in fact, conducted many of the interviews in these units. This allowed us to observe first-hand the characteristics of the homes that LAADU tenants were residing in. The homes we visited varied in their physical structure, yet there was a general pattern regarding size, form, and age. As expected with a study of accessory dwelling units, most units were small (roughly 400-600 sq ft), located on the same lot as a larger main home. The majority of units we visited were standalone, detached dwellings that were accessible through a gate or entrance that they shared with the main home. A few of the homes were attached to the main home, and accessible through a driveway shared with the residents of the main home.

The construction of these ADUs comes after a series of legislative changes since 2017 that facilitated the construction of ADUs on single or multi-family unit residential zones. These legislative changes intend to both streamline the construction of ADUs as well as protect them against obstruction by homeowner associations or property restrictions.

For the most part these units were remodeled garages or were entirely new structures. Since these units had just been remodeled or built, the structures were generally new or like-new and in excellent condition. The units we visited were typically one bedroom units with a single bathroom and a small living room/kitchen area. Just like the units themselves, appliances in the unit were brand new or in excellent condition. In most cases, the LAADU tenant was the first person to live full-time in the unit.

Most of these homes were located in residential neighborhoods with single family homes with working class or middle-class compositions. Therefore, population density was typical of Los Angeles suburban communities. The only exception to this, were homes located near downtown LA, where multiple-unit buildings are more common and density is higher. A quick analysis of the neighborhoods based on 2020 census data showed that the majority of the units are located in block groups that are predominantly Latino or Hispanic (more than 50%), with the concentration of this population ranging from 54% to 91% (PolicyMap 2018). Almost all the units we visited were located in neighborhoods where poverty rates were below the poverty rate of the Los Angeles metropolitan area in 2020 (16.9%). Most neighborhoods can be described as mature residential areas with a housing stock built predominantly in the late 1950s and early 1960s, and a few in the 1970s (PolicyMap 2018).

3.3 Ancillary Social Support

Stable housing and assistance with finding permanent housing are the two most significant benefits low income seniors receive from the LAADU program. But there were additional benefits that came primarily from the social services provided through ONEgeneration and the relationships built among some seniors and their landlords.

Social Services through ONEgeneration

Working with ONEgeneration, a well resourced social service center, the center helped to connect some of the seniors to additional social services. As we mentioned earlier, Renee learned about LAADU while seeking advice about tenants' rights, and Victor was receiving groceries from another program ONEgeneration was coordinating.

Eli described the ways ONEgeneration's resources provided him with more than just housing. "The program, I feel, is a very, very giving program, and they have a lot of resources. And once that started to happen, there were a lot of avenues that opened up to me like with Meals on

Wheels.” ONEgeneration also helped to connect Eli to other social service centers for seniors like the Bernardi Senior Center.

“They have a program where somebody will come [to your home]. And if you need assistance in the house, or they have a program, they have like, eight hours a week, eight hours a month, I should say. But you can segregate it at like four and four hours. And so little by little, I started learning various things that have been given to me or niceties.”

When we asked Mary if moving into her ADU had affected her access to healthcare or any other resources, she told me “now I get with ONEgeneration I get like Access. And I also have a [LADOT card]”. Access is a public paratransit service for people with disabilities and elderly people to get to services like doctor appointments.

“Instead of schlepping around on a bus, I can call Access. If I have a doctor's appointment, etc. (!: And they'll...) You gotta call in advance, but they'll pick me up and bring me back. Yeah.”

ONEgeneration also has what they call an “Angel Fund” which is occasionally used for one time expenses to supplement any housing needs the seniors might not have as they move into their new homes, like a bed, or a couch.

Landlords

A few tenants and landlords also noted the supportive relationships they have built with each other. While most of the seniors found the landlords to be receptive to any of their needs for repairs or learning how to use the appliances, some of the seniors like Eli described relationships that went beyond the expectations of a landlord and tenant.

“When she says to me, if there's anything I need or want, “I'm there for you.” That's 100% what she is. On occasion, she'll call me and ask me if I had dinner. She'll bring me a big bowl of soup. She's always trying to do something nice. When I first moved in here, she helped me find a few pieces of furniture that I needed. She is capable with the computer and so she looked through it and then she showed me the various things and if I wanted to buy it, you know, she made the arrangements and I reimbursed her for whatever the cost was. Very helpful. Just a very nice human being.”

Mariam’s landlord sometimes helps her by getting groceries for her on drives to the store.

“And then my [previous landlady], whenever she went to Costco, you know, that Thai lady, the Thai landlord. She always brings me back something from Costco. Bananas,

you know, cookies. (I: That's really nice) Yes, yes. My present landlords, she does that too. You know, cooked food and stuff, a lot of stuff."

These relationships where they existed were also meaningful to some of the landlords, often because it allowed them to be connected to, and care for an older generation. Yvette, a forty-six year old landlord from Guatemala discussed how despite having a busy schedule, she has enjoyed the relationship she has been able to build so far with the senior woman who rents her ADU.

"Sometimes we actually go out to have breakfast or lunch, but my schedule has become extremely busy. So I don't really have time. But it's a great relationship that we have. Sometimes she watches my daughter."

For Donna and Ellis, renting their ADU to Gisela reminded them of caring for their own parents, both of whom are no longer living.

"I feel we connected because both sets of our parents are gone. But we were with them in their golden years, and remember that that was important to them as well."

The additional services the social workers at ONEgeneration helped secure for the tenants as well as the relationships fostered between some seniors and their landlords contributed to making the LAADU program more than simply a housing placement program.

4 OUTCOMES: BETTER HOUSING THAN BEFORE

4.1 Objective Measures of Housing Stability

In purely objective terms, all tenants that we interviewed experienced an improvement in their housing situation through participation in the LAADU program.

At the most basic level, there was no respondent that was currently housing insecure at the moment of interview. No respondent was living on the street, no respondent was currently experiencing uncertainty about where they would sleep that night nor did any report an urgent need to find housing somewhere else.

Part of the reason for this is that rent was much more affordable through participation in the LAADU program. The tenants were paying on average \$704 per month in the housing situation immediately before entering LAADU. Some were paying as high as \$1,700 a month before which made the relief from LAADU even more significant for tenants who felt rent-burdened for

years prior. While rent in the LAADU program varied based on the tenants' income, the average rent for tenants was \$351.71. The LAADU program slashed rent prices virtually in half for its participants. For reference, affordable rent is generally defined as 30% of adjusted income (Herbert et al. 2018), which for someone earning \$12,000 annually translates into \$300 a month. Thus, reported rents by tenants are generally aligned with the standards for provision of affordable housing.

Not only was rent more affordable, but their rent went farther in improving their housing situation. As discussed above, many respondents were living in brand-new or recently remodeled units with new appliances. Problems with pests, electricity, plumbing, heating or air conditioning were minor and quickly resolved. Tenants also told us that their landlords were responsive to maintenance requests, and one tenant even told us that a landlord had installed a shower handlebar at their request. Since their rent was subsidized, they no longer needed to split rent with roommates who might insert additional instability in their lives. Those that chose to share the unit did so with their partners.

Moreover, as described in section 3.3 above, the program connected tenants to networks of institutional and social support that some did not have before living in LAADU housing. This social support could be critical in further alleviating the financial burdens of this economically-vulnerable group of tenants. Regular contact with a ONEgeneration staffer was built into the structure of the program, and it was during these meetings or phone calls that tenants could be connected to programs like Meals on Wheels or CalFresh. ONEgeneration also helps connect the tenants to transit programs like Access or receive discounted Los Angeles Department of Transit cards. Especially since their landlords were often their neighbors, landlords could also be a less intensive source of support. For example, one respondent told us that his landlord had once offered to take something to the post office for him.

Just on objective measures, it is our assessment that the LAADU Accelerator Program substantially and meaningfully improved the housing situation of the tenants we interviewed. It did so by putting tenants in stable housing that was affordable and high-quality, as well as connecting them to a network of institutional support capable of reducing their poverty and its impacts. However, as we see next, the program not only improved their situation in objective terms, but also in the way that tenants expressed satisfaction about their life and their evaluation of their quality of life.

4.2 Subjective Experiences of Housing Stability

Seniors in the LAADU program reported a mostly positive experience since moving into their ADU. For people who have struggled to find stable housing over prolonged periods of time, moving into brand new units that were both affordable and solely their own was the fulfillment

of a long awaited dream. Their new homes not only provided financial stability for most tenants, but additional benefits like being connected to a highly resourced, intergenerational social service center like ONEgeneration. Some tenants also shared positive stories about the relationships they have developed with their landlords. Yet despite these positive qualities, some seniors also have had some negative experiences at their ADU. A few seniors are still financially struggling and some are navigating difficult relationships with homeowners. This section and the next will explore both these positive qualities mentioned by seniors and their concerns.

Sense of independence

“It’s no worse, it’s just peaceful. What can I say? It’s just a joy to be in your own place and very secure.” - Alma

Out of all the positive qualities program tenants described about their ADU, having a sense of independence was mentioned the most. Multiple tenants shared how they valued the privacy an ADU offered, and how it helped them avoid having to negotiate their living space with family or strangers. Alma’s quote above exemplifies the peace she gained by having an entire unit instead of a couch to call her living space. As previously discussed, many of the seniors who moved into the ADUs were coming from living in rooms in a person’s house or apartment. To be able to afford their rent, the seniors often had living arrangements that were shared with someone else. As Elise explains, sometimes in rather crowded conditions.

“Like the place I lived before this. Three of us would share the bathroom. And initially, there were four of us using the refrigerator. Just those things, just those little things. (I: Yeah. Kind of sharing space with people.) Yeah... [In the ADU] I have my own appliances, you know. My own bathroom. Then I don't have to go to the laundromat to wash my clothes. You know, that's a big help. Especially now because I don't have a car anymore.”

Elise had one of the more stable housing histories out of the seniors we interviewed, but it was still nonetheless what she calls “those little things” that come with living with three roommates. She also notes the benefits of having in-home appliances that reduce the need to find a way to travel with her laundry to have it cleaned.

The ability to live on your own without risking financial strain is something the mostly retired group of seniors had not experienced in their recent housing history. And with the exception of being chosen from a years-long waitlist for subsidized senior housing, it may arguably be the only alternative option for independent living currently available to extremely low income seniors in Los Angeles.

Overall, we found that the LAADU program offers seniors access to quality independent living conditions among communities that are meaningful to them. However, for some seniors in Los

Angeles without family nearby, living alone is not a desire but simply a reality they must navigate when searching for affordable housing. One reason that a sense of independence may have been so popular among the seniors we interviewed was because the people who applied to the LAADU program were looking for such an arrangement. While it is unclear to our research team whether independent living may be desirable to the larger population of housing insecure seniors, we do find that the LAADU program offers a good option for those who may want more independence from their living arrangements.

Brand New Units

“And everything's modern here except for a dishwasher. And who could complain about that? (Interviewer and Renee laugh) This place here is clean, it's modern.” - Renee

Another quality of the ADUs that seniors often remarked on was how new most of the units were. As we discussed in Section 3.2, the LAADU seniors were often the first tenants to live in the units. This not only limited the complaints about structural problems in the units, but it improved the tenants' perceptions of the quality of the ADUs. As the LAADU program is new, and recruited mostly landlords with recently built ADUs, this may be an impermanent quality of the LAADU program if it were to scale to more units and over a longer period of time. Nonetheless, ensuring that units in the LAADU housing stock remain up to date and well maintained will be an important factor for the tenants' perception of housing quality.

4.3 Negative Experiences in LAADU

Though tenants had many positive things to say about LAADU housing, there were also some complaints. Some tenants shared that they still felt financially unstable despite the program's benefits, as well as concerns about the safety of the neighborhood, among other things.

While many tenants maintained they had never fallen behind on bills, others were not so fortunate. There were multiple tenants who noted that when they were all finished paying bills, they had very little to nothing left over for personal expenses. One tenant shared that she was behind on her expenses, while another woman mentioned she was “on a tight budget”.

Another pair of tenants who seemed to be especially struggling were Anika and Sahil. Anika was the only tenant who reported still working to support herself and her husband, who at the time was receiving treatment for cancer: “We are two people with only one income [and it] is very low. We are surviving. What can we do?” It was clear for these tenants that the rent subsidies LAADU provided were helpful, however not enough to relieve them of their financial instability.

A second prevalent concern that the tenants expressed was a feeling of insecurity about the neighborhoods. Multiple tenants noted that there are many dark streets where street lights are not present for a few blocks, making the seniors hesitant to go out at night and decreasing their feeling of security.

Eli, who grew up in another major city, mentioned that the potential for crime in the neighborhood was rather high. While still noting that he lived in “a nice area”, he pointed out that recently there had been incidents of violence, shootings, and home invasions near his ADU.

“It was a helicopter flying in the circle right over, you know, the vicinity of this street. There was a shooting within a half a mile of here. There was a home invasion within a mile of here, so, here... and these are all fairly recent, and I can’t pick out one which but, just in general, you know? I think it’s more systemic, more everywhere. This place is a nice part of the city. You know? So I just feel a little insecure, you know. But there isn’t one particular thing.”

Victor also noted his suspicion about the dealing of drugs in the neighborhood, “There’s usually some places that they’re handling illicit drugs, you know...I’m sure that that stuff goes around”. While Victor felt quite certain about his claims, he had never seen this happen in his current neighborhood.

Despite hearing numerous tenants express a *feeling* of insecurity regarding the safety and possible crime around their neighborhood, only one tenant reported actually being victimized as a result of a robbery. Jesús recalled, “what a headache for me, my god, they stole my catalytic converter”. This was the only account of a tenant explicitly mentioning being a victim of a crime. It is possible that many of the tenants use the presence of dark streets and rumors they may hear throughout the neighborhood to speculate a greater risk of danger in living in Los Angeles than is truly present in their new home. This aligns with academic evidence that individuals are not often good evaluators of the incidence of criminal activity in their neighborhood (Quillian and Pager 2010). Even so, the feeling of being unsafe did not outweigh their desire to live in their current home. Eli, for example, still maintained that “if I had to do it all over again, I mean, I certainly would not say no to this place”.

As noted in the previous section, independence was a benefit for some. But, for others it was a detriment. Living alone was accompanied by the feeling of isolation for some tenants. This was also exacerbated for seniors who may live on more secluded streets. Consuelo, a 78 year-old woman from Mexico felt that sense of isolation both because of her neighborhood, and because she was living alone.

“When they’re apartments, the building is different, right? Because one is meeting people and there is more communication, but here no, not like a house. To see a residence, houses have [unclear] and everyone has a car and you don’t see a person walking in the house and you realize everything is silent. As I leave, one has to leave to walk and everything here. I have to think about it twice in order to leave and walk, but when I do, I wait and everything goes silent.”

When asked if there was anything he didn’t enjoy about living in his ADU, Jesús talked about missing his family.

“No, no, no nothing [is wrong with the ADU]. My family, yes I miss them, the environment that comes when holidays arrive. This yes. It’s not that I get melancholy or sigh longingly, no, well that’s just how life is and that’s all”.

A related concern that came from the seniors was the lack of accessible transportation. At least two tenants pointed out that the distances to the bus stop or other resources in general were too far, and added to a feeling of isolation. A tenant who previously lived in Florida before moving to Los Angeles to secure his housing with LAADU, said that “the only difficulty here is the distances”. He had been more accustomed to being two minutes away from everything he needed by foot. Gisela also reflected on how in her previous residence, she only “walked a block and there was my bus. And in five or ten minutes I was at the clinic”. This is quite different from her experience traveling from her ADU, where she has to take three different buses to get to the doctors. “Here I feel a bit isolated because everything is far.”

There were also some tenants that had strained relationships with their landlord. The daughter of one tenant, Teresa, shared that the landlord “did tell [her] mom that if she wasn’t happy she could leave”, which left the two surprised to hear such an “out there” response to some of her concerns. The reaction came after the tenant had raised concerns about the complications with the unit’s hot water.

Another felt uncomfortable around his landlords, mentioning “They’re very good people...[but] they’re very suspicious”. He explains that often the landlords are “poking their nose in here” and he can hear them asking “stuff like related to drugs like, ‘Do you smell anything’ Or anything like that,” which made him feel mistrusted for no reason.

Even though the bulk of the tenants’ experiences in the LAADU program were overwhelmingly positive, it is important to identify the particular negative qualities that seemed to be a pattern among a minority of the seniors. For some, financial instability is still a pressing issue that seems to occupy the minds of the previously mentioned tenants. Secondly, the lack of street lights and their ideas about danger in an urban context produced a feeling of insecurity among

older tenants, regardless of the true threat of danger. Issues such as strained landlord relationships and far distances to services or bus stops also proved to be a challenge for some tenants.

Another concern that loomed over some of the tenants was the very future of the LAADU Accelerator Program. At the time of our data collection, some tenants were aware there was a meeting in the Los Angeles City Council about possibly shrinking the program from five years of renewable leases to three. One tenant who raised this concern was not in favor of reducing the program because of how long it takes to get off of a waiting list into affordable senior housing apartment complexes, one of the few alternatives for stable housing in Los Angeles for this population.

5 QALY RESULTS

We begin by summarizing the quantitative responses to the QALY instrument and the implied social value of preventing bad housing outcomes based on this sample. We then illustrate the experiences that correspond to each QALY rating using the rich qualitative information collected during the interview. We finish by discussing qualitative data on how respondents understood and reacted to the QALY instrument and the implications for future work using this approach.

Out of the seventeen participants interviewed, we obtained complete QALY responses from twelve. The remainder either rejected the premise of the question or preferred not to answer one or more questions.

Participants generally considered their living situation in LAADU to be close to the level in their best past living situation (indeed most [11] said that the LAADU housing was the best living situation they had experienced). On average, they considered 9.3 years in their best previous situation as valuable as 10 years in their current situation. This means life in LAADU was seen as 93% as valuable as life in their best past living situation. Tenants consistently told us how happy they were in their new homes, that they had found a place that was tranquil and they could find peace.

Respondents universally gave extremely low time-tradeoff scores to their worst past living situation. Nine out of thirteen participants said that they would prefer any amount of time in their current situation over living in their worst past living situation for ten years. On average, participants valued time in their worst past situation at only 6% of their current situation. These low scores reflect the very poor conditions that participants reported in these past living situations. Many of them were comparing against having been homeless in the past, living on

the streets or a vehicle. The highest value any participant gave to their worst past situation was 25% of the value of their current living situation.

Taking these two answers together, participants rated life in their worst past living situation as only 4% as valuable as life in their best past living situation.

Responses to the health QALY item varied substantially, with participants giving answers at both extremes of the scale. On average, participants rated life in their current health situation as 85% as valuable as life in perfect health. This moderate figure reflects both the relatively advanced age of this population but also that they are generally still able to care for themselves.

Combining this with the previous responses, we estimate that respondents' quality of life is about 79% of the level they would experience in the best health and housing situations. By contrast, their quality of life in their worst previous situation was only 3% of the level they would experience in the best health and housing situations. Averaging across the quality of life changes for each participant, we estimate that living in LAADU rather than their worst past living situation increases a participant's quality of life by 0.75 QALYs.

Using the \$120,000 per QALY figure, the social value of this difference is \$89,569 per year per participant. This figure suggests that there are large social benefits to policies which move people out of very poor housing situations (including situations which are not homelessness).

5.1 Validating the QALY Results

Worst vs Current

The top line quantitative scores paint a stark picture of life being barely worth living in precarious housing situations such as homelessness and living in a vehicle, and being of relatively high quality in the LAADU program. Given that this is a novel use of the QALY tool, it is important to confirm whether or not these quantitative assessments match the qualitative picture reported by interviewees. In other words, we need to ensure that the negative scores reflect participants' views that these situations were truly intolerable rather than reflecting poor measurement properties of the QALY instrument.

We asked these respondents to describe their worst living situations in more detail. There were two main types of worst experiences among those that told us that they would never trade off any life (in other words that life in their worst past situations was not worth living) in their present LAADU home: unsheltered homelessness or extreme housing instability. We list the number of years in LAADU that the person believed was equivalent to 10 years in their worst previous situation e.g. "Emily [3 months]". The lower the number of months and years listed,

the worse the person judged their quality of life to be in their worst previous situation compared with LAADU.

Those who had experienced unsheltered homelessness described conditions where fulfilling their daily needs was a time-consuming ordeal. Above, Jesús told us how he would pee in water bottles in his car during the night instead of going outside because he was afraid the security guards would toss him from the place he had parked. He also told us how unpleasant it was to have a bowel movement without a consistent place to go. This sentiment was shared by Victor [0 years] who told us that “taking a crap in the morning” was always “a bitch” when he lived in his van.

In the opening paragraphs of this section, Victor also told us how challenging and time consuming it was to keep up his hygiene. In order to shower every day, he had to buy a gym membership, drive from wherever he had parked the day before to the gym, before driving to where he was working. Others, like Jesús [0 years], skipped the shower altogether and went without cleaning themselves for months. Victor, however, worked as an installer during the period he lived in his van and occasionally he would be called to do a job where the bosses had a shower in their offices. If this happened, he would sneak a shower. “Sometimes I would go work on those installation jobs. And just take advantage of the fact that there was a shower right in front of me, you know? it's just like, you know, when you're homeless, or whatever, you jump on any kind of opportunity to pass along, you know what I mean?” Having a shower was something he didn't take for granted once he was able to trade-in his van for a room. Not having one, “that's like hell, bro.”

Another dimension of unsheltered homelessness that respondents described was consistent exposure to the elements, either cold or hot, which they could not escape. Renee [0 years] alternated between sleeping on the street and someone else's van over a decade ago. Her daughter had offered to put her up, but Renee had a difficult relationship with her son-in-law and decided against it. “Raining with no heat” was what made street-living the worst, she said to us. “I had [to] find stuff on the streets. Blankets, I'd use cardboard to sleep on. Blankets, clothes, pile clothes up on me that I would get from the church to stay warm.” If she was lucky, she would be able to sleep in her friend's van. But, when it rained, he also offered the space to others. “Similar homeless people would come in and sleep over. You know, when it rained, we pile up on each other.” Earlier Jesús told us how once he had gotten so cold in his car, that he started having trouble breathing and had to call an ambulance, but it could also get hot. Recall that Victor told us that there was nothing comfortable about living in a van. He parked on the street and would get up as soon as the sun rose to re-park under the shade. Otherwise, he “was going to be inside of a microwave.”

There were also concerns over safety. Jesús spoke about fearing that someone would kill him to steal his car. Another respondent told us she had become homeless in a neighborhood where shootings, robberies and drug use were common.

Uncertainty about where they would go to the bathroom or get their next shower. Sleeping in places where they struggled to stay warm, or on hot days, keep cool. Fear for their safety. All of these conditions made it difficult to get a good night's sleep. Jesús told us how he slept in a state of alarm when he lived in his car. He would be woken up constantly by the noise of people walking by in the parking lots where he slept or by security guards tapping on his windows telling him he had to leave. After three years living in his van and waking up early to move his car in the shade, Victor "was so far behind on my sleep it wasn't funny. And I mean, it's like when you finally get a situation where you can actually sleep, you don't recover right away. It takes time, you know, for your body to get the sleep that it needs."

After living under circumstances where carrying out routine bodily functions like going to the bathroom, cleansing and sleeping were a challenge, it is easier to understand why these respondents told us that this sort of life was not worth living. Yet, it was not necessary for circumstances to be this bad for the tenants we interviewed to trade off all of their life. The other subset of tenants that would not trade any life in their current LAADU situation were those who had a place to sleep, but faced a recurrent threat of being put on the street because of eviction or because they had overstayed their welcome with someone that was hosting them.

This was the case of a couple, Gerardo [0 years] and Josefina [0 years]. Their worst housing situation came during the early days of the COVID pandemic when their daughter had asked them to leave after putting them up for several months. This started because Josefina came down with a fever and started coughing. Their son-in-law subsequently told them that when he came home from work, he didn't want to find them there. They had to scramble, while Josefina was sick, to find a place to stay. This started a bout of housing instability that lasted months. They were living in a hotel room in Los Angeles when they were finally connected with LAADU housing. Gerardo is grateful to God for his current situation. He told us "Sincerely, I haven't gotten tired of being grateful for having this roof over my head."

This may seem like an extreme situation, but five of our respondents talked about housing uncertainty or the possibility of eviction as a source of duress and reduced quality of life. This much is unsurprising given increasing social science evidence that housing uncertainty and eviction are primary sources of socioeconomic inequality (Desmond 2012).

Respondents didn't need to have suffered extreme housing duress to trade off life. Respondents were willing to trade off substantial amounts of life (7.5 years or more) to avoid living in places with bug infestations, sharing a place with roommates – especially if they had to

share a bathroom or room with multiple people, dealing with overbearing landlords or having very noisy neighbors. One respondent even told us she could not imagine returning to her old apartment, which was too small and the pipes were always clogging. Although she told us she knew that her old apartment was “better than living in a corner on the street,” in the QALY exercise, she traded all her life instead of returning to this place.

Taken together, the qualitative accounts of participants’ worst previous living situations corroborate the low QALY ratings given and suggest that the tool correctly tracks the lived experience of LAADU participants.

Best vs Current

The qualitative findings on the LAADU housing also corroborate the high QALY ratings given by program participants. We list the number of years in their best living situation that the person believed was equivalent to 10 years in LAADU e.g. “Francisco [4 years and 8 months]”. Higher numbers of years indicate a more positive evaluation of the quality of life in LAADU.

Participants cited the quality of the housing, the landlord service, and a sense that they had a place to call their own as major reasons that LAADU housing was the best housing they had ever had. Many of the units were recently remodeled and had appliances that were brand new. This did not go unnoticed by tenants, as Renee and Elise shared with us above.

Landlords were also featured in tenants' assessment that this was the best housing that they had ever had. Whereas many had dealt with landlords in the past that were overbearing or in the context of being evicted, LAADU landlords were generally responsive and caring. Gerardo [10 years] and Josefina [10 years] , the Mexican couple who were grateful to have a roof over their head, had an issue with hot water in their shower that was resolved almost immediately. Elise [10 years] told us how her landlord had even been responsive at night when she had issues with her heating unit. Most told us that they had cordial, if not friendly, relationships with their landlords. Others, like Eli [10 years] expressed genuine affection for them and how helpful they had been.

Besides new units and helpful landlords, many respondents identified the sense of independence identified above as a major reason that they felt joy living in the LAADU unit. As one respondent told us “I enjoy the moment here very much. I've got, let's say, my freedom back. My independence back.” When we asked Renee [10 years] to clarify whether this was her best living situation, she put it succinctly:

“I'll say this place because I'm not at anybody's will. I'm the queen of that! My mother was queen of hers. My daughter is queen of hers. And my sister's queen of hers, I'm queen of that!...Definitely the independence. Your own self-reliance ...Even when you

were homeless you didn't have that. Even though – you see it – I'm just blessed. I'm just blessed, and I appreciate it. And I thank God every day.”

The QALY figures for LAADU housing were skewed downwards by one participant [4 months]. He was comparing his current housing situation, which he was very satisfied with, against another happy time in his life where he was living with his children and ex-wife. He only rated his current living situation as 3% as valuable to him as that situation. He was an especially thoughtful respondent when it came to answering the QALY prompts. When we asked him to explain this tradeoff to us, he told us that he would always choose more time with his children even if it meant giving up a good housing situation. “Having a family and hopefully having love in that family,” he explained, “is of greater importance to me than the number of days that I have in my life.” He clarified later that he thought that his life in the LAADU housing was worth living, but he would give it up for family time. While the interviewers did try to keep the discussion focused on the housing aspects of living situations, this example illustrates how participants inevitably focus on other salient aspects of their lives beyond just housing.

5.2 Limitations and Improvements to the QALY tool

Generally, those that experienced any sort of housing insecurity were willing to trade off lots of life. This was because conditions were so bad previously that returning to the past was unimaginable. For those who had been homeless, this meant returning to a place where reproducing themselves every day (eating, sleeping, excreting, staying warm/cool) was difficult. Even those that did not face such trying situations (noisy neighbors, roommates) were willing to trade a lot of life for staying in LAADU housing.

While the QALY tool produced analytically interesting results, there were also some challenges with the application. Respondents all reacted very differently to the QALY prompts, which made application difficult to standardize and interviewers had to be given a degree of leeway in their application. This offered some important lessons for our team that merit consideration. In particular, a future application of this tool should:

- Ask respondents to restate the best or worst current housing situation frequently. This is because when discussing their lives respondents are likely to have difficulty adjudicating between multiple bad and good situations. This makes it harder for the interviewer to know which situation they are referencing. Relatedly, interviewers should remind respondents that they are asking them to make comparisons throughout their entire adult life, including in places outside of the US.
- Interviews are not always possible in controlled circumstances, especially for housing insecure individuals. Future procedures should account for the possibility that other people will be around the application of the QALY procedures and give clear indications about under what circumstances to proceed.

- Since the population of housing insecure individuals is likely to contain respondents with mental health disorders, future application of this instrument should have clearer indications about how to screen for these respondents.
- Refusals and rejects of the QALY instrument seem to be closely connected to religiosity. A standard religion question should be included in a future implementation to explore this connection.

6 Discussion

In objective and subjective terms, LAADU housing substantially improves the housing situation of its tenants relative to their prior living situations. Tenants served by the program reported high levels of satisfaction with their housing situation while living in dwellings provided by this program, and many rated their LAADU dwelling as the best living situation they had ever had. Additionally, interviews show that the population of LAADU tenants being served were truly housing and economically vulnerable prior to entering the program, many of whom lived on a fixed income and have a history of unsheltered homelessness. Thus, the improved housing provided by LAADU is best characterized as moving tenants from a state of housing instability to a state of housing stability in high-quality dwellings. The LAADU program therefore fulfills its principal goal of providing “affordable, safe and decent housing” for this population of older adults.

But, how expensive is providing this housing? It is clear from the results in Part 1 that providing these homes improved the lives of the tenants who received that home. However, do the costs of providing the program outweigh the benefits? Are there other programs that provide similar quality housing at less expense? Or, is LAADU the cheaper program? We turn to answering these questions in Part 2.

PART 2

COST BENEFIT ANALYSIS OF LAADU

1 INTRODUCTION

In Part 1, we documented the objective ways in which living in ADUs provided through the LAADU program had, in most cases, drastically improved the life of the tenants the program had served. But, how costly is providing this service? And, are the benefits of the program worth providing this service? There are many reasons why understanding the trade-offs between cost and benefits for this program should be of interest to policy-makers. The most obvious is to ensure that resources are being allocated well, particularly in relation to other programs that fulfill similar needs or seek to do so. If there are programs that reduce housing insecurity to the same degree that the LAADU program does and require less resources, it would be desirable to allocate resources to the cheaper program.

In general, even without accounting for improvements in quality of life, LAADU is cheaper than programs that seek to serve the homeless population. LAADU is much cheaper than providing services through shelters and is much cheaper than doing nothing. We estimate that if 48% of LAADU tenants became homeless, they would cost Los Angeles City more money than the LAADU program does. For the LAADU tenants, this is a plausible counterfactual situation given that many have a documented history of prior unsheltered homelessness or extreme housing instability.

If we compare LAADU to affordable housing programs and not homelessness services, we find that LAADU costs per participant are middle of the line compared to other peer programs that provide affordable housing. Based on the best available figures, it is neither the cheapest program to administer nor is it the most expensive. Overall, the program has costs that are comparable to other major programs in Los Angeles.

However, as we note in the discussion, LAADU has a number of other advantages that may make this program more desirable from a policy perspective, although we cannot fully evaluate these claims empirically. First, there is reason to believe that LAADU will increase the total supply of affordable housing in ways that cheaper programs like LIHTC and vouchers do not. Furthermore, ADUs have the potential to be less politically contentious than public housing developments (Brizuela 2020; Diaz 2019), limiting the amount of NIMBY (not in my back yard) resistance that frequently hampers affordable housing production in the US. This may be a desirable condition for policy actors seeking to expand the production of affordable housing in Los Angeles.

This part is divided into two sections that follow this introduction. The first section provides a detailed description of program costs for the eight programs we examine, including LAADU. We close the section with a discussion of our findings.

2 PROGRAM COSTS

In this section, we provide description of program costs, along with details of our assumptions and our sourcing for the cost of each program. These program costs are summarized in Table 3 and reported in 2020 dollars.

Rent subsidy is the rent amount the government would have to subsidize for our example tenant to only pay 30% of her rent. *Additional costs* include overhead, maintenance and other costs that the government pays to run these programs. *Capital cost per filled unit year* describes the annual capital cost adjusted by the social discount rate and occupancy rate. *Annual per unit revenue* subtracts any revenue, if any, the program brings into the government. Of the programs we evaluated, only public housing brought any revenue into the government. Finally, *indirect costs to the government* are indirect costs the government incurs if housing is not provided. Specifically these are law enforcement and medical costs incurred by individuals currently experiencing homelessness. These columns are summed across each row to return the *total government cost per filled unit year*. In summary, our formula for this total cost is:

Total Government Cost Per Filled Unit Year = Rent Subsidy + Additional Costs + Capital Cost Per Filled Unit Year - Annual Rent Subsidy + Indirect Costs to Government

As explained in the methods section, we also provide the social benefit of meeting housing needs estimated via the QALY method for each program relative to the LAADU tenants' previous worst housing situation. We assign a social benefit of \$89,569 per participant per year for the programs that provide stable housing and \$0 to unsheltered homelessness and living in a vehicle. We show two estimates for sheltered living (\$0 and \$30,000) depending on whether sheltered homelessness is more comparable to unsheltered homelessness or highly insecure housing:

Our final cost-benefit calculation is therefore:

Net Social Benefit of Filled Unit Per Year = Social benefit of Fulfilling Housing Need - Total Government Cost Per Filled Unit Year

In the discussion, we also estimate what proportion of LAADU tenants would have to experience negative housing outcomes in the absence of the program for LAADU to create a positive fiscal return or a positive social return.

TABLE 3. Costs by Program

Agency	Program	Rent Subsidy	Additional Costs	Capital Cost Per Filled Unit Year	Per Unit Revenue	Indirect Costs to Government	Total Government Cost Per Filled Unit Year	Social benefit of fulfilling housing need	Net social benefit of filled unit per year
HACLA	Public Housing (original construction estimates)	\$ -	\$ 9,598	\$ 14,532	\$ (3,600)	\$ -	\$ 20,530	\$89,569	\$69,039
HACLA	Public Housing (controller cost)	\$ -	\$ 9,598	\$ 20,342	\$ (3,600)	\$ -	\$ 26,339	\$89,569	\$63,230
HUD	Section 202 (original construction estimates)	\$ 6,442	\$ 2,554	\$ 14,844	\$ -	\$ -	\$ 23,839	\$89,569	\$65,730
HUD	Section 202 (controller cost)	\$ 6,442	\$ 3,147	\$ 20,778	\$ -	\$ -	\$ 30,367	\$89,569	\$59,203
HUD	LIHTC (30 years)	\$ 10,062	\$ 554	\$ 5,542	\$ -	\$ -	\$ 16,158	\$89,569	\$73,412
HUD	LIHTC (15 years)	\$ 10,062	\$ 910	\$ 9,098	\$ -	\$ -	\$ 20,070	\$89,569	\$69,499
Los Angeles City	LAADU	\$ 19,533	\$ 2,461	\$ -	\$ -	\$ -	\$ 21,994	\$89,569	\$67,575
HACLA	Housing Choice Voucher	\$ 18,408	\$ 1,841	\$ -	\$ -	\$ -	\$ 20,249	\$89,569	\$69,320
LAHSA	Safe Parking	\$ (2,567)	\$ 55,394	\$ -	\$ -	\$ 11,750	\$ 64,578	\$0	-\$64,578
None	Unsheltered homeless	\$ (3,600)	\$ -	\$ -	\$ -	\$ 39,212	\$ 35,612	\$0	-\$35,612
A Bridge Home	Sheltered homeless	\$ (3,600)	\$ 94,275	\$ -	\$ -	\$ 11,750	\$ 102,425	\$0	-\$102,425
A Bridge Home	Sheltered homeless (best case QALY)	\$ (3,600)	\$ 94,275	\$ -	\$ -	\$ 11,750	\$ 102,425	\$30,000	-\$72,425

2.1 Los Angeles Accessory Dwelling Unit (LAADU) Accelerator Program

Program description

Given the steep costs of new construction, governments have increasingly looked for ways to repurpose existing housing stock to increase the number of affordable units. One example of this is the use of Accessory Dwelling Units (ADUs), which are secondary residences built or repurposed on an existing property.

The LAADU Accelerator Program (LAADU) gets homeowners to rent out ADUs to low income elderly people. The tenants pay 30% of their income in rent with the LAADU paying the difference between the tenant rent contribution and the fair market rate (FMR).

There are a number of attractive features of the LAADU program. First, it involves creating new units on existing properties, which does not involve displacing existing residents. Second, it provides a benefit to existing homeowners (through a potential revenue stream) rather than the perceived cost that most new developments entail. This may make the expansion of programs such as LAADU more politically feasible by co-opting or at least dividing homeowners (Brizuela 2020; Diaz 2019) who otherwise might engage in unified NIMBY opposition (Pendall 1999). LAADU also has the advantage of requiring no capital investment from the government as the ADU is either already available or is renovated by the landlord. For this reason, the program structure most closely resembles the project-based housing choice voucher program, which also subsidizes the rent difference between the fair market rent (LAADU uses HACLA's Los Angeles City voucher payment standard of \$1,765 for a one-bedroom apartment) and 30% of income for pre-specified properties.

Cost calculation

We derived the LAADU costs from the program's own budget projections. These were provided to us by LAADU staff. Since we're interested in how cost-effective the LAADU model would be at scale, we use the cost estimates from the most optimistic scenario where the program serves 100 tenants.

LAADU provides a rent subsidy to the homeowner to make up the difference between fair market rent and the 30% of income that tenants pay (\$3,600 for our example). LAADU reports that the unsubsidised rent is \$21,180 per year, entailing a subsidy of \$17,580 in our case. LAADU pays the rent for unoccupied units for up to 2 months and estimates that the costs of this and other transition costs will equal 10% of the total rent. For simplicity, we treat this as an estimated 90% occupancy rate (although some of these costs are derived from other sources). That means that the per-filled-unit cost per year is \$19,533 for our tenant. Additionally, the

LAADU budget includes \$2,461 in overhead costs per tenant. There are no capital costs, unit revenue or indirect costs to the government.

This means that the total LAADU cost per housed tenant is:

Agency	Program	Rent Subsidy	Additional Costs	Capital Cost Per Filled Unit Year	Per Unit Revenue	Indirect Costs to Government	Total Government Cost Per Filled Unit Year
Los Angeles City	LAADU	\$ 19,533.33	\$ 2,461.00	\$ -	\$ -	\$ -	\$ 21,994.33

Crowdout

The conversion of ADUs are very promising in terms of avoiding crowdout. This is because there are multiple reasons to think that ADUs have an elastic supply curve. As the elasticity section explained, a more elastic supply means that subsidies will increase the number of units substantially more, and increase rents less than subsidies targeted at an inelastic housing supply.

In fact, there is an additional affordability benefit to targeting subsidies at the elastic section of the housing market. Subsidies to ADUs will induce some tenants in the rest of the market to switch to living in ADUs instead. This will have the effect of reducing demand in the non-ADU housing market. However, because non-ADU housing is inelastic, the supply response will be relatively minimal (i.e. people are unlikely to demolish their rental properties just because market rents fall) and the net effect will be minimal reductions in supply but a lower prevailing rent level.

There are several reasons to believe that ADUs may be an unusually supply-elastic section of the Los Angeles housing market. First, there are a very large number of potential ADU units that could be built by right (i.e. no discretionary approvals required). The Los Angeles City Innovation Team claims that 500,000 single family homes could accommodate an ADU (Los Angeles Innovation Team 2021). This number is not sourced but matches reasonably well with our analysis of the Los Angeles County Parcel Map Service data (Los Angeles County Office of the Assessor 2021) which shows that there are 527,194 single family zoned parcels of land with an existing building with at least one bedroom and at least 3,500 square feet of free space on the lot. UCLA's CityLab claims that lots of 3,500 sq ft or more will generally comfortably fit an ADU, so 3,500 sq ft after accounting for existing construction appears to be an appropriate

benchmark for ADUs that could be built from a legal perspective (although there may well be additional physical restrictions e.g. due to steep slopes etc (Saiz 2008)).

For context, Los Angeles City currently has 1.5 million existing housing units (US Census Bureau 2021)⁷ and 33,091 vacant parcels of land (Los Angeles County 2021). While many homeowners will not be willing to add an ADU to their property at any reasonable rent level, only a modest fraction would need to do so in order to greatly expand LA's housing supply.

Second, there is evidence that homeowners are willing to build ADUs. Between 2013 and 2020, 14,901 accessory dwelling units received permits within Los Angeles City (California Department of Housing and Community Development 2021), with only trivial numbers believed to have been approved before that period. This implies that Los Angeles City may have built about 4% of the ADUs that the current zoning rules permit. Since ADU regulations were relaxed, ADUs now make up more than 20% of new units permitted in Los Angeles City. It also implies that significant numbers of homeowners are still willing to add ADUs to their properties.⁸

Third, ADUs can also be approved and constructed much faster than traditional property developments, meaning that supply can likely adjust much more quickly to market conditions. Average approval time for new property developments of 5 or more units in Los Angeles City is usually 13.1 months (O'Neill, Gualco-Nelson, and Bilber 2019). By contrast, ADU developers in Los Angeles City report that ADUs permitting is typically completed in 1-2 weeks (Modative 2021).

Similarly, construction times are likely substantially lower for ADUs as they typically use standardized designs or prefabricated units. ADU developers report 2-6 months construction time (Modative 2021) as typical. The Census Bureau's New Residential Construction Survey reports that single unit buildings in the Western US typically took 7.5 months in construction time in 2020, with multi-unit buildings taking an average of 15.3 months in construction time (US Census Bureau 2021).

Taken together, this means that typical multi-unit housing developments in Los Angeles are likely to take upwards of 28 months from application (13 months) to the end of construction (15 months) while ADUs appear to be able to finish the process in under 9 months (the ADU information is anecdotal but fairly consistent across sources). Therefore if building an ADU became a more profitable proposition (e.g. due to making LAADU's subsidies more widely

⁷ Retrieved via:

https://datacommons.org/place/geoid/0644000?utm_medium=explore&mprop=count&popt=HousingUnit&hl=en

⁸ These figures should be treated a little cautiously as some ADU registrations will be legally recognising previously non-compliant units.

available), it is likely that the ADU housing supply could expand much more quickly and at a proportionally much higher rate than if these same subsidies were applied to the housing market as a whole.

Finally, ADUs (or units that could be reclassified as such) are unusually likely to be being used for non-housing uses such as AirBnB (see Rosie's story and Erica's story on the LAADU website).⁹ This provides an even faster source of new housing units if demand subsidies help to make ADUs a more attractive option than running an informal hotel. Insofar as platforms such as AirBnB have quietly expanded the total number of units in tight housing markets, converting these units to affordable housing likely represents a genuine boost to the affordable housing stock.

While many of the numbers in this section rely heavily on assumptions, the balance of the evidence does suggest that LAADU is likely to score well on crowd out compared to other programs we review.

2.2 HUD Section 202 Supportive Housing for the Elderly

Program description

Section 202 is a rental assistance and low income housing development program for low income elderly individuals. Private non-profit developers can apply for Section 202 capital grants to build or develop senior housing. Eligible tenants then pay rent of 30% of their income to these developers. The developer is paid a rent subsidy equal to the difference between the rent from the tenant and their operating costs. The developers must keep the housing in the Section 202 program for at least 40 years or they are required to repay the capital grants (Haley and Gray 2008; US HUD 2021f).

Cost calculation

There are two major components to the cost of Section 202, the project rental assistance contract (PRAC) subsidies and capital grants.

The gross rent in a Section 202 building is **capped** at 120% of fair market rent (Cornell Law School 1987). However, the contract rent that HUD pays the building owner is calculated off the actual operating costs. The fair market rent for a one-bedroom unit in Los Angeles County in 2021 is \$1,765 or \$21,180 per year (US HUD 2021b). This would make the maximum HUD PRAC \$25,416 per year (120%), with the HUD subsidy costing \$21,816.

⁹ For these stories, see: <https://adu.lacity.org/resident-stories>

However, this is the absolute maximum possible rate that can be reached and it is clear from the HUD budget that this maximum is very rarely reached in practice. The minimum contract rent is defined by HUD's default per-unit operating costs for initial contracts (US HUD 2018:5). If building owners can later prove that this contract rent is too low to cover their actual costs, they can apply for adjustments in subsequent years. HUD gives a standard operating cost of \$7,517 for the Los Angeles area (this would be \$8,058 after adjusting for inflation).

Based on that figure, the total PRAC payment for Section 202 would be just \$4,458 based on HUD's operating cost table with inflation adjustment.¹⁰ However, the true figure will be between these two levels. Our best estimate of where that number is likely to fall is based on a factsheet from HUD's 2021 budget document (US HUD 2021f). Nationally, HUD reports that the average household contribution is \$318 (\$3,816 per year) and the average HUD contribution is \$453 (\$5,436) making a total rent of \$771 (\$9,252 per year). That number is higher than the operating cost standard figure but much lower than the theoretical maximum based on the 120% of FMR figure.

However, these numbers are likely to be too low for Los Angeles because it is a higher cost area. The HUD operating cost standards peg Los Angeles costs at 8.54% higher than the average MSA (US HUD 2018). We therefore adjust the \$9,252 upwards by this ratio to get a final contract rent of \$10,042 and a HUD subsidy of \$6,442. This is well below the maximum allowed by law, but around 44% higher than the operating cost standard listed by HUD for the Los Angeles area.

The second major cost component of Section 202 is for the capital grants. As we mentioned in the methods section, we use the inflation-adjusted HCIDLA benchmarks for capital costs with a low-end figure of \$377,422 per unit and a high-end figure of \$528,299 per unit (Los Angeles Controller 2019:16–17). We report the low-end figures in text with the high-end figures in parentheses.

Section 202 is a public/private partnership so not all of the capital costs are borne by the government. However, we were not able to find clear breakdowns of government versus non-profit capital contributions. The best figure we could find was from 2000 when the average Section 202 project capital costs were 90% funded by government grants (Haley and Gray 2008:88). It is likely that more recent grants have a lower government funding rate given HUD statements about the program, but we have been unable to find solid figures besides this 90% rate. This means that we assign \$339,680 (\$375,469) of capital cost to the government. This capital cost is substantially higher than Section 202's typical cost per unit of \$102,741 across

¹⁰ HUD's 2021 budget document asks for \$700 million for PRAC renewals and amendments covering 115,000 households. That budget comes out to around \$6,100 per household, considerably higher than the operating cost table says, but much lower than the 120% of FMR figure (US HUD 2018).

the United States (based on a spreadsheet of the most recent Section 202 grants). However, this simply reflects the fact that it costs a lot of money to construct new housing units in Los Angeles.

We think that these capital investments will create housing units that are useful for 40 years, as the capital grants do not have to be repaid if the building stays in Section 202 for that full period (US HUD 2021f). With a social discount rate of 3%, this gives a net present number of unit-years of 23.1. This means the capital cost per net-present unit year is \$14,695 (\$20,570) rising to \$14,844 (\$20,778) after accounting for occupancy.

We additionally add costs to reflect the possibility of hiring a HUD service coordinator. 38% of Section 202 developments have a service coordinator. We therefore base this cost on recent Los Angeles Glassdoor figures for service coordinator jobs (\$46,848 salary), a 30% overhead on the salary and assuming that the coordinator serves 55 units and assume that these costs will apply 38% of the time (Glassdoor 2021). This gives an additional per year cost of \$425 per unit adjusting for occupancy (HUD reports an extremely high occupancy rate of 99% of Section 202 units in California). We additionally add 10% overhead costs based on the capital and other costs which total \$2,129 (\$2,722) per year.

The final low-end total is therefore:

TABLE 4

Agency	Program	Rent Subsidy	Additional Costs	Capital Cost Per Filled Unit Year	Per Unit Revenue	Indirect Costs to Government	Total Government Cost Per Filled Unit Year
HUD	Section 202	\$ 6,442.00	\$ 2,553.61	\$ 14,843.79	\$ -	\$ -	\$ 23,839.40

and a high-end total of:

TABLE 5

Agency	Program	Rent Subsidy	Additional Costs	Capital Cost Per Filled Unit Year	Per Unit Revenue	Indirect Costs to Government	Total Government Cost Per Filled Unit Year
HUD	Section 202	\$ 6,442.00	\$ 3,147.00	\$ 20,777.69	\$ -	\$ -	\$ 30,366.69

Crowdout

There are no existing studies looking at crowding out in the Section 202 program. While Section 202 has a superficially similar structure to LIHTC, it involves the government financing 90% of capital costs and only reimburses developers at cost. It therefore more closely resembles public housing in many respects. We therefore think that the public housing crowdout rates are probably the most relevant.

2.3 Public Housing

Program description

Public housing is the simplest form of affordable housing policy. Under this framework, the government constructs new units, rents them at affordable rates to low income residents and manages and maintains the property through public housing authorities (PHA). Although this is the most well-known type of public housing in the US, this model of housing provision has gone out of favor, and its allocation in the federal budget has increasingly been supplanted by private market strategies such as the housing choice voucher program and the Low Income Housing Tax Credit (LIHTC). This makes contemporary comparisons especially challenging since, in practice, very little public housing has been recently built by the government (Kleit and Page 2015:623; Pattillo 2013:523; US GAO 2003:42).

Cost calculation

The major cost component of public housing is the capital costs of new construction. As with all construction costs in this report we take the low-end figure of \$377,422 per unit and a high-end figure of \$528,299 per unit. As before, we give the low end figure in the text with the high end figure in parentheses. These costs may even be conservative for public housing construction given that previous public housing has cost 15% more than similar private housing on average in previous developments (Murray 1999).

We estimate a useful lifespan of this housing of 55 years based on the Proposition HHH affordability covenant as a benchmark (Los Angeles City Council and Mayor 2019). After applying the social discount, this equates to 26.8 unit-years net present value. This gives a capital cost per unit-year of \$14,096 (\$19,731). HUD estimates that HACLA's public housing has a 97% utilization rate, which means that the capital cost per filled-unit-year is \$14,532 (\$20,342) (US HUD 2021a).

Public housing also incurs other costs in terms of maintenance, administration and various other costs associated with managing thousands of housing units. HACLA's 2021 budget spends \$62,886,903 per year on costs (HACLA 2019) related to public housing (not including

major capital investments) and has 6,689 public housing units (HACLA 2020b), giving a cost of \$9,310 per unit, increasing to \$9,598 after accounting for the 97% utilization rate.

Rent for public housing is 30% of adjusted monthly income (HACLA 2020b). However, since the government actually owns this property, this represents offsetting revenue, so we remove \$3,600 from the government costs. We assume no indirect costs to the government.

This gives the final low end cost figures of:

TABLE 6

Agency	Program	Rent Subsidy	Additional Costs	Capital Cost Per Filled Unit Year	Per Unit Revenue	Indirect Costs to Government	Total Government Cost Per Filled Unit Year
HACLA	Public Housing (original construction estimates)	\$ -	\$ 9,597.68	\$ 14,532.32	(\$ 3,600)	\$ -	\$ 20,530.01

And high end figures of:

TABLE 7

Agency	Program	Rent Subsidy	Additional Costs	Capital Cost Per Filled Unit Year	Per Unit Revenue	Indirect Costs to Government	Total Government Cost Per Filled Unit Year
HACLA	Public Housing (controller cost)	\$ -	\$ 9,597.68	\$ 20,341.72	(\$3,600)	\$ -	\$ 26,339.40

Crowdout

Unlike some other affordable housing programs, public housing may avoid paying for affordable units that would have been built anyway, since it is entirely government run. However, the presence of large numbers of affordable units may still have crowding out effects on the rest of the market if the affordable housing increases the land costs to private developers and reduces the incentives for further private production of housing.

There have been several economic studies of this question in various contexts and using various methods, with studies estimating that an additional public housing unit adds anything

from 0 to 0.85 additional units to the total housing stock. It should be noted that different studies use different definitions of public housing (sometimes incorporating all government-financed housing). However, there is no general consensus on the extent to which government built housing increases the affordable housing stock in real terms.

TABLE 8

Study	Additional total housing units per additional public housing unit built	Context
Nordvik (2006)	0.6	Norway
Murray (1999)	0	United States
Pinar & Demir	0.85	Turkey
Sinai and Waldfogel (2005)	0.52	United States MSAs
Sinai and Waldfogel (2005)	0.35	United States census designated places
Lee (2007)	0.35	South Korea

One important consideration for crowdout is whether public housing might be able to build developments that private developers could not through eminent domain or using public land. However, governments have become increasingly wary of these tools, so it is unlikely that this would happen in practice.

2.4 Low Income Housing Tax Credit (LIHTC)

Program Description

Established in 1986, the Low Income Housing Tax Credit (LIHTC) is the federal government’s largest affordable housing policy tool. Between 1987 to 2018, LIHTC has encouraged the production of over 3 million homes across the United States, and costs the federal government an average of \$10.9 billion annually (Keightley 2021:1; US HUD 2021e). In Los Angeles County over 78,000 affordable homes have been provided through the LIHTC program since 1987 (California Housing Partnership 2019:29).

Of all the major housing programs in the United States, LIHTC housing has a reputation for being the most complicated. To describe it briefly, the LIHTC gives developers a 10-year tax credit which reduces the capital costs of housing production. In turn, the developer commits to

providing a certain portion of the housing they build at an “affordable” level for a 30 year period. Affordability is set at certain AMI thresholds, typically between 30 to 60% of AMI, and a certain number of apartments must be provided at certain AMI levels. LIHTC is a great deal more complicated than this brief description allows. For more information see Keightley (2021) and Scally, Gold, and DuBois (2018).

Cost calculation

In practice, our example tenant could not afford to live in LIHTC housing. Units are pegged at certain income thresholds, and although there is no minimum income-threshold, there are very few apartments with income thresholds lower than 30 percent AMI making it unlikely that she would be able to get one of these apartments. Furthermore, 30% of rent at 30 percent AMI is still nearly double the rent that our example tenant could afford (\$7,101 vs \$3,600) which would make these apartments unaffordable. Despite these issues, we still generate an estimate with various assumptions.

The majority of government costs for LIHTC comes in the forms of tax credits that developers receive and that lower the final capital costs of building new housing. To derive a per unit estimate for our example tenant, we use figures from the The California Tax Credit Allocation Committee (TCAC) which manages a database that tracks federal and state low-income housing tax credits (LIHTC) in California since 1987.¹¹ This database is quite detailed including federal and state costs, project location, the total number of low-income units, the target population, among other information.

We derive an estimate for an apartment at 55 percent of AMI (\$45,540 in 2021) since this is the closest income level to the average LIHTC apartment in Los Angeles county available in the TCAC database. Additionally, we assume that the government would have to provide an additional rent subsidy to reach an acceptable 30 percent of income since otherwise the apartment would otherwise be beyond reach for this tenant.

We adjust government costs for inflation and divide the federal and state amount by the number of low-income units that are produced. We divide by the number of low-income units, and not the total units since the goal of these tax credits is to produce low-income housing, not market rate units. Then, federal unit cost is discounted over 10 years which is the period of the federal tax credits are applied (Keightley 2021:1) and over 4 years which, as indicated in the TCAC database, is the period during which state credits are applied. To derive the per unit capital cost, we take the per unit cost for senior LIHTC housing built after 2010 (as coded in TCAC). Although LIHTC properties must commit to remaining affordable for 30 years, the enforceable compliance period where the tax credits can be recaptured is only 15 years. There is some evidence that LIHTC properties usually remain affordable for longer than 15 years

¹¹ This database can be found at <https://www.treasurer.ca.gov/ctcac/projects.asp>

(Khadduri et al. 2012), but we were not able to find reliable estimates for the average compliance period. Thus, we offer two estimates assuming a capital lifespan of 15 years and 30 years, which give us a low and high estimate of the capital cost per filled unit-year of an LIHTC unit. We add an overhead at 10% of the capital costs. There are no revenue-per-unit or indirect costs to the government from this type of housing.

Thus, the total estimate for a 55 percent AMI LIHTC unit that remains affordable for 30 years is:

TABLE 9

Agency	Program	Rent Subsidy	Additional Costs	Capital Cost Per Filled Unit Year	Per Unit Revenue	Indirect Costs to Government	Total Government Cost Per Filled Unit Year
HUD	LIHTC (30 years)	\$ 10,062.00	\$ 554.15	\$ 5,541.52	\$ -	\$ -	\$ 16,157.67

Thus, the total estimate for a 55 percent AMI LIHTC unit that remains affordable for 15 years is:

TABLE 10

Agency	Program	Rent Subsidy	Additional Costs	Capital Cost Per Filled Unit Year	Per Unit Revenue	Indirect Costs to Government	Total Government Cost Per Filled Unit Year
HUD	LIHTC (15 years)	\$ 10,062.00	\$ 909.84	\$ 9,098.41	\$ -	\$ -	\$ 20,070.25

Crowdout

There is less evidence about crowding out in the LIHTC program compared with public housing. However, the two papers that have looked at this question (Eriksen and Rosenthal 2010) suggesting that there is almost complete crowding out, with the authors concluding that "our estimates suggest that the impact of the [LIHTC] program on the number of newly developed rental housing units appears to be small". Conversely, a study by the Federal Reserve Bank of Boston finds that LIHTC availability reduces homelessness at the county-level (but not at the neighborhood level) (Jackson and Kawano 2013). However, the state of the evidence remains weak, and more research is required to determine the crowdout effects of LIHTC housing.

2.5 Safe Parking LA

Program description

LAHSA estimates that 16,528 homeless people in Los Angeles are living in their cars on a typical night (Los Angeles Homeless Services Authority 2019). Living in vehicles has long been a contentious topic within the Los Angeles government, with moves to ban or allow sleeping in vehicles on residential streets going back and forth. The Safe Parking program aims to provide a safe legal space for homeless people to park while sleeping in their vehicles that also provides minimal services such as a restroom and security guard.

Cost calculation

We calculated Safe Parking's cost per year on the basis of a recent per-site budget. The spreadsheet lists 649 parking spaces and a total budget of \$6,181,984 per year. This would come out to a per-space cost of \$9,525 per year. However, this number vastly overstates the cost-effectiveness of the Safe Parking program. On average, Safe Parking only fills 112 spaces per night. This means the cost per filled parking space (which are the only spaces which actually house people) is therefore \$55,394 per year or \$152 per night.

Safe Parking does not charge rent to people using it. However, using Safe Parking requires the person to own a car which comes with costs (and they could potentially free up money by selling the car if they did not need it for shelter). We assume that the homeless people are uninsured but that they will pay the average repair cost within California each year of \$385.42 (Insurance.com 2021). We also include the cost of the car itself. We assume that the car originally cost the person \$3,000 (autolist.com lists a 1997 Toyota Camry with 150,000 miles for this price: see appendix for a screenshot) and that they are still making car payments at a 3.11% interest rate over 60 months (the defaults on Google's car loan calculator shown in the appendix screenshot). This means that they would be incurring \$54 a month or \$648 a year cost for the car. This brings the total cost of the car to \$1,033 a year. If we consider this as rent, this is \$2,567 below the \$3,600 affordability level we are aiming for and Safe Parking is therefore credited with saving the person this amount.

Putting this together gives a figure of \$52,828 for Safe Parking to "house" someone for a year or \$145 per night. This is the cost of a mid-range hotel room in Los Angeles and a substantially higher annual cost than other programs we evaluate. Finally, we also assign the indirect costs of sheltered homelessness to people living in the Safe Parking condition, as it is likely that people living in cars will still suffer many of the same problems, such as law enforcement contact, that people in other forms of emergency shelter do. This comes to an additional \$11,750 in yearly costs to the government from ER usage, hospital rides and arrests.

The final tally therefore comes to:

TABLE 11

Agency	Program	Rent Subsidy	Additional Costs	Capital Cost Per Filled Unit Year	Per Unit Revenue	Indirect Costs to Government	Total Government Cost Per Filled Unit Year
LAHSA	Safe Parking	\$ (2,566.58)	\$ 55,394.11	\$ -	\$ -	\$ 11,750.20	\$ 64,577.73

2.6 Housing Choice Vouchers (also known as Section 8)

Program Description

Housing Choice Vouchers (HCV), also known as Section 8 vouchers, are a federal program where the government provides rent subsidies to landlords on behalf of low-income renters. The vouchers can be held by tenants and used in the private market, or project-based and attached to certain properties (California Housing Partnership 2019; US HUD 2021c). The program is financed by HUD but administered by Public Housing Agencies in localities, which means that HCV vouchers are administered by HACLA in the City of Los Angeles and LACDA in the county.

Eligibility is usually capped at individuals earning 50% of AMI, and a large proportion of vouchers are set aside for individuals earning 30% AMI or less. This number is conditional on household size and was \$39,450 in 2020 for a one person household living in Los Angeles (HACLA 2021). Renters can keep receiving their rent subsidy even if their income goes up, as long as their income does not exceed 80% AMI (California Housing Partnership 2019:35).

The rent subsidies are paid directly to the landlords and covers the difference between the rent and a tenant contribution (usually 30%) up to a rent limit known as the voucher payment standard. As a simplified example, let's assume a tenant that has an income of \$1,000 a month and finds an apartment that accepts vouchers and charges \$1,765 for rent. \$1,765 is exactly the 2020 HACLA payment standard for a one bedroom apartment, so in this case the tenant would pay \$300 a month (30% of \$1,000) and HACLA would pay the remaining \$1,465. If the rent was higher than \$1,765, the tenant would be responsible for covering amounts over the payment standard, although this amount cannot exceed 40% of their income. Using this same example then, the tenant could rent an apartment that charges rent up to \$1,865 since their contribution would reach the maximum of \$400. The strict eligibility requirements for HCVs create policy challenges, since finding housing at these income levels can be very challenging

and tenants have a limited period of time to find housing that meets these criteria before the voucher expires (HACLA 2020a:3). And these are just the problems if a tenant even manages to get access to a voucher. As of this writing in 2021, the HACLA Section 8 voucher list is closed, which would mean that our example tenant would be unable to avail themselves of this affordable housing option if they were looking for housing now.

Cost calculation

Despite the above policy challenges, we generate an estimate of what it would cost to house our example tenant under this program. We start by assuming no differences between the project and tenant-based vouchers. As in our other examples, we assume an annual income of \$12,000. This means that the expected contribution of the tenant is \$3,600 over a year. We use the average monthly rent (\$1,737) from a survey of landlords in Los Angeles conducted by the Urban Institute in 2017 (Cunningham et al. 2018:90). With inflation this monthly rent is \$1,834, which is over the \$1,765 payment standard for a one bedroom apartment. Instead of assuming that the tenant would be expected to cover this, we assume that the government would have to cover this additional cost. This would mean that the annual rent subsidy for our example tenant would be \$18,408, to which we add a 10% overhead cost. The program has no capital costs or government revenue since apartments are rented out in the private market with the government subsidizing rental costs. We also assume no indirect costs for this program.

TABLE 12

Agency	Program	Rent Subsidy	Additional Costs	Capital Cost Per Filled Unit Year	Per Unit Revenue	Indirect Costs to Government	Total Government Cost Per Filled Unit Year
HACLA	Housing Choice Voucher	\$ 18,408.28	\$ 1,840.83	\$ -	\$ -	\$ -	\$ 20,249.11

2.7 Homelessness: Sheltered and Unsheltered

In this section, we provide an estimate of the cost of unsheltered homelessness to the government. Generating an estimate of this sort is exceedingly complex because of the abundance of city services that homeless individuals use. As an example, 15 different city agencies were involved in providing services to homeless individuals, according to a 2015 report to the Los Angeles City Council (CAO 2015:6).

Our report is unable to account for all these costs. Instead, we focus on four sets of important costs that are closely related to homelessness status (Rountree, Hess, and Lyke 2019a): the

cost of emergency medical services, cost of ambulance transports, law enforcement costs associated with arrests, and the cost of providing emergency housing in shelters. This means our estimate is necessarily an underestimate of the government cost incurred when a person lives on the street for a year or lives in shelters for a year. Yet, as we will show, even if we only account for these limited costs, the cost of unsheltered and sheltered homelessness still exceeds the cost of providing more stable housing under a number of programs that we evaluate.

Cost calculation

Homeless individuals have different rates of contact with emergency medical services and law enforcement depending on whether they are sheltered or unsheltered. A survey of 64,508 individuals, for instance, found that unsheltered individuals were ten times more likely to report law enforcement contact than those that were sheltered (Rountree et al. 2019a). Therefore, we can expect that these populations will generate drastically different costs for the government.

To calculate an estimate for our example tenant, we assume a baseline condition of being sheltered or unsheltered. Then we take the probability or the mean number of service instances that an unsheltered or sheltered individual 55 years of age or older experiences as reported by the California Policy Lab (Rountree, Hess, and Lyke 2019b) and multiply this number by the best available cost estimate for that municipal contact. For example, Rountree et. al estimate that 79% of unsheltered individuals 55 years or over have at least one arrest over the previous 6 months. We multiply this probability by the per arrest cost (\$4,479 adjusted for inflation) to get the six month cost and then multiply this by two to get the twelve month cost per arrest, or \$7,080. Arrest costs and emergency room costs are taken from a report commissioned by the Los Angeles County Executive Office's Ad Hoc Homeless Initiative (CAO 2015:7; Wu and Stevens 2016:20–26). Ambulance costs are taken from the report of the City Administrative Officer to the city council (CAO 2015:7). Shelter costs were provided by staff at the A Bridge Home project.

2.7.1 Unsheltered

We can break down the costs for the unsheltered homeless population as summarized in the table below. We stress that this is an underestimate since this only accounts for the law enforcement and medical costs of unsheltered homelessness. The true number is most likely higher than this.

TABLE 13

	Per Incident Cost (in 2021 dollars)	Probability of Instance (12 months)	Average Instance Per Person (12 months)	Total Cost Per Person Over 12 Months
Arrests	\$4,479	.79 * 2	NA	\$7,080
Emergency Room	\$1,429	NA	18.2	\$26,061
Ambulance	\$751	NA	8.1	\$6,071
Total				\$39,212

Or, put in more comparable terms to other comparison programs:

TABLE 14

Agency	Program	Rent Subsidy	Additional Costs	Capital Cost Per Filled Unit Year	Per Unit Revenue	Indirect Costs to Government	Total Government Cost Per Filled Unit Year
None	Unsheltered homeless	\$ (3,600.00)	\$ -	\$ -	\$ -	\$ 39,212.01	\$ 35,612.01

2.7.2 Sheltered: A Bridge Home

Shelter costs in Los Angeles are difficult to assess across the board because shelters are provided and funded by an overlapping set of government institutions and non-profit organizations. One set of shelter costs we were able to obtain are for the A Bridge Home (ABH) program.

The ABH budget reports that the program has 2,164 beds available across 29 projects, with a total cost per year (capital and services) of \$117,307,439. This corresponds to a per bed cost of \$54,209 per year. As before, it is important to adjust this figure for utilization, as empty beds do not directly house people. LAHSA reported that the average utilization rates for ABH beds is 55-60%. We used the average of these figures: 57.5%. ABH shelters are congregate shelters which do not offer much privacy which may be part of the reason for the low utilization rate.

Accounting for this utilization rate, the cost per filled-bed year is \$94,275. We shared these figures with the ABH team who indicated that they considered these costs to be typical of the program (i.e. that they would not expect the average cost to fall over time). We add this figure to the additional \$11,750 in yearly costs to the government from ER usage, hospital rides and arrests for sheltered homeless people calculated from the same sources as the unsheltered costs, but adjusted for the lower incidence of these events that occur for homeless people who are receiving some shelter. Indirect costs to the government are more than 3 times lower for sheltered homeless people compared to those who are unsheltered.

We also credit the ABH program with saving the person \$3,600 per year in rent (ABH shelters do not charge a fee to clients) compared to the baseline of 30% of income.

TABLE 15

Agency	Program	Rent Subsidy	Additional Costs	Capital Cost Per Filled Unit Year	Per Unit Revenue	Indirect Costs to Government	Total Government Cost Per Filled Unit Year
A Bridge Home	Sheltered homeless	\$ (3,600.00)	\$ 94,274.78	\$ -	\$ -	\$ 11,750.20	\$ 102,424.98

Are ABH costs representative of shelter costs?

City employees said that they believed the ABH costs were probably representative of wider shelter costs, but we do not have data to verify whether this is the case. We suspect that ABH may be a relatively expensive shelter program, given the reimbursement rates that LAHSA pays private shelters are reported to be between \$44 and \$82 per night (Riehman et al. 2020) (\$16,060-\$29,930 per year). It is unclear whether these figures apply to filled beds or available beds. If we assume these figures apply to available beds and use the 57.5% occupancy rate, the total cost per filled-unit-year would be \$36,080-\$60,202.

However, we do not use these numbers for four reasons. First, it is unclear the extent to which private shelters receive additional governmental, charity or grant funding. Next, it is also not clear how bed rates are defined. Third, it is unclear whether there was additional public or charitable capital expenditure to construct the shelters originally (which would not be reflected in bed rates). Finally, it is unclear whether the current bed rates would be able to sufficiently cover a shelter provider's capital costs if they constructed additional capacity in the current property market in Los Angeles. In other words, even if the bed rates accurately track total cost to provide existing shelter beds, they may not be representative of the marginal cost of an additional shelter bed.

Given that Los Angeles is building ABH shelters to deal with the homeless crisis at the high costs listed, the ABH figures may well be the more accurate figure for the marginal cost of a shelter bed. If we receive additional details on shelter costs from LAHSA, Los Angeles City or Los Angeles County prior to final publication, we will update this section to reflect the most accurate available figures.

3 DISCUSSION

How Costly is LAADU?

Based on just numbers, LAADU is right around the middle of the pack in terms of government cost per filled-unit year. It is \$12,746 below the mean cost of the programs we examined. In terms of cost performance, it is most comparable to our estimates for the housing choice voucher program. This makes sense since the structure of LAADU is quite similar to that of the project-based housing vouchers. In an optimistic scenario, LAADU is within \$2,000 of our high estimate of the cheapest program we analyzed: LIHTC. It is also worth noting that LAADU, as with most other housing programs, is significantly cheaper than the costs incurred per person for unsheltered homelessness or shelter programs, such as Safe Parking or crisis shelters. This means simply from a cost perspective, it is preferable to provide any sort of government-backed housing, including LAADU, than leaving people to live on the street or navigate the housing crisis system. In short, LAADU has comparable costs to other programs that provide housing to elderly individuals, neither outperforming or underperforming them in terms of cost.

This is only if we consider costs. However, there are other reasons why the LAADU program might be preferable to its peer programs in Los Angeles. A key question that we have already raised in this report is whether a program really expands the supply of affordable units in a given place, or if it simply “crowds out” the supply of housing that would have been provided anyway. Simply put, an important metric on which to evaluate housing programs is whether there are actually more affordable homes after the program was implemented than there would have been otherwise.

We cannot answer this question empirically for LAADU, but it is certainly reasonable that LAADU may more effectively tackle this problem than the other programs we have been analyzing. For example, there is some preliminary indication that LIHTC subsidies are not actually increasing the affordable housing supply (Eriksen and Rosenthal 2010). This would make most sense if the housing supply was inelastic, as we suspect is the case in Los Angeles. Under these circumstances, housing producer subsidies would not increase production of affordable housing and instead crowd out unsubsidized producers by lowering the price at

which they would have provided affordable units. Effectively, this would allow the subsidized producers to outcompete the unsubsidized producers. We would expect the same to be true for the housing voucher program, and there is some limited evidence to support this claim (Susin 2002).

LAADU likely avoids this issue to a significant degree. As we discuss in detail above, the number of ADUs currently built and available on the rental market is likely to be far below the potential number that could be built, converted or transferred from AirBnB usage in Los Angeles. Therefore, at least currently, the housing market can respond to greater demand for ADUs generated by a subsidy program like LAADU by increasing the supply of ADUs. In more technical terms, the elasticity of supply for ADUs and traditional affordable homes is likely different, and rental subsidies, therefore, might be more effective for the former than the latter.

These are not the only advantages that ADUs may have over other forms of affordable housing we've discussed here. Of the other programs, public housing or similar initiatives (such as Section 202 housing) are also likely to lead to real increases in the affordable housing supply (although studies disagree about how much). Thus, even though they may be more expensive than LIHTC or housing vouchers on the books, these costs may be offset by their impacts on the housing markets.

How Do LAADU's Costs Compare to Its Benefits?

When valuing housing outcomes by their ability to meet the basic need of housing, LAADU's benefits greatly outweigh its costs compared to its tenants entering a range of poor housing outcomes. It is worth reinforcing, however, that LAADU's benefits are relative to the baseline of the poor housing outcomes that its tenants have previously experienced. We assess that returning to poor outcomes such as these are relatively likely for this population in the absence of support from a program such as LAADU. Nonetheless, the social benefit provided by LAADU does depend on the likelihood of these poor outcomes (which we do not directly observe).

How common would poor outcomes have to be for this community to make LAADU a net social benefit? The answer depends crucially on what type of bad outcome we expect a LAADU tenant to experience in a negative scenario.

From a fiscal perspective, the marginal homeless person in Los Angeles may cost the government as much as \$102,000 per filled bed per year (our estimate for A Bridge Home). For LAADU to be fiscally positive, 21% of LAADU tenants would need to experience housing outcomes requiring this level of expenditure without the program. If we further include the social benefit of meeting people's basic housing needs (around \$90,000 per year), LAADU tenants would only have to experience these negative housing outcomes 13% of the time to

make the program create positive net social value. We think both of these proportions are well within the likely range of bad outcomes for the vulnerable population that LAADU serves.

However, as of 2020, 85% of homeless adults ages 55 and older were unsheltered (Broslawsky 2020). While unsheltered homelessness is likely an even worse outcome for people than sheltered homelessness, it is less costly than shelter, so it represents a lower fiscal burden. If LAADU tenants became homeless in the same proportions as the current elderly homeless population, 48% of LAADU tenants would have to be homeless for LAADU to be a fiscal net positive and 19% would have to become homeless for it to be a social net positive. The 19% figure is clearly well within plausibility and even the 48% number is not out of the question for this highly vulnerable population.

TABLE 16

Alternative housing situation	Alternative housing situation cost per year	% of LAADU tenants experiencing bad outcome for LAADU to be...	
		Fiscal net positive	Social net positive
Unsheltered homelessness	\$35,612	62%	21%
Sheltered homelessness (A Bridge Home)	\$102,425	21%	13%
Weighted average: sheltered (15%) v unsheltered (85%)	\$55,656	48%	19%

It is therefore possible that LAADU saved Los Angeles county and city governments money on average and essentially certain that the program scores well on a social cost benefit analysis. There is a limit to this, however. LAADU's strong performance is specifically because of the high risk population being targeted. If the program were extended to populations who were at much lower risk of highly negative housing outcomes, the calculus would not be as favorable.

A key finding of our report is therefore that providing housing to populations who are at more than 40% risk of homelessness is likely to be a fiscally prudent choice for Los Angeles local government and that providing housing to people who are at more than 20% risk of homelessness is likely to score well on a social cost benefit analysis.

Is LAADU Politically Feasible?

We should not overlook that public housing has a long complicated history in the United States which has foreclosed the political possibilities of large government-funded developments. This indifference is bipartisan, and criticism of public housing has come from across the political spectrum. This apathy was, perhaps, articulated most sharply during the height of political debate about the future of public housing in the 80s and 90s. On the right, public housing was used to illustrate the excesses of the welfare state, as the Reagan administration used racially-tinged references to “welfare queens” and “black bucks” to emphasize the perceived undeservingness of the urban poor (Briggs, Popkin, and Goering 2010:35). On the left, public housing projects became a symbol for segregation and concentrated poverty (Briggs et al. 2010:40; Duneier 2016; Wilson 1987). The crime and disinvestment in infamous projects such as Pruitt-Igoe and the Robert Taylor Homes seemed to confirm the unequal status of many, particularly Black Americans, in U.S. society.

What emerged from these debates was a sort of consensus that the federal government should be less involved in directly housing people, and instead find alternative ways to promote affordable housing production on the private market (Briggs et al. 2010; Kleit and Page 2015). Thus, the genesis of the LIHTC and Housing Voucher programs. The point here is that, despite the many advantages posed by public housing developments, there is enduring skepticism to large-scale housing projects in the United States. Just one expression of this skepticism is NIMBY opposition to large scale housing projects, which are plentiful in American cities.

LAADU is, at least for the moment, likely to be able to sidestep these thorny political problems. For one, the mechanisms it uses to provide housing are market-driven, which mitigates concerns that it could be labeled as government overreach. At the very least, the intervention closely resembles current major programs at the federal government. LAADU also addresses concerns about the undue concentration of poverty and segregation. By design, LAADU's program is spatially redistributive since affordable housing placement mostly occurs on single-family homes across the city. This does not necessarily mean that tenants will end up living in more or less advantaged neighborhoods overall, but it does make it less likely that LAADU will have a major impact on the composition of the neighborhood. An additional advantage of this program structure is that it makes NIMBY opposition harder since there isn't a single property to be organized against. Furthermore, LAADU includes an additional mechanism for buy-in among neighbors: a rental income. This means a proportion of neighbors will have a vested interest in keeping the ADU as affordable housing since it is both a source of income and increases their home value.

We offer these as potential benefits. We cannot evaluate these claims empirically without more time and further study. Specifically, we cannot know the true crowdout potential of a program

like LAADU until more units are built and a market study is feasible. At that point we could say with more certainty whether LAADU is actually increasing the supply of affordable housing. Similarly, although we have reason to expect that LAADU units are less susceptible to political opposition than other housing programs, we cannot know whether this will be true until these units are prevalent in neighborhoods. It is entirely possible that LAADU housing will eventually present the same conundrums faced by other low-income housing initiatives. Although we certainly hope that this is not the case, that too will have to be the subject of future study.

PART 3
RECOMMENDATIONS

1 HOW THE DESIGN OF LAADU COULD BE IMPROVED

LAADU met its principal goals of providing “affordable, safe and decent housing” for this population of older adults. However, there were some aspects of the program that our team considers could have been improved.

First, as this report was being written, we were made aware that discussions had begun about canceling the program. These discussions were precipitated by Mayor Garcetti’s nomination to an ambassadorship by the Biden Administration. Since the program was housed within the Mayor’s office and heavily bolstered by mayor support, Garcetti’s exit cut an important source of political support from which the LAADU program was drawing its political viability. It is our understanding that without political support, there are discussions at city council to reduce LAADU leases from five to three years and that program administrators had begun looking for alternative placements for LAADU tenants once the three-year leases are ended.

In general, funders and policy-entrepreneurs should consider whether there is sufficient funding and political support to run the program long enough to demonstrate viability, particularly if city officials are term-bound. They should also account for the fact that demonstrating viability may require more time than allowed by a single term. In this case, the early termination of the program, a little over a year after the program had placed its first tenant, and the possible shortening of 5-year leases undercut a central benefit of the program: the provision of stable housing for a population suffering from endemic housing instability. Given that uncertainty is an important mechanism for the continued perpetuation of poverty, future programs that serve housing-insecure populations should consider providing leases for as long as programmatically feasible (preferably 5 years or more) and create mechanisms to insulate the integrity of the leases from the politics surrounding housing provision. Otherwise, they risk perpetuating harm on an already vulnerable population through the creation of additional uncertainty.

Related more specifically to a housing program aiming to serve elders, we also found little evidence of a sustained planning process that accounted for tenant aging. The tenants we interviewed will inevitably face increased challenges to their health as they grow older and, even, die. There was no evidence of an action plan in case of a tenant's health deteriorating or an emergency health situation. More than likely, the bulk of this labor would fall on ONEgeneration and landlords, and it is unclear if the program is prepared for dealing with tenants that require more sustained health monitoring or even transition into full-care assisted living facilities.

Additionally, landlords routinely indicated that they needed stronger incentives to encourage uptake in program participation. This suggests that rent subsidies may need to be increased to

encourage wider participation from landlords. Other options include tax breaks or construction subsidies.

Relatedly, we are unable to say with certainty during this evaluation that this model can scale because of the short life of the program. While the number of ADUs in Los Angeles is already large and the number that could be built is more substantial still, we do not know how large a pool of homeowners would be willing to join a program such as LAADU. We also do not know how large a segment of Los Angeles' homeless population would be able to be housed through this program. While at least some landlords are willing to house the elderly housing-insecure population served by LAADU, we do not know if this willingness would extend to parts of the homeless population with overlapping challenges such as mental illness and drug addiction.

2 RECOMMENDATIONS FOR POLICYMAKERS ATTEMPTING TO ADDRESSING HOUSING INSECURITY AND HOMELESSNESS

Our evaluation of the LAADU program revealed important information for policymakers to consider when attempting to tackle housing insecurity and homelessness more generally. In general, policy initiatives that transfer housing insecure people between programs without increasing the stock of affordable housing are unlikely to be effective. If these transfers result in additional sheltered or unsheltered homelessness, these costs will be incurred by policymakers at a higher price than if they were provided affordable dwellings.

The Social Cost Of Unsheltered Homelessness Is Staggering; So Are The Fiscal Costs

Our interviews show the staggering social cost of unsheltered homelessness at its most extreme. People that are homeless cannot fulfill their basic needs (going to the bathroom, cleaning themselves, staying warm or cool, guaranteeing their safety and sleeping), let alone find the time, energy or resources to improve their situation enough to provide for themselves. Ending this amount of human suffering is reason enough for urgent policy interventions.

But, even without considering the costs of human suffering, the hidden costs of unsheltered homelessness are not saving the local government money after considering the cost of emergency medical services, law enforcement and emergency shelters created by homelessness. This cost becomes even larger accounting for loss in quality of life. Although not intuitive, all of our estimates show that providing affordable housing to individuals is cheaper than having them live on the street. Though policymakers and funders may balk at the high cost of building new units or creating programs that place housing insecure people in existing units, the cost of having people living on the street is likely higher.

ADUs Are Stable Cost-Effective Housing Options; Shelter Beds Are Neither Cost-Effective Nor Stable Housing

An important finding is that ADUs are viable housing at least for this population, meaning policymakers should consider them as an option for affordable housing in other settings. While some people have questioned whether small housing units can represent adequate housing options, our results suggest that ADUs clear this bar.

Our next finding is that new shelter provision in Los Angeles is an extremely expensive proposition. Policymakers often consider shelter beds to be a more affordable option than stable housing units. The available data does not support this view and in fact suggests the exact opposite to be true: shelter beds cost many multiples of an affordable housing unit when measured in comparable terms. They also generate strong local opposition even compared to other affordable housing programs.

The value of stable housing further increases relative to shelter living when we consider the improvement in quality of life. As our interviews show, unstable housing situations create a lot of suffering that is not adequately addressed by half-measures. While we do not have QALY estimates for shelters, other unstable situations such as room hopping are rated barely better than homelessness by the participants we talked to. Shelters may sometimes be pragmatically necessary to transition homeless people into better situations, but they neither ameliorate the suffering of homelessness nor save the government money, so are only valuable insofar as they facilitate a person's transition into a positive housing situation.

Reducing Barriers To Housing Constructing And Rezoning Can Benefit Affordable Housing

One of the most interesting aspects of the LAADU program is that it attempts to provide affordable housing through a type of unit that can be built by right: ADUs. This means that new units in the form of ADUs are less vulnerable to the legal, administrative and NIMBY challenges (Klein 2022) that have pushed up the average cost of units built under Prop HHH to nearly \$600,000.

ADUs are not the only form of housing that can now be built by right in Los Angeles, new California legislation passed in 2022 (SB 8, 9 and 10) allows various other forms of development by right (Lai, Mog, and Porter 2022). Los Angeles should strongly consider whether they can make use of these provisions to house people who are homeless or at high risk of homelessness.

Focusing government spending on the construction of new units on forms of housing that can be built by right has a second key advantage: expansion of the overall housing supply. Because these new units were previously difficult to build, build-by-right units are currently an elastic part of the housing supply. In other words, there are a lot of these types of units that could easily be built but have not yet been built. This contrasts with housing in Los Angeles more generally which has expanded slowly even as rents have risen dramatically. Developers would love to build more housing to take advantage of the high rents available, but zoning has made this very difficult in practice.

In a supply-constrained housing market, many housing support programs are likely to simply further increase average rents by subsidizing demand, while supply cannot adjust. Housing vouchers and similar programs are therefore at high risk of simply redistributing the relatively fixed housing supply between different groups of people rather than increasing the total number of people who can be affordably housed.

Subsidizing rents in parts of the housing market where supply is elastic allows affordable housing policy to genuinely increase the number of people who are affordably housed rather than redistributing housing insecurity.

Social Services Provision Offered In Tandem With Affordable Housing Provision Were A Key Part Of LAADU's Success

Programatically, we were impressed with the quality of social services provided through the LAADU program, especially the activities of ONEgeneration. Though we expected to find major problems with tenant placement and communication with landlords, we found no evidence of this on the ground. Problems were minor and quickly resolved, and we believe that this is due, in large part, to the efforts of ONEgeneration.

In particular, ONEgeneration's culturally and language sensitive organizational practices were critical to fostering landlord and tenant trust, streamlining placement and addressing problems as they arose. We believe this was a key part of LAADU's success. Though ONEgeneration's organizational practices were not the focus of our study, we believe that their organizational practices should be cataloged and studied in more detail.

3 RECOMMENDATIONS FOR FUTURE EVALUATIONS

Homelessness produces both social and financial costs. Since social costs are difficult to calculate, the default position in standard cost-benefit analysis is to ignore the social cost and focus exclusively on financial costs. We believe this standard approach leads to a

mischaracterization of critical social problems with implications for the way that policy-makers and stakeholders understand their options when making decisions.

We offer an alternative path. QALYs are an interesting new option for integrating quality of life into cost-benefit analysis and should be more widely used, especially since they allow us to account, in dollar terms, the social benefit of reducing homelessness. Results so far are very preliminary but provide invaluable additional context to the experiences of program participants. The QALY measures suggest that poor housing situations short of homelessness may be similarly bad in terms of quality of life, so there is likely high social value in preventing these housing outcomes as well as homelessness. Programs that merely reduce housing instability (e.g. Safe Parking) instead of providing stable housing are unlikely to do much to reduce self-rated suffering. A larger scale rollout of QALY would allow for benchmarks for many negative policy outcomes.

On the evaluation side, mixed methods fieldwork is hugely valuable for policy evaluation because it allows us to triangulate the collection of standardized data with the narrative experiences of stakeholders on the ground. Diverse types of data allow for better communication and storytelling that are tailored depending on the audience. We would also suggest bringing in evaluators earlier in the process to allow for clear pre/post comparisons. When the expectation is that evaluation will play a role in decisions on continuing or ending the program, we also suggest planning for the evaluation to end prior to the decision points.

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APPENDIX

Google's Car Loan Calculator defaults 16th August 2021:

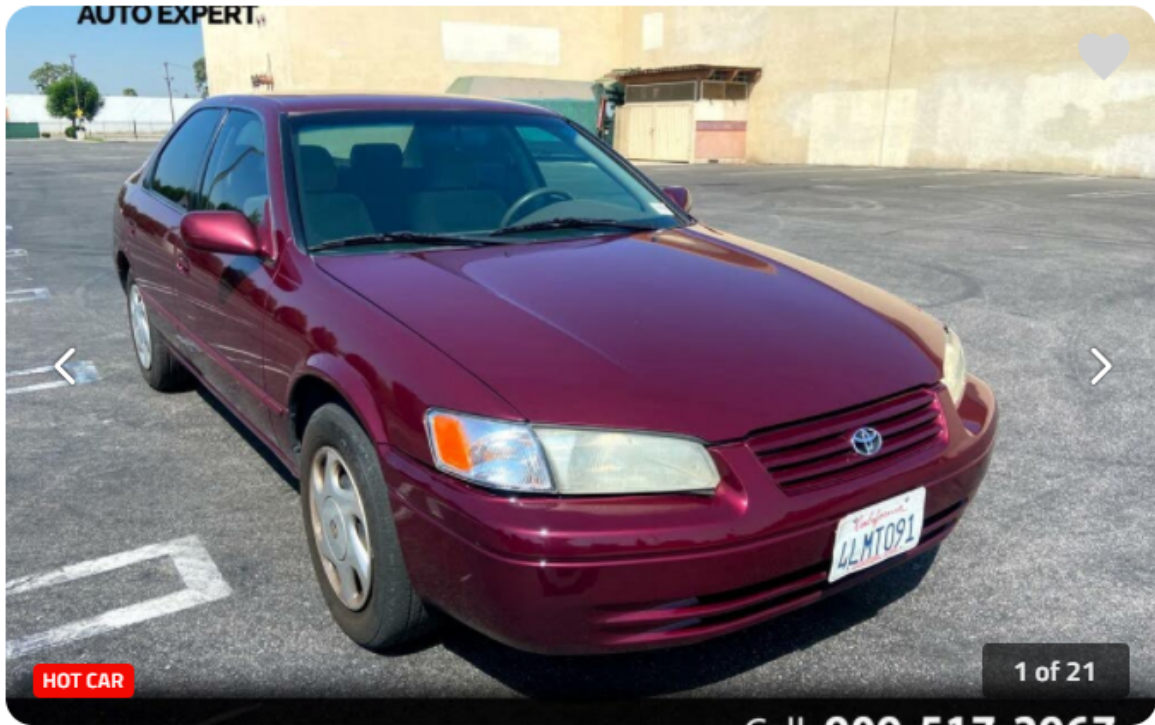
https://www.google.com/search?q=car+loan+calculator+&sxsrf=ALeKk03h0BI0UJBlgYVbyeahn155ohNPg%3A1629122340164&ei=JG8aYfKmCf7T5NoP05C7OA&oq=car+loan+calculator+&gs_lcp=Cgdnd3Mtd2I6EAMyBAgjECcyBQgAEIAEMgUIABCABDIFCAAQgAQyBQgAEIAEMgUIABCABDIFCAAQgAQyBQgAEIAEMgUIABCABDIFCAAQgAQ6BwgAEFcQsAM6BwgAELADEENKBAhBGABQ9RRY9RRgphZoAXACeACA AV2IAbABkgEBMpgBAKABAcgBCsABAQ&sclient=gws-wiz&ved=0ahUKEwjyIXT2bXyAhX-KVkFHVPIDgcQ4dUDCA4&uact=5

Car loan calculator

Monthly cost		Maximum loan
Loan amount	Interest rate (%)	Loan period (months)
\$ 25,000	3.11	60
Total cost of car loan		\$27,026
Monthly payments		\$450

1997 Toyota Camry listing on autolist.com: (16th August 2021) Note that Ontario is a city within Los Angeles.

<https://www.autolist.com/listings#vin=4T1BF22KXVU018955>



1997 Toyota Camry 4dr Sedan LE Auto V6

\$2,995

est. \$43/mo

150,200 miles

Ontario, CA

 (909) 324-4401  Share

AUTOLIST PRICE ANALYSIS

Get the free 

THIS VEHICLE
\$2,995



Section 202 factsheet from 2020 budget document:

Q4 2020 Section 202 Tenant Characteristics														
<p>How many households and people are served?</p> <p>133 thousand people 124 thousand households</p>	<p>What are the racial characteristics of the tenants?</p> <p>This program serves a relatively demographically diverse population. 50% of residents are in a minority group.</p> <table border="1"> <thead> <tr> <th>Asian/P.I.</th> <th>Black, non-Hispanic</th> <th>Hispanic</th> <th>Native American</th> <th>White</th> <th>Unknown</th> </tr> </thead> <tbody> <tr> <td>11%</td> <td>22%</td> <td>16%</td> <td>1%</td> <td>45%</td> <td>5%</td> </tr> </tbody> </table>	Asian/P.I.	Black, non-Hispanic	Hispanic	Native American	White	Unknown	11%	22%	16%	1%	45%	5%	<p>What are the characteristics of the heads of household?</p> <p>Female headed families with children <1% Elderly 99% Non-elderly disabled <1%</p>
Asian/P.I.	Black, non-Hispanic	Hispanic	Native American	White	Unknown									
11%	22%	16%	1%	45%	5%									
<p>How big are the households?</p>	<p>How old are the heads of household?</p>	<p>What is the share of rent paid by the tenant and HUD?</p> <p>Average household contribution \$318 Average HUD contribution \$453</p>												
<p>What are the income levels of assisted households?</p> <p>Tenants make an average gross income of \$14,086. 86% of households earn \$20,000 or less per year</p>		<p>How do household incomes compare to the local area median income?</p> <p>Extremely low income (less than 30% AMI) 75% Very low income (30% to 50% AMI) 24% Low Income (50% to 80% AMI) 1%</p>												

Some percentage totals not equal to 100 due to rounding.
Source: HUD PIC and TRACS databases, December 2020 extract.

Glassdoor service coordinator information (16th August 2021)

How much does a Service Coordinator make in Los Angeles, CA?

Updated Au

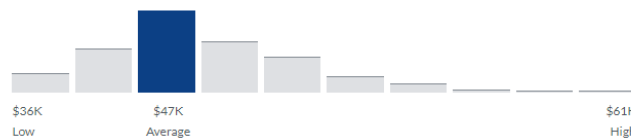
Industry: All industries | Employer Size: All company sizes | Experience: All years of Experience

Very High Confidence

\$46,848 /yr

Average Base Pay

124 salaries



Additional Cash Compensation

Average: **\$5,116** Range: \$737 - \$35,533

The average salary for Service Coordinator is \$46,848 per year in Los Angeles, CA Area. Salaries estimates are based on 124 salaries submitted anonymously to Glassdoor by Service Coordinator employees in Los Angeles, CA Area.

Seniority Levels

- L2 Service Coordinator: \$46,848 /yr
- L3 Senior Service Coordinator: \$63,131 /yr
- L4 Leader of Service: \$61,140 /yr

[Career Path >](#)



How much should you negotiate? See how your offer stacks up to other pay packages and negotiate confidently.

[Analyze Offer](#)

HUD Report on Section 202 occupancy rate

Get Results

Results for States (2020)



Export as Excel

Filter Records

Summary level	Program label	Program	Sub-program	Name	Code	Subsidized units available	% Occupied	# Reported	% Reported	Average months since report	% moved in past year	Number of people per unit	Number of people: total	Average Family Expense per person
3	202/PRAC	8	NA	CA California	06	13523	99	13481	100	7	7	1.2	16069	

Showing 1 to 1 of 1 entries

First Previous 1 Next Last