



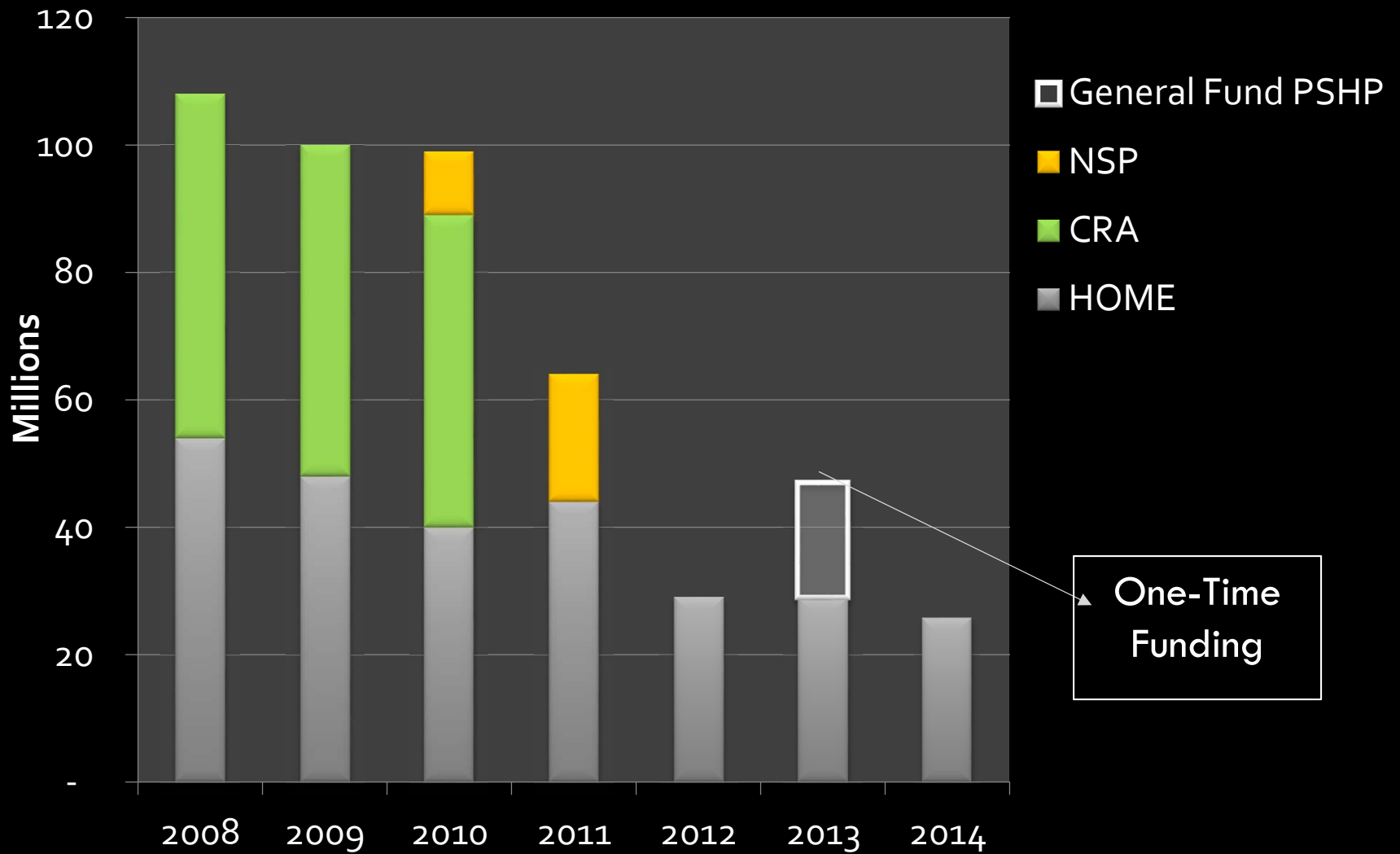
# Affordable Housing Funding Crisis: City of Los Angeles



City Council Housing Committee

April 9, 2014

# Affordable Housing Trust Fund



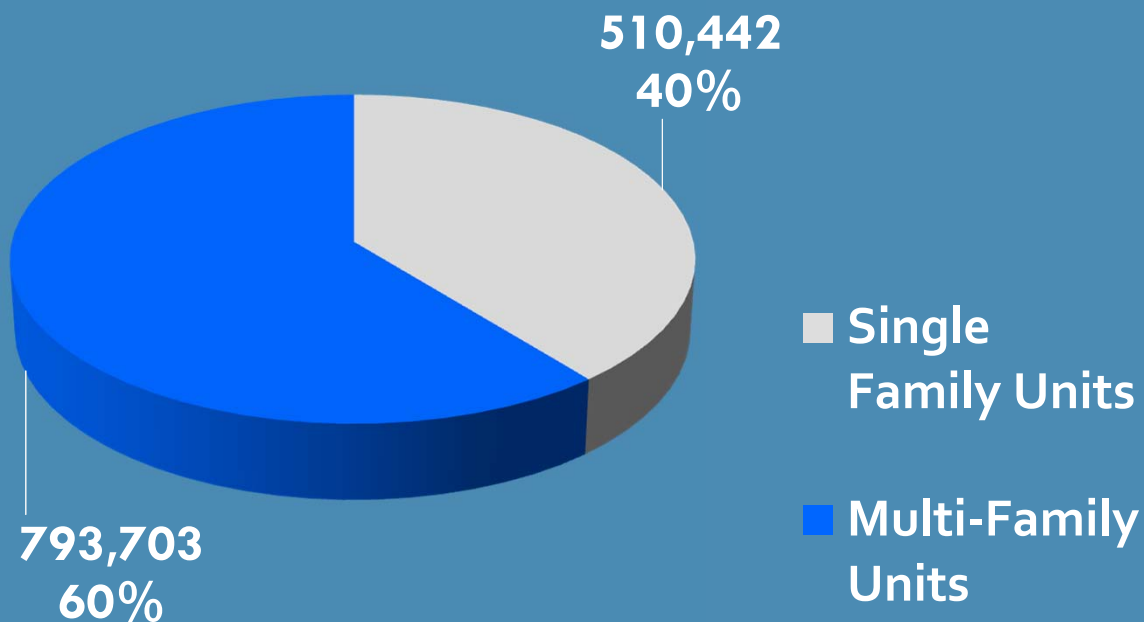
# City of Los Angeles: Housing Inventory

- Los Angeles has 1,304,145 Housing Units

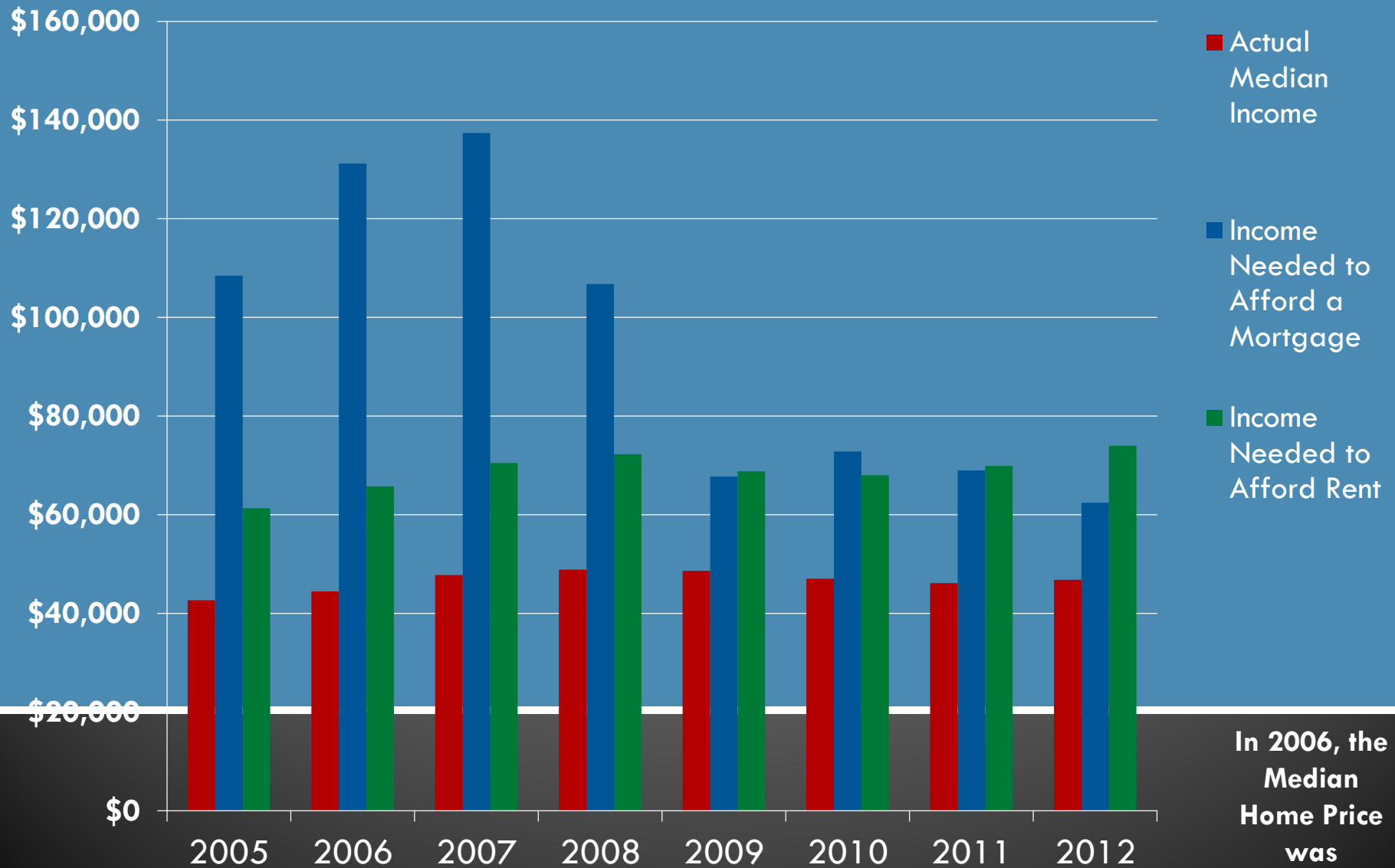
- There are 793,703 multi-family housing units and 510,442 single-family units

- Approximately 638,000 units are under the Rent Stabilization Ordinance

## Citywide Housing Units



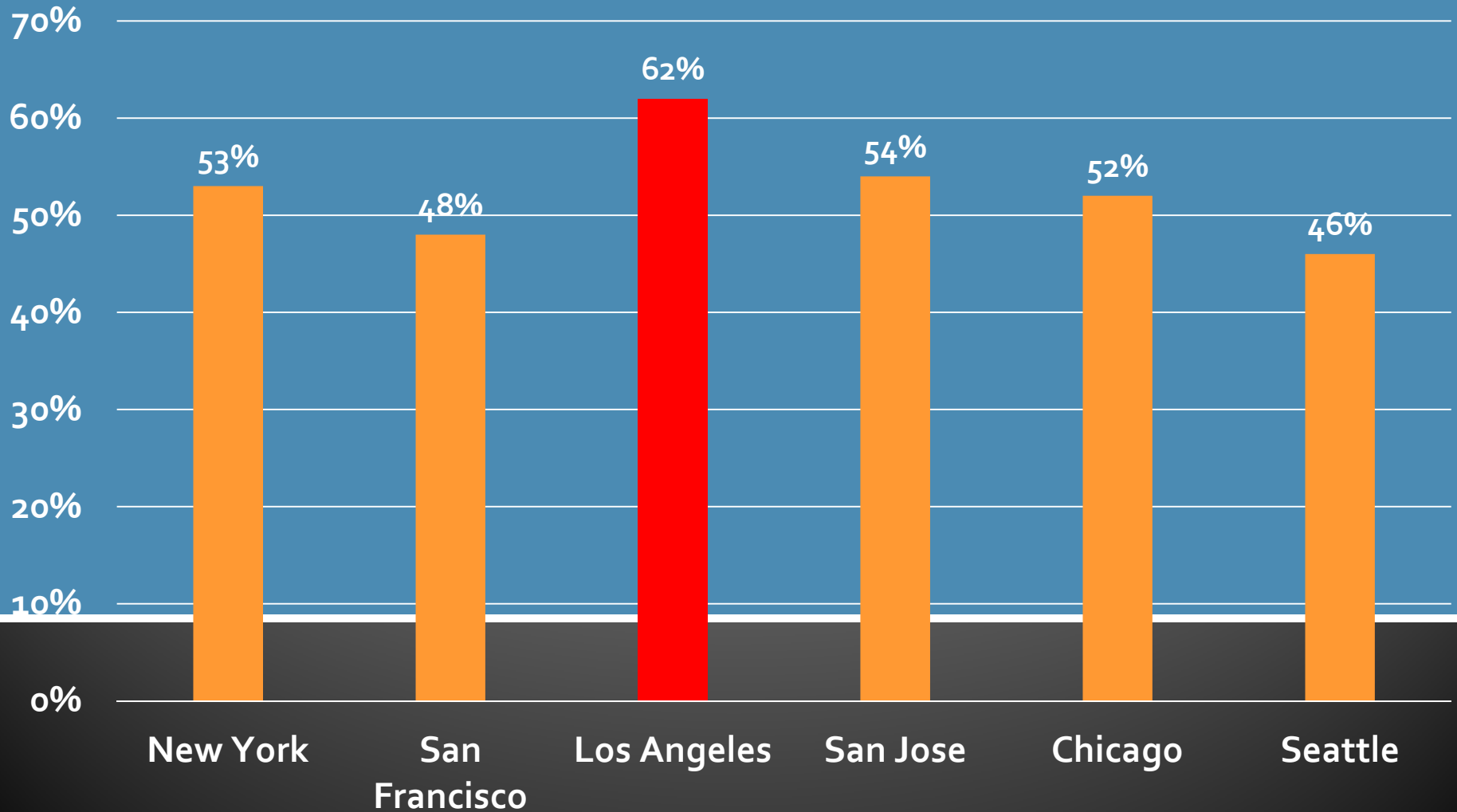
# City of Los Angeles: Rent and Mortgage Affordability Gaps



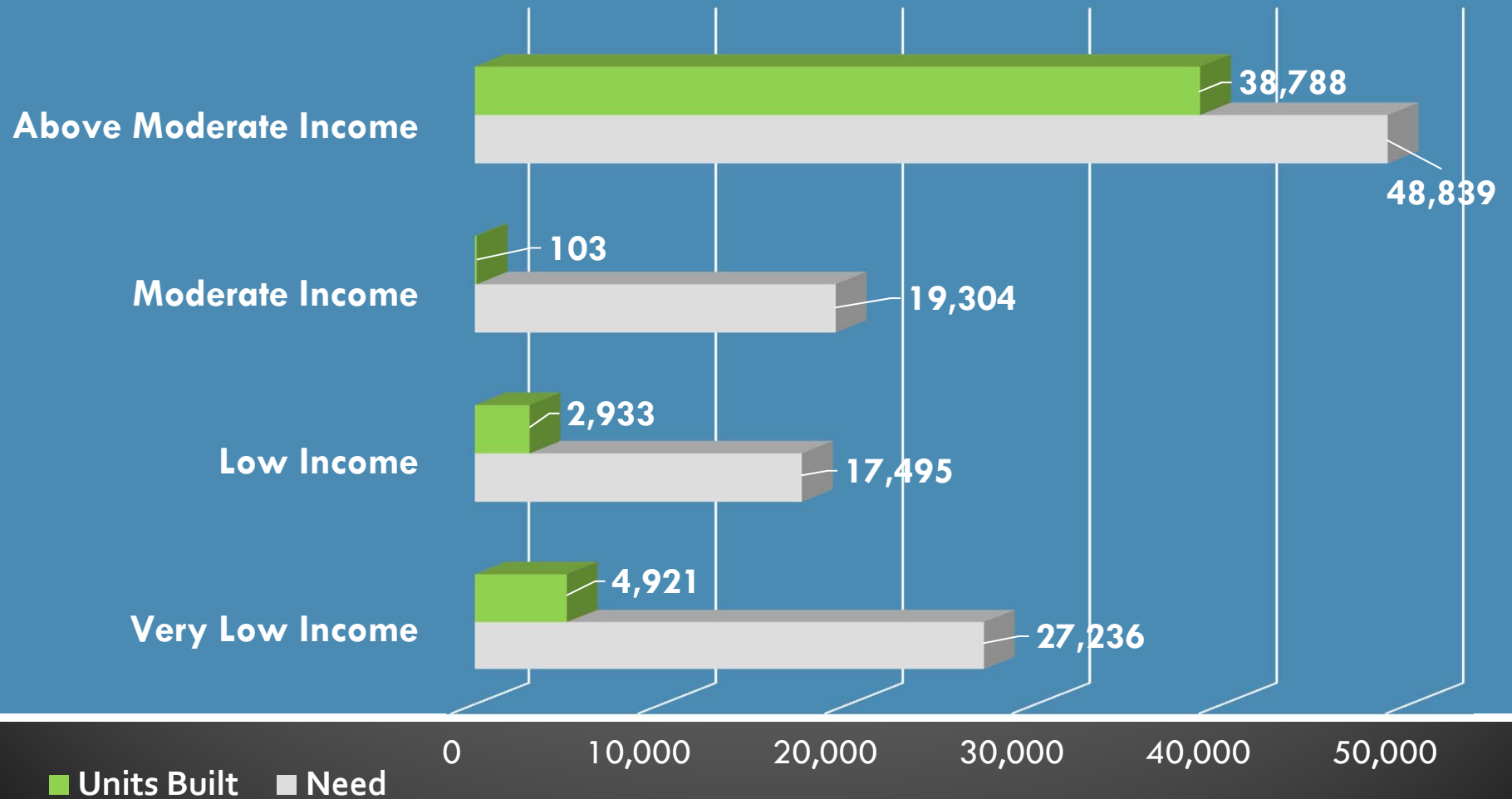
In 2006, the Median Home Price was \$500K but in 2012, it was \$295K

# Rent Burden

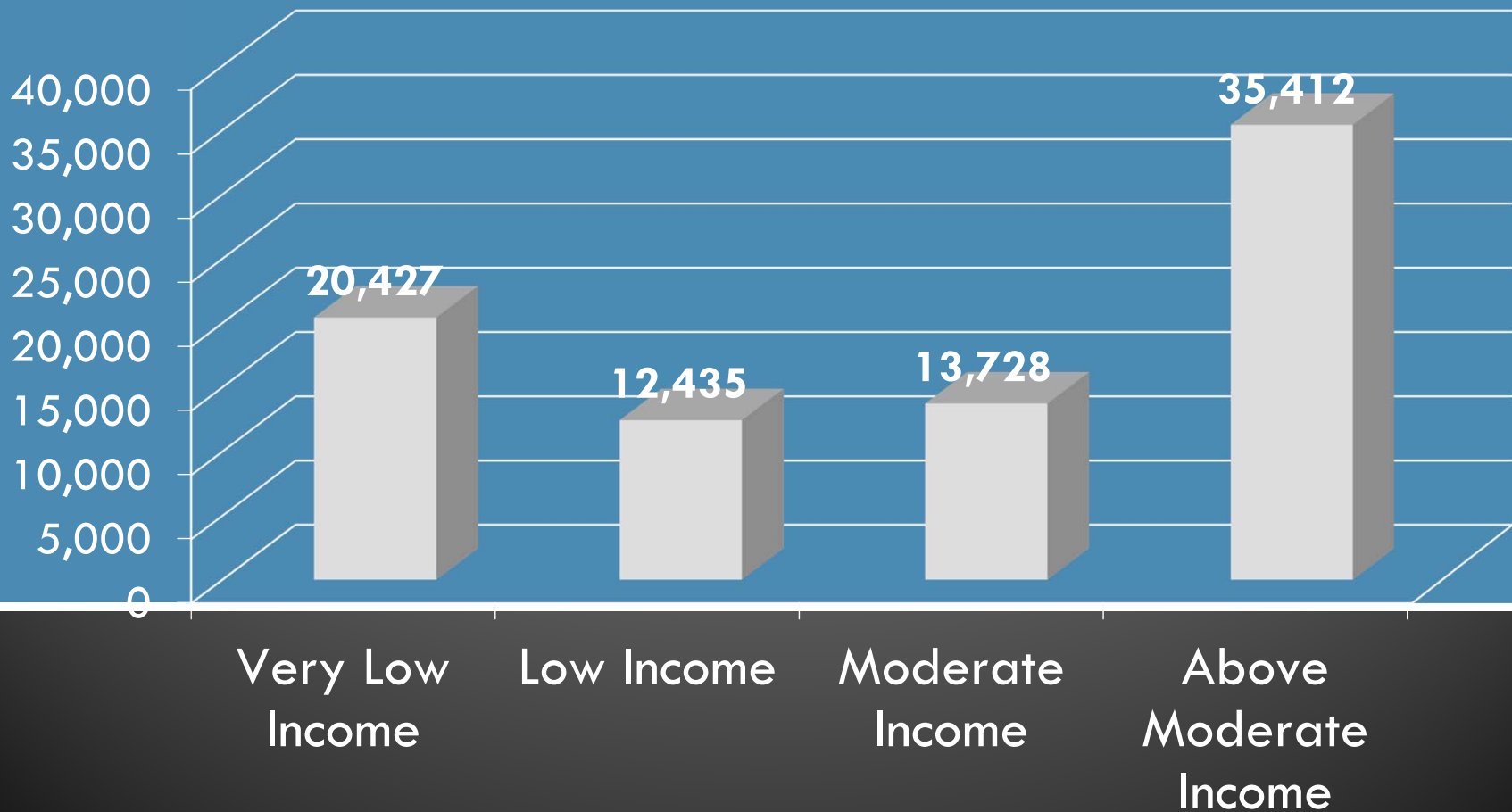
*Percent of renter households spending over 30% of their income on rent  
(2012 ACS)*



# (RHNA) 2006-2012 Performance



# City of Los Angeles: Regional Housing Needs Assessment (RHNA) 2013-2021



# Challenges for Affordable Housing Development

Dearth of Public Subsidy

High Land Costs

Tightening of Credit

Local Entitlement Process



# Options for Addressing the Housing Motions

- Local Financing Options
- Land Use Incentives
- Legislative Priorities



In an era of scarcity, everyone is a stakeholder in the business of finding solutions.

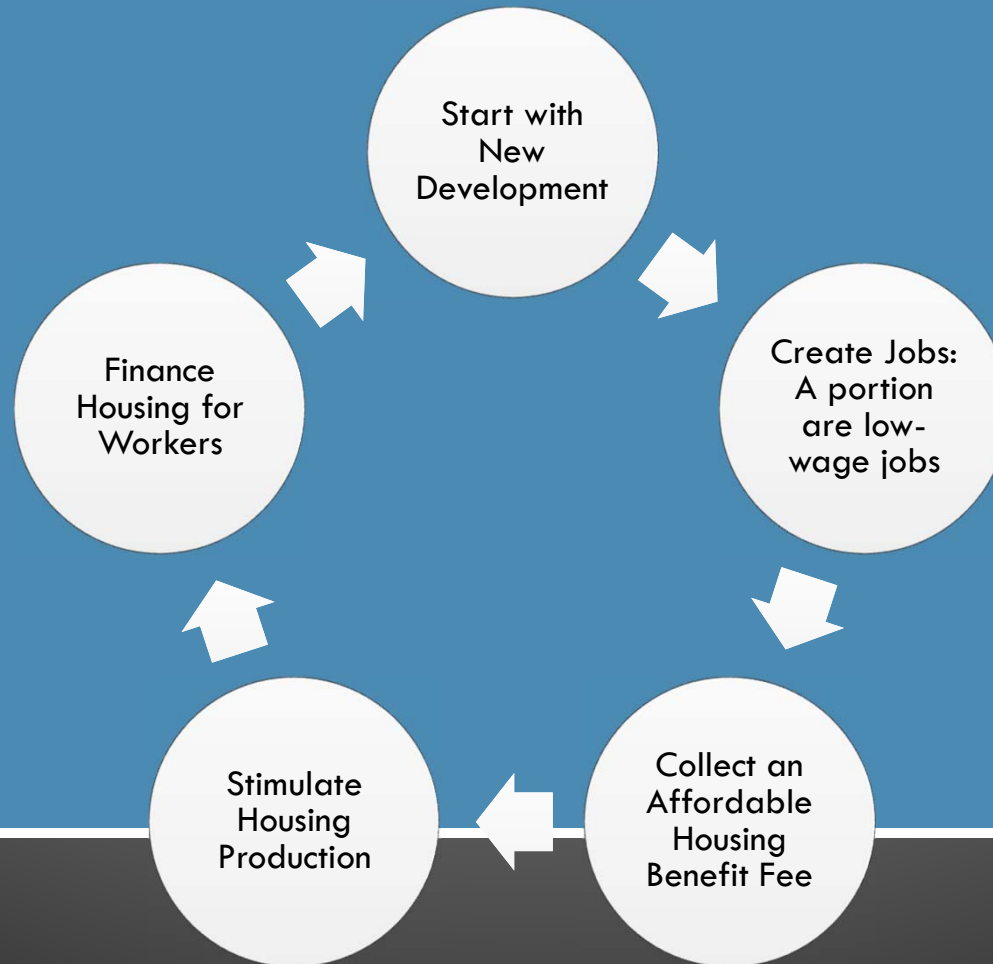
Permanent Local Source of Funding



# Affordable Housing Benefit Fee

- ❑ The Affordable Housing Benefit Fee Study was a collaboration between DCP and HCIDLA.
  
- ❑ The goals of the study:
  - Establish the nexus between new development and affordable housing demand
  - Develop fee recommendations to generate a permanent source of funding for the Affordable Housing Trust Fund (AHTF)
  
- ❑ New developments create jobs
  
- ❑ Workers demand housing

# Benefit Fee: An Economic Engine



## An Affordable Housing Benefit Fee offers:

- A permanent and dedicated funding stream
- Flexibility in the initial implementation of the fee (*i.e. the fee's start date may coincide with a predetermined development activity threshold, with a predetermined unemployment level, etc.*)
- Complete local discretion in the use of funds (*i.e. can be used for rental and homeownership assistance*)
- A cost to developers that is a small percent of the total cost of providing affordable housing.

# Dedicated Local Sources

## Boomerang Funds:

- Since the dissolution of the CRA, the City of Los Angeles has received \$121.7M in former tax increment dollars.
- The City should consider dedicating a percent of the annual tax revenue to affordable housing.
- To create a dedicated funding stream from the former tax increment, the funding must be formally dedicated by City Council.

## Housing Bond

- Requires an Ordinance and Resolution of Necessity to place an Affordable Housing General Obligation Bond measure in the State General Election ballot.
- A bond approval requires a 2/3 vote.
- The bonds must be repaid by the City of Los Angeles so it would create new/more city debt.



## Land Use Options

- Increasing housing supply through Community Planning efforts
- Increasing incentives for mixed-income housing
- Potentially requiring affordability in exchange for City land use benefits

# High Cost Jurisdictions, Local Sources for Local Problems

## High-Cost Cities: Local Permanent Sources

- **New York:** City Issued Bonds
- **Chicago:** City Corporate Funds
- **Boston:** Linkage Impact Fees
- **Seattle:** Property Tax Levy; City Fees
- **San Francisco:** Linkage Impact Fees; Hotel Motel Tax; General Funds; GO Bond Revenues