



A New Model to End Homelessness: Using Impact Equity

Presentation to the Citizen's Oversight Committee for Prop HHH
August 17, 2018

Homeless Crisis in Los Angeles

The Problem

53,195 in LA County

31,285 in City of LA



L.A. CAN'T REST
UNTIL EVERYONE
HAS A HOME



EVERYONEINLA.ORG

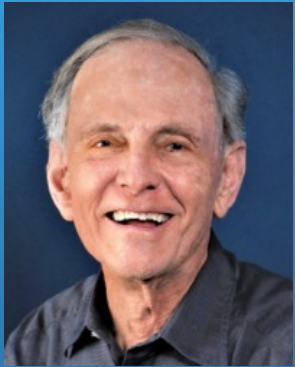


Homeless Crisis in Los Angeles

The Roadblocks

- Construction Costs
- Long Lead Times
- Community Backlash
- Current Plans Not Enough to Meet Need
- Preconceptions of what PSH is and needs to be
- Traditional Financing Under Threat

The FlyawayHomes Team



**Steaven K. Jones,
Chairman**

Over 50 years of development experience and a passion for helping the most vulnerable



**Sarah Jessup
Chief Investment Officer**
Excellent corporate manager and CPA, committed to ending homelessness in LA



**Lawry Meister,
President**

Innovative real estate developer looking to make a difference in the world



Kevin Hirai, COO

Talented Project Manager with creativity and determination and a love of humanity

Partnership with The People Concern

- Formed by the merger of OPCC and LAMP Community
- 54 year-old social service agency
- Annual budget over \$40 million
- Successfully placing its clients in permanent supportive housing for over 20 years-- 98% client retention rate vs. 50-60% national average

FlyawayHomes

A New Approach

- Modular units
- Shared living concept
- Fund projects with Social Impact Equity
- Master leased to an entity affiliated with The People Concern
- Clients pay rent with Social Security benefits, County Dept. of Health Subsidy
- The People Concern provides all support services

FlyawayHomes Pilot Project

PSH Colden, LLC



Total Cost: \$3.6 million

Beds: 33

Cost/Bed: \$109,000

Planning/Permitting: 3 mos.

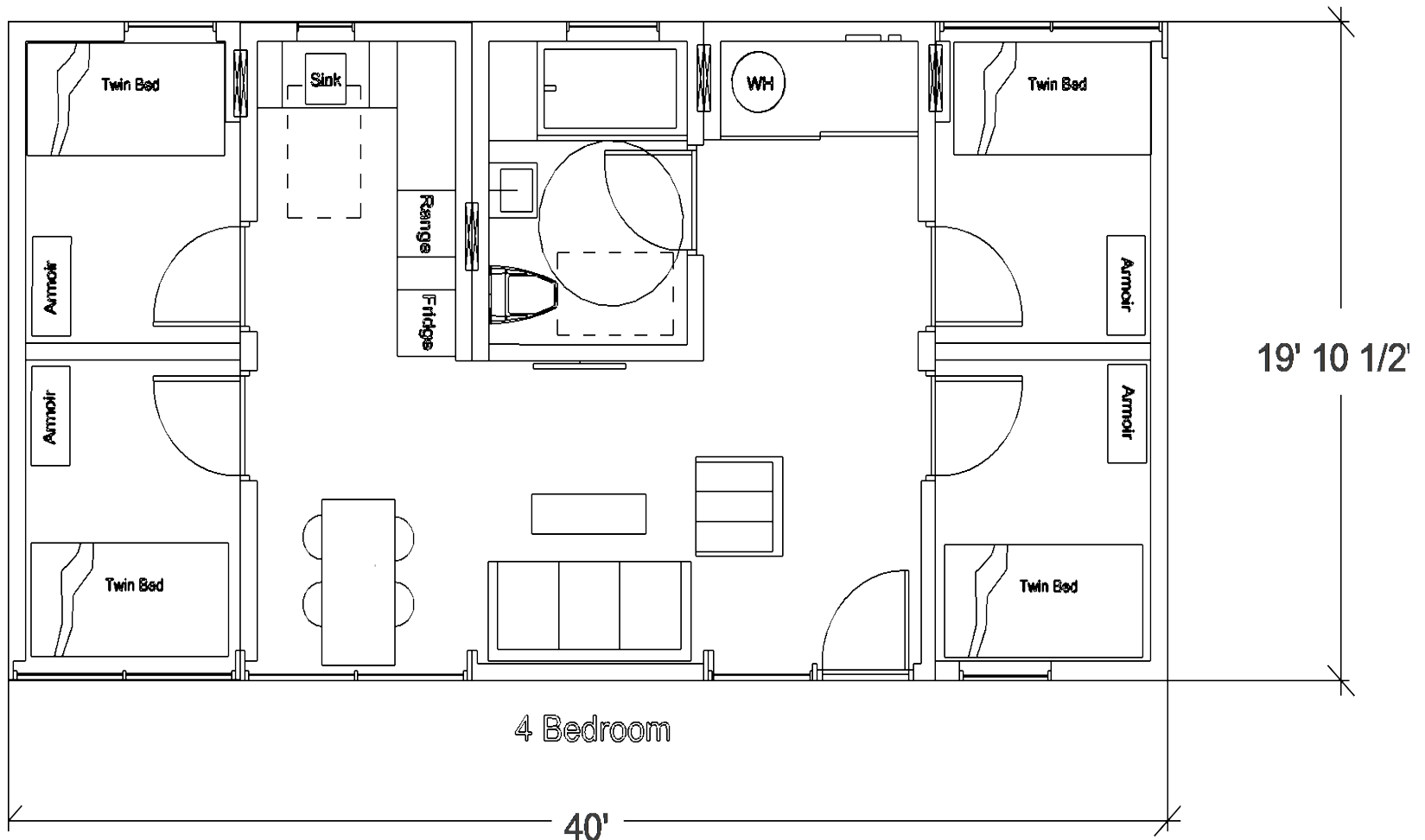
Active Construction Time:
7 months

Est. Completion:
October 2018

Projected Return: 5.0%

FlyawayHomes

4 Bedroom Unit: 800 sq. ft.



FlyawayHomes Pilot Project PSH Colden, LLC









The FlyawayHomes Advantage

- No Lengthy Entitlement Process- Projects Done By Right
- Modular Construction Reduces Materials Costs and Time to Market
- Lower Labor Costs
- Simple Equity Model
- Minimal Market Risk

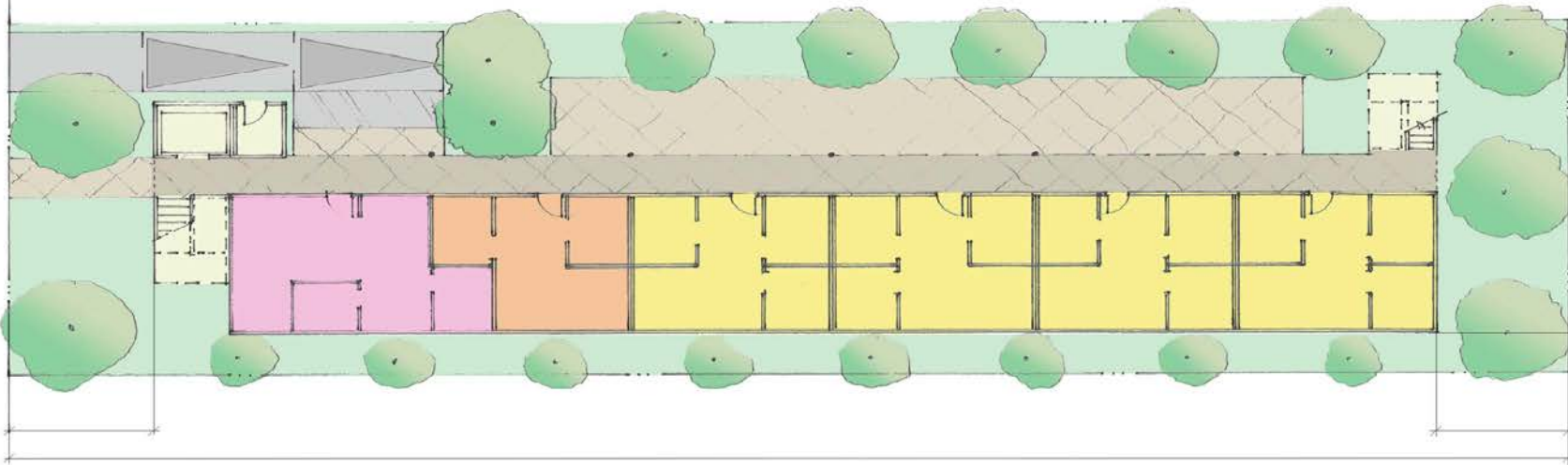
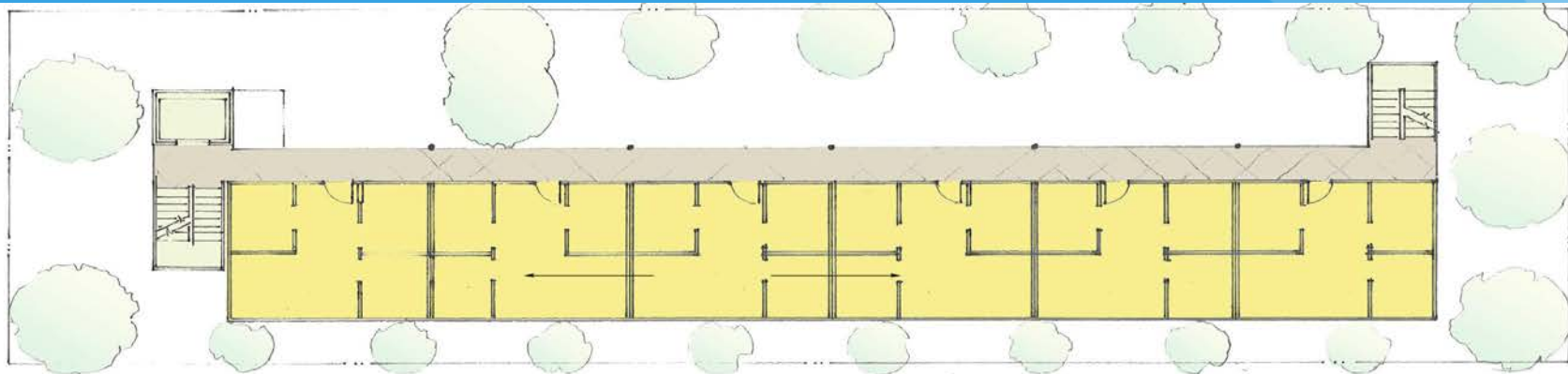
PSH #2: PSH 82nd Street

837 W. 82nd Street, Los Angeles, CA

- Closed escrow on August 6, 2018
- Funded by private investors after LA Times article and amazing support. Est. return: 5%
- Have one investor doing 1031 exchange into property
- Same design, except 2 BR units: 16 2 BR units, manager's unit, community room. 8,640 sq. ft.
- Total people housed: 33
- Estimated Cost: \$3.8 million, \$115,000/person
- Estimated completion: July 1, 2019

PSH #2: PSH 82nd Street

837 W. 82nd Street, Los Angeles, CA



Recommendations to Prop HHH Oversight Committee

- Allow shared living concepts; think cost/person not cost/unit.
- Fund up to 100% of projects
- Consider financing construction only, then recirculating funds
- Fast track and facilitate PSH projects
- Allow developers to do projects “by right” without community veto, but with full disclosure and transparency
- Encourage non-traditional affordable developers to enter the PSH market
- Cap development and design fees
- Property tax abatement
- Remove prevailing wage requirement for projects under 49 units
- Advocate for measures which will provide more land for PSH and other affordable housing
- Develop funding model for not only PSH, but also ADUs and other vehicles which can be affordable housing
- Work with City to arrange for rent subsidies for affordable housing- 1/3 of funds saved by the City by having people housed vs. homeless.

FlyawayHomes Proposal

- Use HHH monies to fund a pilot project with FlyawayHomes as a public-private partnership
- HHH funds would be a loan- 100% repaid at the end of 3 years
- Term: 36 months
- Interest Rate: 3%
- HHH Monies: \$64 million (80% of total project costs)
- FlyawayHomes Investors: \$16 million (20% of total project costs)
- City to supply land in every council member's district. Minimum size: 7,500 sq. ft. Maximum size: 20,000 sq. ft.: R3, R4, C2, Public Facilities
- Number of projects: 60 (20/year). Funds recycled 3 times
- At \$4 million/project, estimated total construction cost \$240,000
- Number of people housed: 1,980
- 2 BR units (shared housing)
- No prevailing wage requirement

FlyawayHomes

A Call to Action

The homeless crisis is the biggest blight on our city- and we should be ashamed that we allow our neighbors to live without shelter, without basic human needs. We must do something. Let's give them a place to live, a supportive community and help them to flyaway home, so they can start building their lives.

- Steaven K. Jones