CHAPTER SEVEN

Affordable Housing: Objectives and Strategies

Housing is a fundamental need, essential to individual and community well-being. While employment training and business development policies take precedence by increasing earning power, affordable housing is crucial to establishing a basic quality of life, allowing residents the peace of mind and energy to focus on school, work, and social relationships. The unfortunate reality is a growing numbers of Asians in Los Angeles who cannot afford decent housing and who do not benefit from federal, state, or local housing programs. Consequently, our communities need an affordable housing strategy, which together with improved employment opportunities can contribute to building economically and socially vibrant communities.

Constructing, rehabilitating, and maintaining affordable housing are important components of Community Economic Development. First, providing affordable housing to low-income members of the community is a much needed direct service. Second, quality housing improves the neighborhood itself, resulting in a better living environment for all residents. Third, a better environment can attract private investments in housing and businesses that may not have been available before. Fourth, involvement in housing development and maintenance can strengthen Community Development Corporations through the influx of resources and the capacity to provide more comprehensive services.

We start with the premise that both renters and homeowners have the right to decent, affordable housing. The goal for Asian American communities is to increase the availability of housing for all its residents. Carrying out this goal involves the following objectives:

- Increase affordable housing stock
- Improve and preserve existing affordable housing stock
- Increase rental and mortgage subsidies/financing

The strategies to meet these objectives are:

- Require long-term affordability
- Increase tenant involvement
- Encourage mixed-income neighborhoods and housing

While each objective and strategy contributes to achieving the overall goal, a viable Community Economic Development approach must strive to accomplish all. This chapter begins by describing the decline in affordable housing during the past two decades. Next, we discuss policies and programs that meet the three objectives listed above, as well as Asian American participation in these programs. The last sections address strategies and the role of nonprofit developers.

Affordable Housing Crisis

Even 20 years ago when substantial federal support for subsidized housing existed, the loss of low-income housing units outpaced new housing construction. Instead of primarily benefiting low-income households, federal policies provided greater financial rewards to private developers through tax-shelter benefits. Not surprisingly, private developers have sold, converted or abandoned their low-income projects since the late 1980s as tax benefits were depleted or eliminated. The dearth of quality low-income rental units constitutes a significant problem in ethnic enclaves that face increasing demand due to immigration, and loss of units due to deterioration, demolition and conversion.

The housing gap widens every year. The National Coalition for the Homeless (NCH) found that while one inexpensive unit existed for each low-income renter household in 1970, a gap of 4.2 million units had developed by 1990 (NCH, 1992). The gap may even be greater because many affordable units are actually occupied by residents who are not poor. In Los Angeles City, an estimated 58 percent of renter households cannot afford HUD's "fair market rents" of $684 for a two-bedroom apartment (NCH, 1992), and the problem will become worse because the number of families is increasing twice as fast as the supply of housing (HPPD, 1991, pp. 11-13).

This housing crisis has affect many low-income Asians. In Los Angeles County's low-income Asian neighborhoods, approximately 80 percent of Asian households making less than $20,000 pay more than 30 percent of their income towards rent. Approximately two-thirds of Asian Americans are renters in the three low-income communities described in Chapter Two. Because many Asian Americans earn low wages, only 36 percent of those between the ages of 25 and 64 working at least half-time earn enough to afford the fair market rent (PUMS, 1990). This means that many residents cannot pay for decent housing unless the household has two or more wage earners. With most of their income going toward shelter, low-income Asians have limited funds for food, medical care, transportation and other essentials. The large proportion of income going towards rent also reduces savings that can go toward education or other needs.

To respond to the housing crisis, we need to examine viable alternatives. The next section focuses on programs and policies that attempt to increase the stock of affordable rental units.

Federal Policies to Increase Affordable Housing

Public policy on affordable housing has shifted over time from the construction of government-owned housing projects to privately-owned but government-subsidized housing. As one of the first federal programs to house low-income households, government-owned public housing continues to shelter millions nationwide, but most of the existing 1.3 million public housing units were built before 1970. With very little new construction in recent years, new low-income families can move in only when others move out. In the City of Los Angeles, fewer than 50 public housing vacancies open each month, while over 20,000 applicants wait hopefully for public housing (Housing Authority, 1993, p. 4). Faced with the impossibility of meeting the need for public housing, the Housing Authority even closed the waiting list in June 1992.

In the 1970s and 1980s, government relied on private developers to build affordable housing through the use of tax incentives. But the 1986 Tax Reform Act eliminated most of the tax incentives to build or rehabilitate rental housing and created in their place, the low-income housing tax credit. The tax credit marks the first time that a substantial tax incentive has targeted only low-income units. California added a companion state credit program, both administered by the California Tax Credit Allocations Committee (CTCAC).

Tax credit is a potentially important means of financing nonprofit low-income housing development. Nonprofits can sell the tax credits to banks, corporations, or private investors. The sold tax credits will then be used for equity investment in housing development. The for-profit partner gets a return on its investment in the form of a reduction in its tax liability, approximately 70 percent of the cost of building or substantially rehabilitating low-income units. The developer uses the credits over a period of ten years.

By its legislative mandate, tax credit programs stimulate affordable housing construction and rehabilitation. Tax credits account for 94 percent of affordable rental units being produced nationwide, approximately 120,000 units each year (Cohen, 1992). Since its inception, the federal tax credit program has contributed to the development of over 420,000 rental units (U. S. Senate, 1993). Authorization for the tax credit program expired on June 30, 1992, but housing advocates expect the Clinton Administration to extend this program.

Unfortunately, tax credit programs are insufficient to meet the extensive need for affordable housing. In 1989, demand for the credit was 142 percent of the total credit available nationwide (Racaniello, 1991). In 1991, the Allocation Committee in California received 181 applications requesting a total of $92.7 million federal credits but only had enough credits to fund 78 projects (CTCAC, 1992, p. 2). Moreover, rising costs have cut into the production of units. The average credit allocated per unit for California was $7,141 in 1990 and increased to $9,647 in 1991 (CTCAC, 1992, p. 2).

The severe lack of affordable housing finally spurred Congress to pass the National Affordable Housing Act of 1990 to revitalize efforts to meet low-income housing needs. For the first time since Congress passed its first housing act in 1937, the 1990 Act decentralized federal housing programs to the state and local level. This allowed state and local governments to further tailor programs to meet the specific needs of each jurisdiction. The major element of the 1990 Act is the HOME Investment Partnership Program that provides grants to states and localities to operate rental and home ownership programs.

The 1990 Act included several ways for nonprofit community organizations to become actively involved in the production and operation of low-income housing. The growing role of nonprofits was driven by Congressional concern that earlier reliance on for-profit developers had resulted in short-term, rather than long-term, low-income housing.

Acknowledging the role of nonprofits, Congress mandated that at least 15 percent of HOME funds go to community-based nonprofit housing groups. A jurisdiction can use some of these set-aside funds for technical assistance, training of nonprofit housing groups, or upfront costs incurred in planning a project. In order to receive HOME funds, states and localities must prepare a Comprehensive Housing

Affordability Strategy (CHAS) that outlines the jurisdiction's housing needs and plans. Citizens, nonprofit community housing developers and other interested parties have an opportunity to influence state and local governments because the 1990 Act requires community input in developing the CHAS. The CHAS may also allow community members to monitor the use of federal funds to meet the needs and goals outlined in CHAS.

Local Policies to Increase Affordable Housing

In recognition of the importance of affordable housing, the City of Los Angeles created the Housing Production and Preservations Department (HPPD) to manage the myriad of housing programs. The HPPD's program provides funding for pre-development (appraisals, feasibility analysis, environmental studies, etc.), acquisition and/or "gap" assistance (the gap being the difference between a project's actual development costs and the amount of debt that the project can support). Projects that best fit into the character of a community and that provide benefits such as childcare or social services for the neighborhood receive priority in the selection process.

Local housing departments are not the only ones to provide affordable housing; redevelopment agencies are also mandated to add to the stock of affordable housing. However, the contribution of community redevelopment programs has been relatively minor despite the immense power of these agencies.

California shifted the focus of its redevelopment policy from urban renewal to expanding the supply of low- and moderate-income housing in 1971. Recognition of the importance of affordable housing, especially in redevelopment areas, is codified in the requirement that a minimum of 30 percent of all new and rehabilitated housing units developed in a project area by the agency, and 15 percent by other entities, be low- or moderate-income housing. An agency that destroys or removes low- or moderate-income housing units during redevelopment in a project area must build or restore an equal number of replacement units within four years. In addition, the state adopted a new law in 1976 requiring redevelopment agencies to set aside 20 percent of their agency's tax increment for a low- and moderate-income housing fund (L&M Fund).

Despite the mandate for low-income housing, redevelopment agencies have not significantly addressed housing needs. Fifteen years after the L&M Fund was created, redevelopment agencies are still inconsistent in their calculation of the 20 percent set-aside. Some agencies interpret the requirement to be based on "gross" increments before paying off affected taxing agencies (i.e., other public entities that would have received the increment in lieu of the redevelopment agency), while others use "net" increment after sharing the increments with affected taxing agencies in pass-through agreements. Even legislators are unsure of the correct formula. In state hearings where this inconsistency was discovered, senate members "thought," not knew, that the proper calculation should be based on the gross increment, which generates more revenue for L&M Funds (Senate Committee on Local Government, 1991, p. 3). The lack of clarity in statutory interpretation and enforcement demonstrates the low priority given to affordable housing.

What money that does go into the L&M Fund is often unused. In 1989-1990, revenues from California's 364 redevelopment agencies totalled $3.6 billion (Senate Committee on Local Government, 1991, p. B-5). Funds in L&M accounts totalled more than $450 million, but only $280 million was available for immediate use (Senate Committee on Local Government, 1991, p. B-6). The Los Angeles Community Redevelopment Agency spent almost $69 million of its L&M Fund in fiscal year 1989-90, but still left almost one-third, $26 million, of the fund unused (Department of Housing and Community Development (HCD), 1991, Exh. C). Even worse, the Long Beach Redevelopment Agency spent $1.2 million and left available $2.6 million.

The lack of use of L&M funds prompted the California legislature to pass the so-called "Use-It-Or-Lose-It" statute in 1988. The statute requires redevelopment agencies to spend their excess L&M Fund or give it up. An agency with more than $500,000 in its fund or with a five-year accumulation of set-asides has an "excess surplus." Agencies that do not spend this surplus within six months of the end of the fiscal year must develop a five-year expenditure plan or give the funds to a local nonprofit or housing authority within five years from the date that the surplus was declared.

The dismal record involving L&M funds has occurred despite the flexibility permitted in the use of such funds. By law, redevelopment agencies may use the low- and moderate-income housing funds to increase, improve, and preserve the project area's supply of housing. However, not all funds have to be spent on physical construction or repair. Permissible uses include subsidies to persons and households of low or moderate incomes, as well as for principal and interest payments on bonds and loans, and planning and administrative costs directly related to affordable housing. Often redevelopment agencies have shied away from new construction or rehabilitation and spent the L&M Fund on housing subsidies.

The records of the Los Angeles Community Redevelopment Agency (CRA) show its preference for subsidies rather than construction or rehabilitation. The CRA provided subsidies to 1,260 low to moderate-income households, but built and rehabilitated only 235 units in 1989-90 (HCD, 1991, Exh. I). In total, the agency reported a net gain of 3,331 housing units between 1987 and 1990 (Senate Committee on Local Government, 1991, p. B-10). Although the agency provided a few families with affordable units, redevelopment as a whole did not have a significant impact on the overall needs of low-income families.

Preserving Affordable Housing

Another approach to affordable housing is rehabilitation. Improving the quality of existing housing enhances the living conditions of residents. About 40 percent of all housing units in Los Angeles are 40 years or older, and the percentage is higher in many low-income neighborhoods. Rehabilitating existing buildings to meet health and safety standards transforms them into decent liveable units and an asset that improves the character of the entire neighborhood.

HPPD has five programs that deal with preserving and rehabilitating the existing stock of affordable housing: Neighborhood Preservation Program, Contract Rehabilitation Program, Neighborhood Housing Services, Homeowners Encouragement Loan Program, and the Handyworker. The first three programs are available only for properties located in project areas. Project area boundaries are chosen according to census tracts in which 51 percent of the residents have either low or moderate incomes. Within these project areas, field offices or community organizations operate the specific programs.

The Neighborhood Preservation Program gives out loans and provides technical assistance to rehabilitate single and multi-family residences. The loans are provided at rates below market rate. They are used to help property owners rehabilitate their structures to meet building codes and energy conservation standards. Tenants can be assisted through rent subsidies and/or special financial terms with the property owners, which allow the rents to be kept affordable. The areas serviced by this program are: Pacoima, Northeast (Highland Park/Cypress Park), Echo Park, Boyle Heights/El Sereno, Hollywood, West Adams, Watts, Chesterfield/Crenshaw, and San Pedro/Wilmington/Harbor (CHAS, 1993, p. 75).

The Contract Rehabilitation Program finances community organizations to actively pursue rehabilitation in their areas. The organizations are responsible for community outreach, program marketing, technical assistance for owners seeking loans, loan disbursements, and monitoring the rehabilitation that takes place. Currently there are only four areas that are selected: Vermont/Slauson, Slauson/Avalon, Florence/Avalon, and Kendren Park (CHAS, 1993, p. 86).

The Neighborhood Housing Services Program focuses on rehabilitating housing and addressing social and economic issues for community revitalization. It operates within four specific areas: Boyle Heights, Crenshaw, Vernon/Central, and Barton Hill/San Pedro (CHAS, 1993, p. 91). Its function is to bring together residents, business leaders, and local government representatives. The goals are to improve housing and living conditions, encourage self-reliance, plan improvements in city services, and encourage community involvement and development.

The Homeowners Encourage Loan Program operates citywide to provide loans to low- and very low-income homeowners to correct building code violations. The Handyworker program is operated by community organizations and is available to owners of single family homes that have a household income less than 80 percent of the Los Angeles County median. The program provides material grants of up to $2,000 for minor home repair.

HPPD also handles HOME funds that can be used for rehabilitation of single family properties. The funds can be in the form of interest-bearing loans, non-interest-bearing loans, interest subsidies, deferred payment loans, or grants (ICF, 1992, p. 3-7). The funds are used by homeowners who have incomes that are less than 80 percent of the county's median income.

Rental Subsidies and Mortgage Assistance

Housing subsidies can provide quality, affordable housing to these low-income residents, both as renters and homeowners. The federally supported Section 8 program for renters give preferences to the homeless and households that pay over 50 percent of their income for rent. Section 8 has two components, vouchers and certificates. The voucher subsidy pays the tenant the difference between the fair market rent and 30 percent of the tenant's household income. However, the tenant qualifying for the subsidy must locate a unit that meets HUD's housing quality standards for decent, safe and sanitary housing. Many program recipients need assistance simply to find such apartments.

The certificate program uses the same qualifications as the voucher program but instead of giving the tenant a subsidy, the public housing authority enters into a contract with the tenant and the owner of a building. If the building meets HUD's housing quality standards, the owner then receives the difference between what the tenant can pay (30 percent of income) and the fair market rent for the type of housing in the area.

The certificate program also requires that housing units be rented to low-income and very low-income families. Low-income families are defined as those whose incomes do not exceed 80 percent of the median income in the area (U.S. Congress, 1991, p. 105). Very low-income families are defined as those whose incomes do not exceed 50 percent of the median area income. In selecting families to be assisted, preference will be given to those that occupy substandard housing at the time of application. Qualified families include those who are homeless or living in shelters. The program also gives preference to families that are involuntarily displaced or are paying more than 50 percent of their income for rent.

Low-income residents also receive assistance that helps them become homeowner. In 1977, the federal government passed the Community Reinvestment Act (CRA). CRA requires all federally chartered institutions to serve the communities they are located in. Serving those needs means providing low-income areas with loan programs for housing, small business, and community development. CRA was designed to eliminate the practice by financial institutions of redlining low-income and minority areas, which accelerated neighborhood decay due to the lack of loans for revitalization efforts. Loans from financial institutions are needed to help sustain a community by providing affordable mortgages and supporting residential improvement and rehabilitation. The Bank of America, after its merger with Security Pacific, set the CRA goal of providing $1.2 billion annually for home loans, low-income housing development funding, and long-term financing of low-income housing (Hirunpidok, 1992). CRA does open up opportunities for low-income areas but there needs to be stronger enforcement of CRA regulations so that financial institutions will better serve communities.

The HOME program offers funds for first-time homebuyers who are low income (incomes less than 80 percent of the median income).

The funds can be used for acquisition, acquisition and rehabilitation, or new construction of homes (ICF, 1992, p. 4-1). For acquisition, the funds can be used to help pay the downpayment of a house through a grant or deferred payment loan. The HOME funds can also be used to pay all or some of the closing costs. Funds can also be used for "gap" financing, which makes up the difference between the purchase price of the home and the sales price that the low-income purchaser can afford. HOME funds can lower the monthly mortgage payments through a prepaid interest subsidy in which the funds are granted to the lender (ICF, 1992, p. 4-13).

An Emerging Crisis

A major weakness of federal policy is its reliance on the private-sector, which has resulted in the pre-payment and expiring use restrictions crisis. Under some federal housing programs established in the 1960s, government-subsidized, privately-owned housing projects have low-income use restrictions. Unfortunately, the restrictions are limited to a certain time period, usually the life of the mortgage, after which the private owners may convert to high cost rentals or condominiums, or even demolish the buildings. Often, HUD offered owners an option to prepay mortgages without HUD approval after 20 years, freeing the owners from use restrictions. Thus, in addition to subsidies and tax shelters, private owners can end up with a very profitable housing project when the use restrictions expire.

The proportion of affordable housing units affected by expiring use restrictions is staggering. In 1987, the U.S. Conference of Mayors predicted that 200,000 to 900,000 units could be affected by 1995. Los Angeles has 11,000 units facing this problem (Sengupta, 1993). Responding to the displacement of low-income tenants, Congress included in the 1990 National Affordable Housing Act a provision that prevents owners from prepaying without HUD approval. In exchange, owners have the option of obtaining additional financial incentives or selling to new owners who qualified for incentives and agreed to maintain affordability restrictions. Recipients of the additional incentives must preserve affordability for the remaining useful life of the project or for no less than 50 years. This effectiveness of this effort depends on funding for the incentives. HUD estimates incentives will cost $2.9 billion in fiscal year 1993, and the cost will rise in the future (Lazere et al., 1991, p. 56).

Future funding is problematic given recent trends and the current budget problems. Funding for HUD's subsidized housing programs fell more than 81 percent from a peak of $32.2 billion in fiscal year 1978 to $11.7 billion in 1991 after adjusting for inflation (Lazere et al., 1991, p. 30). Meanwhile, housing subsidies that primarily benefit middle- and upper-income families have grown significantly. In fiscal year 1990, total direct spending on federal low-income housing assistance was $18.3 billion (Lazere et al., 1991, p. xvii). Yet the federal government subsidized four times that amount, or $78.4 billion, through mortgage interest and property tax deductions, benefiting middle- and upper-income families. With 81 percent of the tax benefits on deductible home mortgages going to the top 20 percent of households, most of these deductions benefit high-income households (Lazere et al., 1991, p. xvii). About 90 percent of the tax benefits from deductibility of state and local property taxes were expected to go to the top 20 percent of households in 1991 (Lazere et al., 1991, p. 36).

Asian American Participation

With the exception of senior citizens, few Asian Americans receive housing assistance. For example, public housing projects contain few Asian American residents. Latinos and African Americans make up the largest groups of public housing residents at 66 and 27 percent respectively. Asian Americans constitute the next group with 1,545 residents, or about 5 percent (Housing Authority, 1993, p. 13). One reason for this low percentage may be the lack of projects near Asian American communities. The exception is William Mead, located near Chinatown, which has 22 percent Asian American tenants.

Similarly, Asian Americans appear to be underserved by low-income housing constructed with tax credits. A telephone survey of the 1990 credit recipients in Los Angeles County showed that less than 6 percent of the units built with credits housed Asian Americans. One reason for the low rate of participation may be because only a few Asian American for-profit and nonprofit developers take advantage of the program (currently there are one for-profit group and two nonprofit groups). Also, because many low-income Asian Americans live in ethnic enclaves, they are unlikely to have access to such units in other parts of the city.

Asian participation is hard to measure at HPPD because projects are awarded through an RFP process, and there are few Asian American nonprofit developers. HPPD does not do community outreach. The RFP (Request for Proposals) is the key process for nonprofits to learn about and apply for project funding. HPPD deals mainly with nonprofit groups that have been in the community for a long period of time and have demonstrated the ability to build affordable housing.

Currently, 20 nonprofit groups participate in HPPD's programs. While these groups cover almost every part of the city, there is no Asian nonprofit development corporation included. One reason may be the limited number of Asian nonprofit housing developers. However, the Korean Youth and Community Center (KYCC) has received funding from HPPD to build a 19-unit apartment building that will include office space for KYCC. There are also plans by HPPD for seven affordable housing projects (382 units) within the Westlake area that contains large numbers of Filipino Americans and Korean Americans (Doherty, 1993).

The poor performance by redevelopment agencies limits their role in alleviating the housing crisis in Asian American communities. However, active citizen direction of redevelopment efforts may change this situation. Chinatown is the only one of the three case study low-income communities in this book located within a redevelopment project area. Since its inception in 1980, the Chinatown project area has gained 860 new and 260 rehabilitated units. However, information on the number of housing units destroyed is unavailable. City officials are considering redevelopment projects for both Koreatown and the Asian American neighborhood in Long Beach. Given the mixed reviews on redevelopment, we are uncertain as to the benefits of these projects.

In terms of rehabilitation and preservation, a few of HPPD's programs operate within low-income Asian American tracts in our three case study communities. However, there are no program areas that contain a particularly high concentration of Asian Americans. The HPPD programs described above could be used by Asian Americans if the programs were targeted to our communities. The three low-income areas in our study contain single-family and multi-family units that could use rehabilitation. With the availability of 1990 Census data, Asian American advocacy groups should actively identify census tracts that meet program guidelines.

Relatively few Asian Americans receive rental subsidies. The Housing Authority does try to outreach to all ethnic groups and publishes pamphlets in ten languages, but few Asian Americans use the Section 8 subsidy programs (Clark, 1993). In 1991, a little over one percent, or 910 persons, of those who used the Section 8 program, were Asian Americans (Housing Authority of City of LA, Statistical and

Demographic Overview, 1991, p. 13). The largest minority group that uses the program is African Americans at 69 percent, or 48,232 persons. The disparity in usage is particularly sharp considering the nearly comparable size of the Asian American and African American populations in Los Angeles County.

The Role of Nonprofit Developers

By definition, a Community Development Corporation (CDC) serves low- and very low-income tenants, and is committed to long-term housing affordability rather than short-term profit. In a National Congress for Community Economic Development survey conducted in 1991, an estimated 2,000 CDCs across the country had built close to 320,000 units of affordable housing (NCCED, 1991, p. 4). In California, nonprofit development projects constituted 42 percent of the award recipients in 1991, which is far greater than the legislated minimum of a 10 percent set-aside for nonprofit projects (CTCAC, 1992, p. 7).

CDCs are usually based in poor communities that have minimal public and private investments. CDCs take a comprehensive approach to housing, targeting special populations, as well as provide supportive services tailored to meet the needs of residents. For example, Asian American CDCs can provide additional services to tenants, such as translation help, counseling, and job training. Moreover, as part of its broad approach to housing, CDCs usually encourage local control and have built-in mechanisms for tenant involvement in the operation of the housing project.

Community development corporations compete with as well as surpass for-profit developers in providing affordable housing to low-income individuals and families. What CDCs lack in experience and resources, they more than compensate for in their mission to build, rehabilitate, and operate decent, affordable housing for their community without the expectation of a high rate of return.

Development costs for affordable housing match those of market-rate units. According to a new study jointly sponsored by the Local Initiatives Support Corporation and the California Tax Credit Allocation Committee, no systematic difference in development costs exists between market-rate housing and affordable housing projects (1993). However, the study pointed to many restrictions that can increase costs in an affordable housing project. For example, these projects have twice as many financing sources as market-rate projects. The juggling of these funds increases the complexity and duration of the development process. Streamlining the process will improve the efficiency of affordable housing production.

Nonprofit developers and community development corporations already are taking the lead in providing affordable housing. As discussed earlier, nearly one-half of the projects receiving tax credit awards were those of nonprofit groups. The ability of CDCs to successfully compete for tax credits reflects a match between their mission and the public goal of affordable housing.

Although Los Angeles is home to many established and new low-income Asian American communities, few nonprofit housing developers or CDCs target Asian American communities. There have been some community-based efforts to build affordable housing such as senior housing -- Cathay Manor in Chinatown and Little Tokyo Towers -- but these efforts are not ongoing. The development efforts are usually one-shot projects. Currently, the Little Tokyo Service Center is the only ongoing CDC that has built affordable housing. As we will discuss in Chapter Eight, nonprofit Asian American social service agencies and business associations abound. But the trend for participation in low-income housing development is just starting.

Due to their general lack of experience in housing development, Asian American nonprofit developers need technical assistance (Kim, 1993). KYCC, for example, has contracted with consulting firms to help build their affordable housing project. While the sharing of knowledge among Asian American communities is already well established in the social service arena, it has barely started in housing development. The guidance of ongoing CDCs will allow others to build up experience, expertise, and familiarity with funding sources.

Tenant Rights Among Asian Americans

Because increasing the supply of affordable housing is a slow process, the immediate problems of most renters must be addressed through tenant rights. Problems for low-income Asian American tenants are similar to those of others: increasing rents, unexplained charges, illegal and unsafe conditions, and wrongful evictions. The problems for Asian immigrants are compounded two-fold. First, many low-income tenants do not complain about housing conditions due to unfamiliarity with their rights as well as fear of eviction. Second, organizations providing assistance and legal services to tenants are extremely limited in the Asian American community.

Few government housing programs require tenant participation, and examples of tenant organizations are usually the result of unusual circumstances. The occasional emergence of tenant organizations, tenant/management corporations, and tenant-initiated lawsuits to improve living conditions has been in response to crises rather than for empowerment. For example, the prepayment problem caused tenants to organize to fight prepayment or form cooperatives to buy the housing project from the owner. Thus far in Los Angeles, only one group of tenants, the Mission Plaza Tenants Association, has signed a purchase agreement and is applying for HUD financing to buy their apartment building (Sengupta, 1993). Thus, even with a crisis as a stimulant, tenant empowerment is rare and often limited in scope.

More often, individual tenants seek to redress housing problems through the legal system. While organizations like the Legal Aid Foundation provide services to low-income individuals and families, the Foundation does not have the capability to assist monolingual or limited English speaking Asian Americans. Asian American clients represent approximately 2 percent of Legal Aid cases (Interview with Nakamura, 1992). In 1991, Legal Aid sought to remedy this problem by working with the bilingual staff at the Asian Pacific American Legal Center.

Conclusion: The Need for Housing Strategies for Asian Americans

The above evaluation of needs and existing programs shows that there is a lack of any coherent low-income housing policy for Asian Americans. Few Asian American tenants are benefiting from current housing policies and programs. Yet, there is a significant number of Asian Americans who cannot afford decent housing. The government should recognize this need and try to adapt policy to meet it.

Government involvement is not itself a solution to the needs of Asian Americans. Asian Americans ourselves must get involved in the process. We should advocate for housing programs to be inclusive of the Asian population and become proactive in developing affordable housing. Long-established community service centers need to consider the possibility of developing decent, affordable housing for the community residents who use their services.

In this book, we recommend that nonprofit Asian American community-based organizations help fill the housing void by developing housing. Nonprofit groups have several advantages over profit-driven developers:

- They can provide direct housing assistance
- They are committed to long-term, low-income housing development (rather than short-term profit motive)
- They are interested in a comprehensive approach to housing: a mixture of services supporting the various needs of residents
- They permit greater local control and individual empowerment
- They produce social benefits besides housing

In order for Asian organizations to build affordable housing, they must work with other Asian or non-Asian nonprofit developers to gain experience in the field. They should attend workshops with other neighborhood nonprofit groups to educate themselves about nonprofit development, and coordinate their efforts to avoid competition with others for scarce government subsidies and resources.

Policy Recommendations and Strategies

1. Direct public capital grants to finance an increasing share of production and acquisition of housing.

2. Develop standards of adequacy that realistically reflect cost of housing and non-shelter necessities.

3. Make housing an entitlement benefit for low-income households.

4. Develop appropriate housing schemes for large households (disproportionate growth of affordability problems among large households; broaden definition of family to include traditional and non-traditional arrangements). Housing design with supportive social and community services, as well as economic policies (Stone, 1990, p. 49).

While affordable housing is the main theme in this chapter, the whole community should not be comprised entirely of low-income units. Mixed-income units and neighborhoods promote an integrated class community and erase the stigma associated with low-income housing. This will allow for integration and interaction among different income classes, which will be beneficial to the community. The mixture of housing units may also increase the cash flow of the project, so that it can receive larger loans to build additional low-income units.

With quality, affordable housing as well as market-rate units within the community, residents increase their options. Many residents within low-income communities often move out when they pull enough resources together. They move to gain access to quality housing, larger units, or lower home prices outside their community. In mixed housing communities, residents have more options. A community should meet the needs of all residents, and it should be a place where all are proud to live.