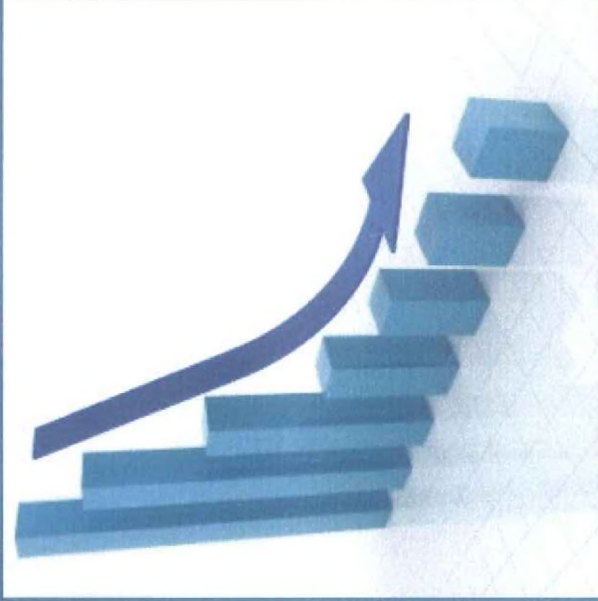


Date: 4/9/14
Submitted in Housing Committee
Council File No: 14-0361, 13-1624,
Item No.: 1-4 13-1389
~~Item No.:~~ Communication
from the Housing & Community Investment Dept.



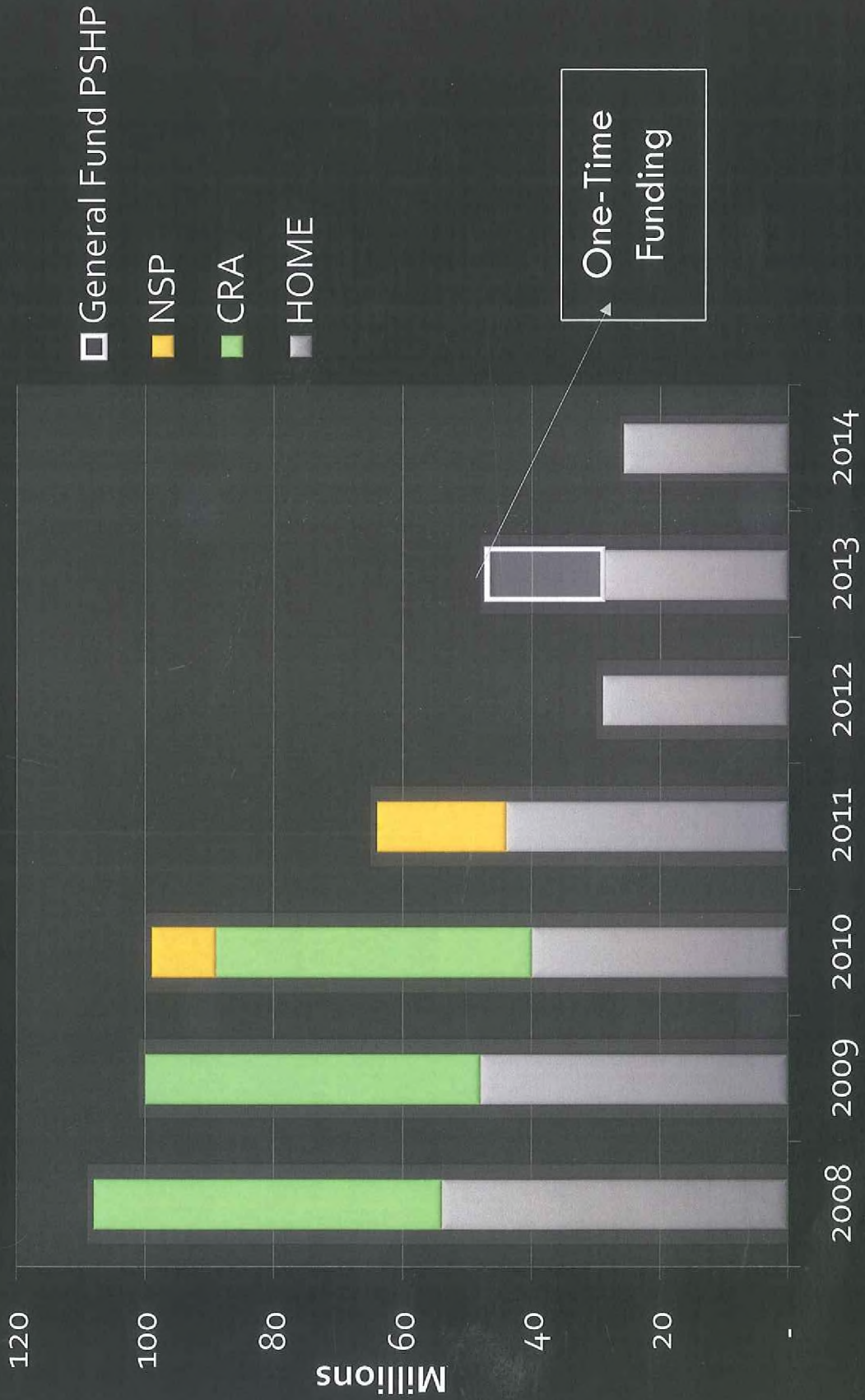
Affordable Housing Funding Crisis: City of Los Angeles



City Council Housing Committee

April 9, 2014

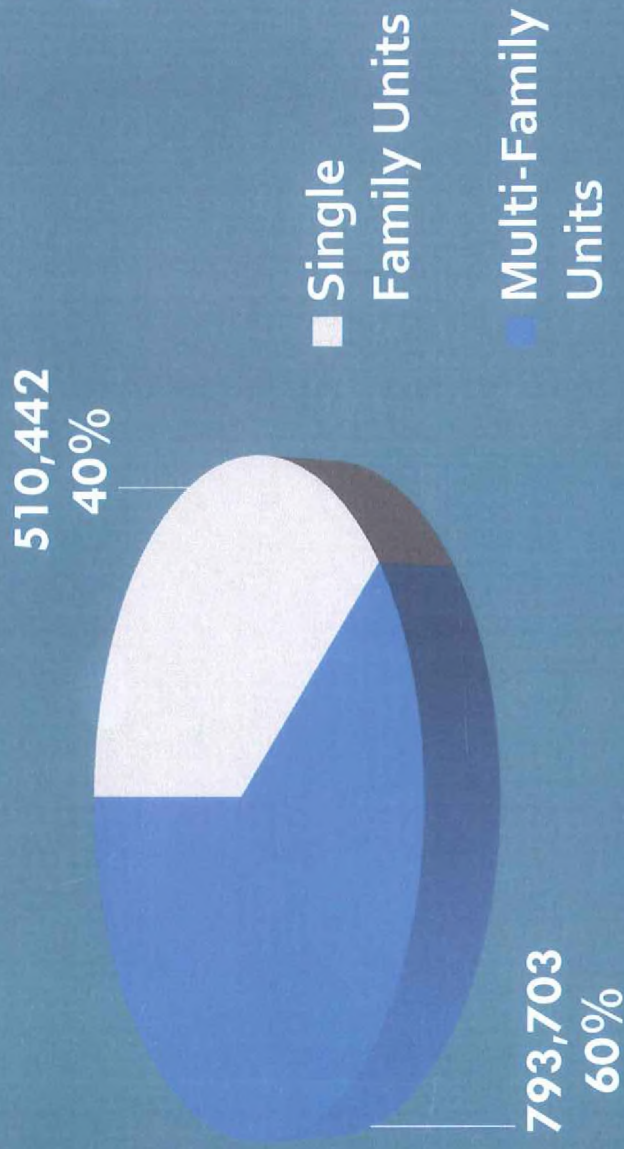
Affordable Housing Trust Fund



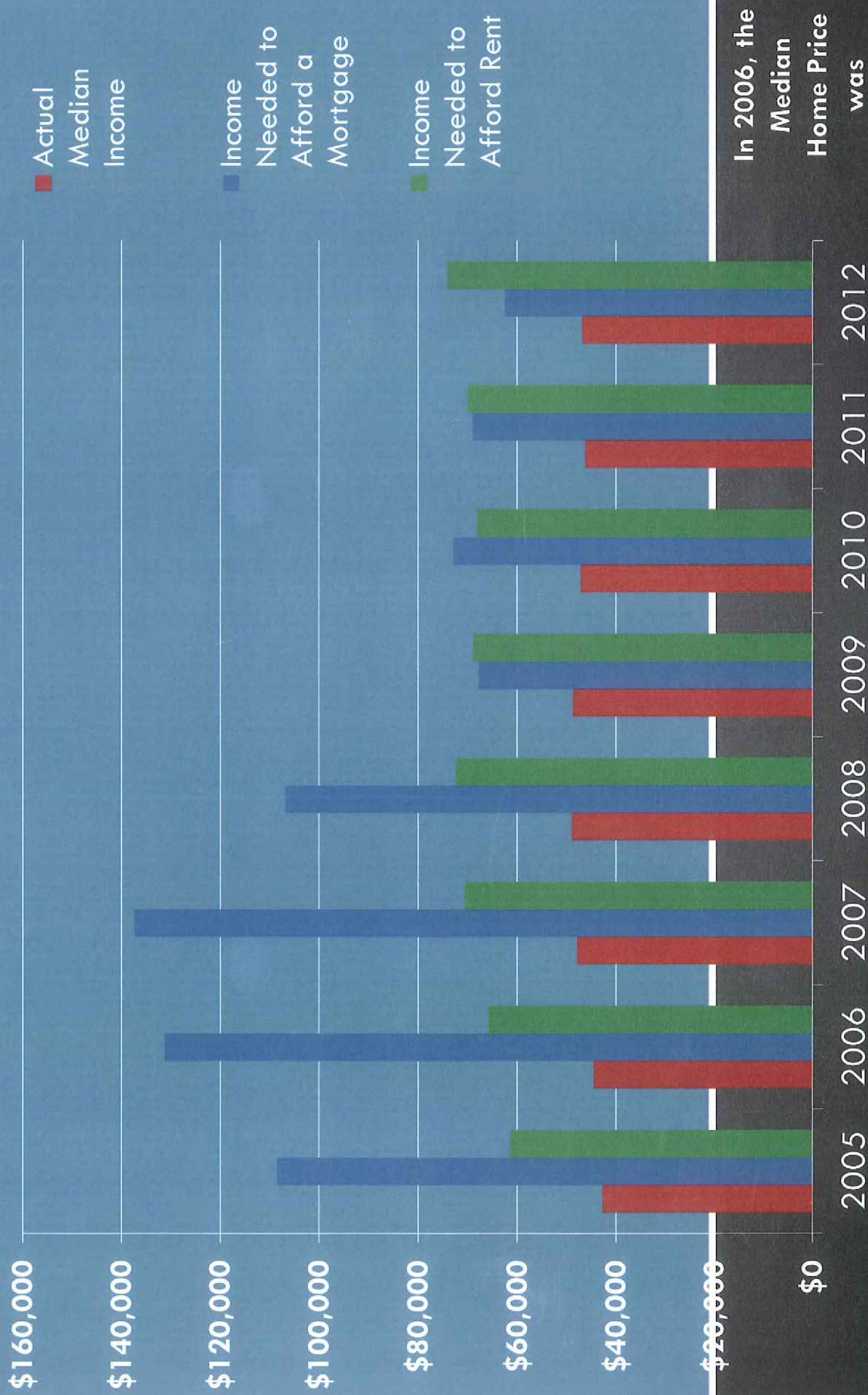
City of Los Angeles: Housing Inventory

Citywide Housing Units

- 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



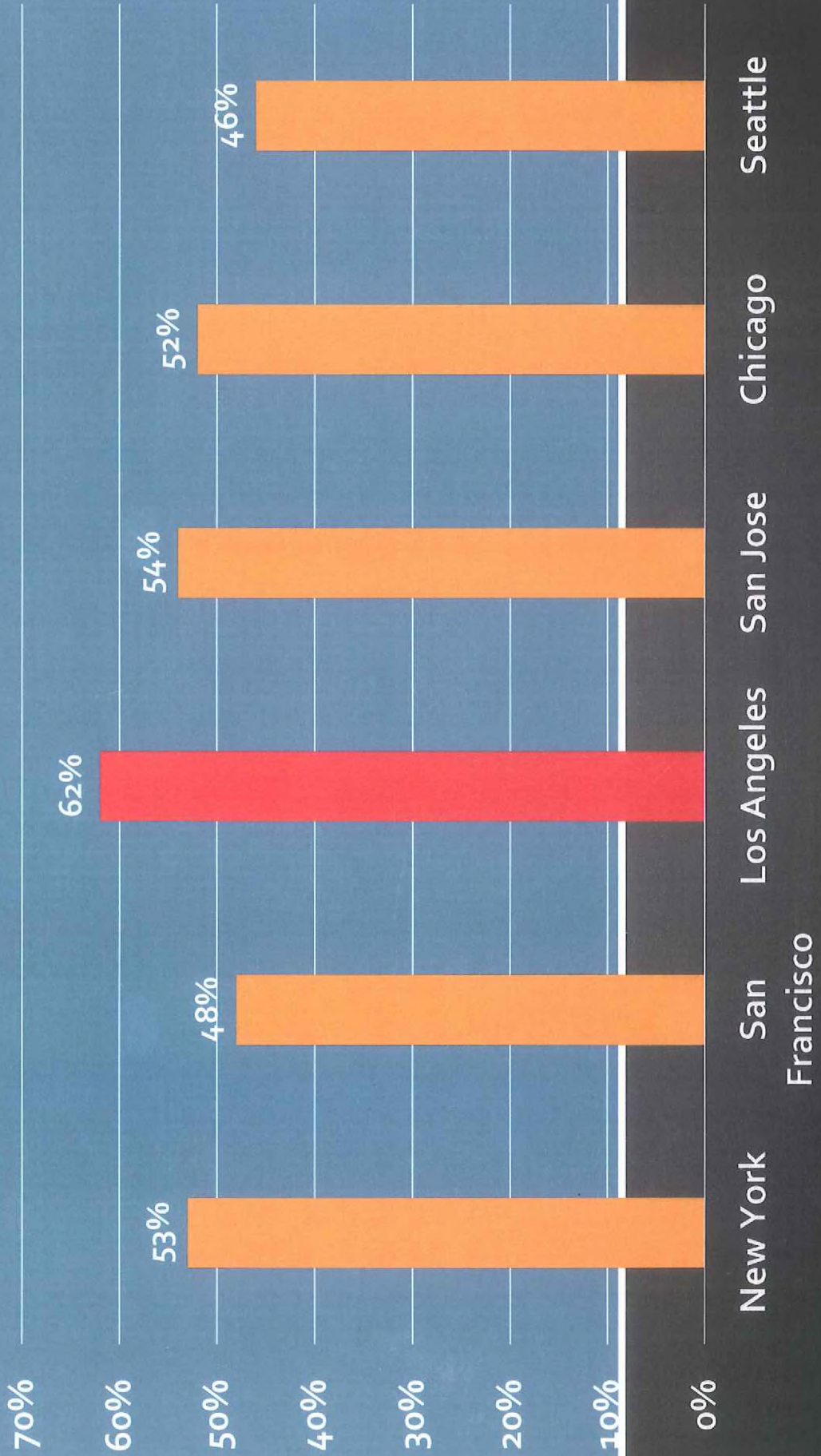
City of Los Angeles: Rent and Mortgage Affordability Gaps



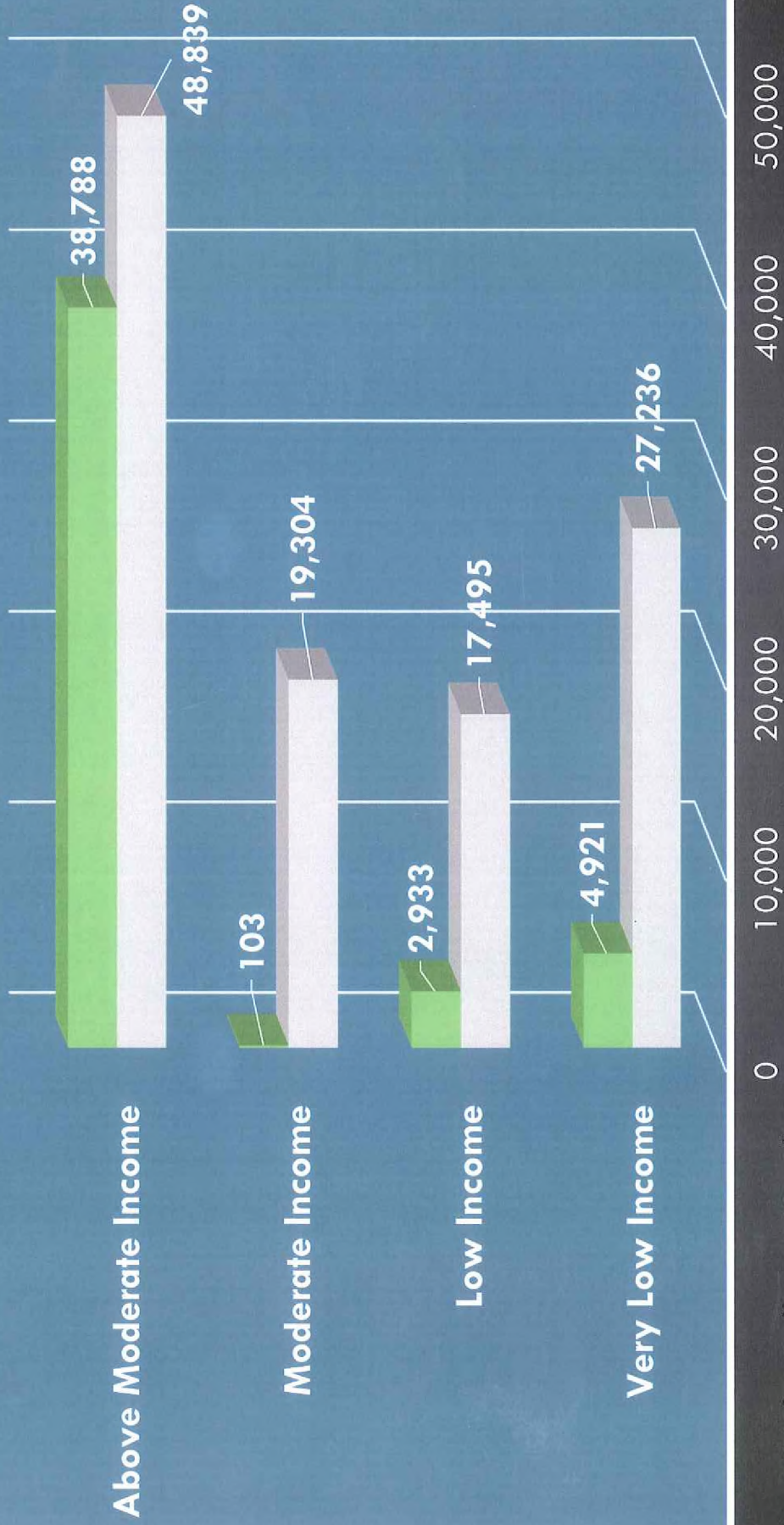
In 2006, the Median Home Price was \$500K but in 2012, it was \$295K

Rent Burden

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

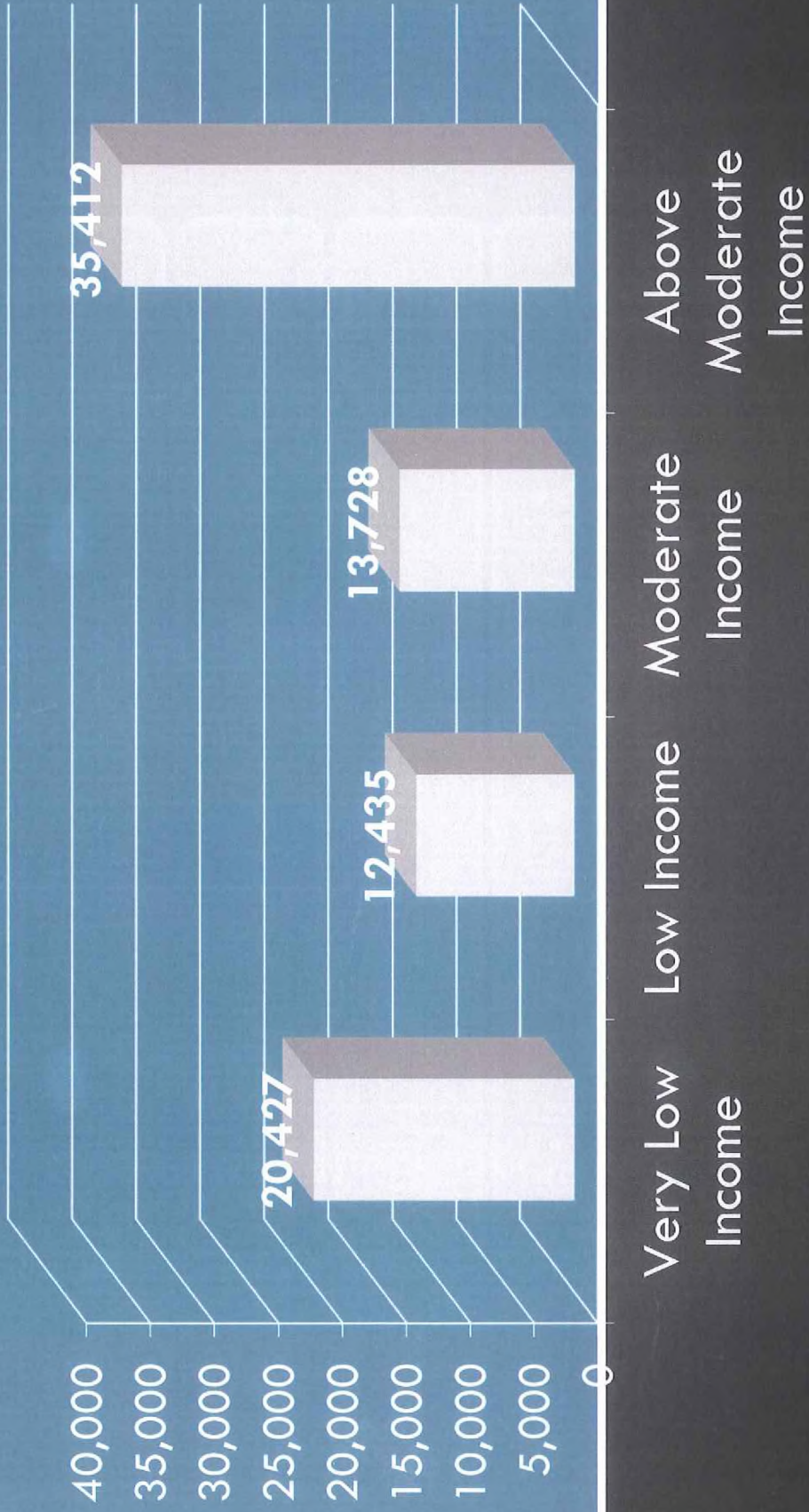


(RHNA) 2006-2012 Performance



■ Units Built ■ Need

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



Challenges for Affordable Housing Development

Decrease 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



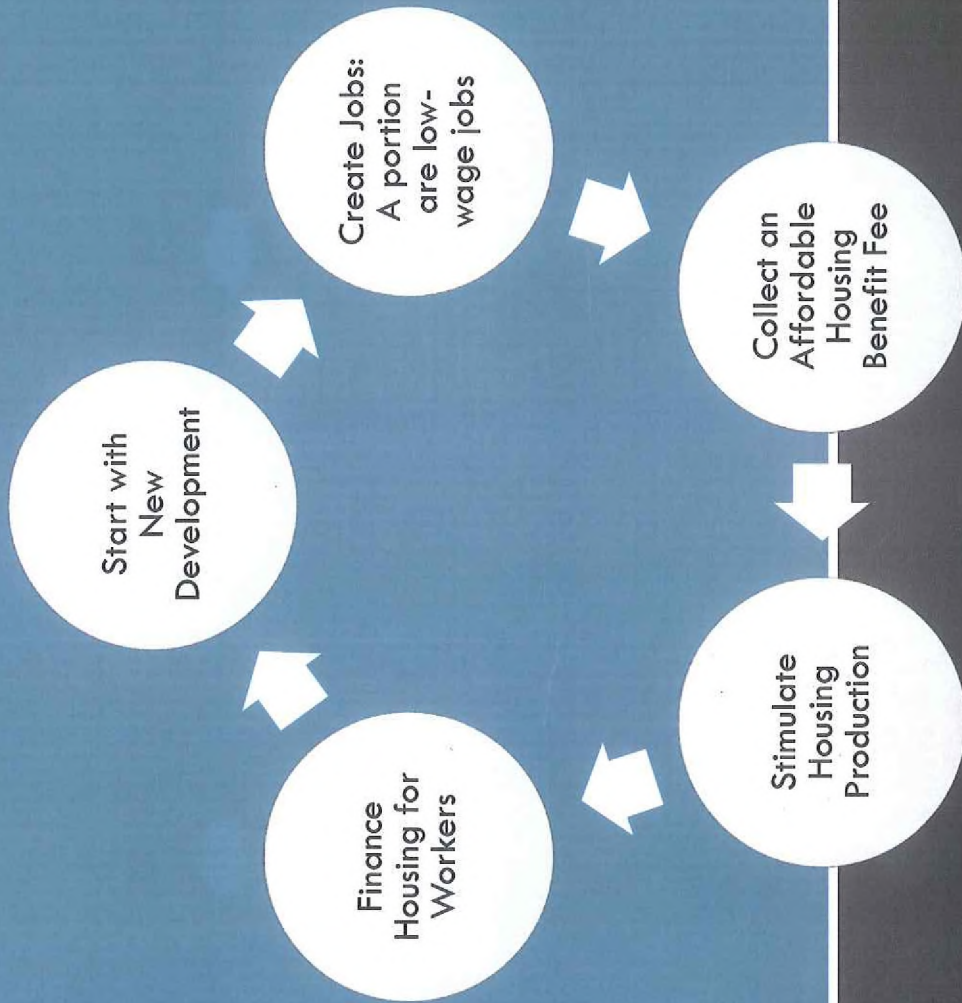
In an era of scarcity, everyone is
a stakeholder in the business of
finding solutions.

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.

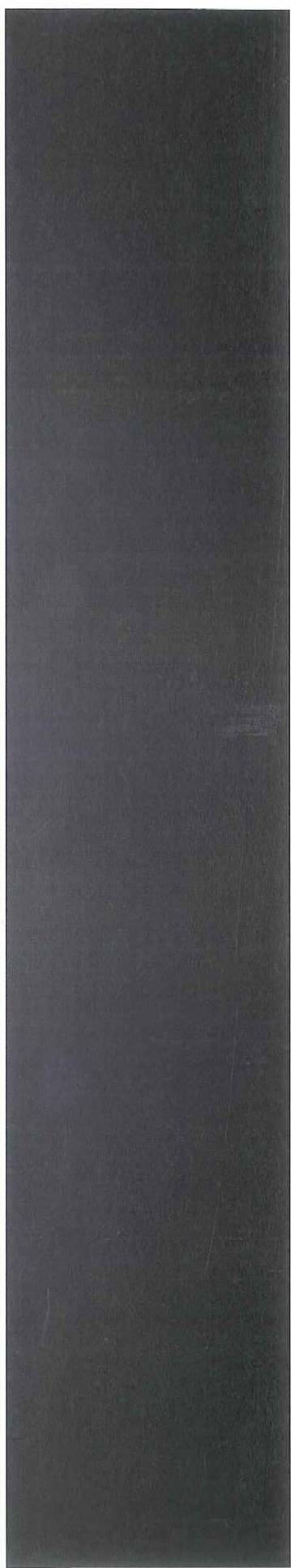
Housing Bond

- 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