

Communication from Public

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Comments for Public Posting: As of 9/30/2025, there are 41,966 proposed ED1 units and 31,024 approved units. Less than 4,000 units have actually begun construction, in other words only 13%. It's one thing that a project **could** be built, it's an entirely different thing for a project **actually** get built. For housing units to get delivered into the market where people can live in them, the project needs to be economically feasible. 30-40 thousands units sounds amazing, but if most don't get built, then what was the point? Who are you actually helping in this housing crisis? Proposed units that never deliver means nothing. There are an enormous set of challenges facing current ED1 projects (and real estate development projects generally): - Measure ULA has pretty much killed the market for building market rate housing. For ED1, it's also made projects less economically feasible, because developers will ask "Is there a non-profit who would purchase this project already with affordable covenants? I believe no? That means I need to assume a for-profit buyer and I will be impacted by ULA". - Financing costs are 8%+ - Equity required is 30-50% of total project costs - Lender requirements for net worth and liquidity are substantial - Investors and lenders do not have the data to assess what realistic rents are, so they shy away from financing these projects - Elevated construction costs which continue to rise 3-6%+ a year - Rents have fallen, so deals don't pencil unless you are in exceptionally high income areas - Major concerns in the development community on the feasibility of actually leasing and operating day-to-day such high density housing on small lots with no parking - Developers are sick and tired of dealing with enormous delays due to departments like LADWP. I am not joking, ask any developer in the city and they will likely have a story to tell you of a project that was delayed by 6-12+ months and adding millions of dollars of additional costs, making the project not meet its expected returns. This happened to me so I have first hand experience. For the typical 50 unit project, it will cost approximately \$200k/unit +/- (including costs to purchase land, financing costs, and soft costs like architecture, permits, etc). This could be as high as a \$10M project. This requires the developer to have up to \$4M +/- of cash to put towards the deal. Their lender will also require them to have \$700k +/- of excess cash set aside in liquidity and a net worth of \$7M. There are not

many developers who can meet these private financing requirements, and not many lenders out there willing to provide capital on better terms. LIHTC is another route, but extremely competitive. In fact, many ED1 projects that are underway were financed this route. But, this money was already going to be allocated for building affordable housing, so I don't count ED1 LIHTC projects as really adding significantly more units that otherwise wouldn't have been built. All these factors above make it near impossible to deliver privately financed projects in Los Angeles, especially larger projects. A union labor requirement just adds a final nail in the coffin for any future privately financed ED1 project. It's already tough enough, as the numbers prove (13% of approved ED1 actually under construction). Unless the private developer side of the market will be subsidized more heavily, next to no one will build 75+ unit ED1 developments with private capital. Do you want to do the right thing and address the housing crisis, helping human beings get access to more affordable housing? Or would you rather give in to the "everything bagel" of politics, which sounds great, but in reality makes the situation worse for many of your constituents who are struggling with housing costs?