



April 28, 2014

Honorable Paul Krekorian  
200 N. Spring Street, Room 435  
Los Angeles, CA 90012  
FAX Number: (213) 978-3092

RE: DEDICATION OF FORMER CRA FUNDS FOR AFFORDABLE HOUSING --  
SUPPORT  
Council File 14-0361

Dear Councilmember Krekorian,

Palm Communities urges you to support the motion to dedicate to the City's Affordable Housing Trust Fund a portion of the new property tax funds, coming to LA City as a result of the dissolution of the former CRA/LA, to the City's Affordable Housing Trust Fund in the City's FY 2014/15 budget. Palm Communities recommends that you dedicate 50% of this revenue to the Affordable Housing Trust Fund to support creation of desperately needed affordable housing and to spur economic development in the City. Palm Communities is an experienced low income housing development company with over 1,600 units in our portfolio. We have two upcoming projects in the HCID Managed Pipeline that will serve formerly homeless veterans as well as low income families and seniors. These two projects alone will create approximately 460 jobs in the City of Los Angeles.

LA City Has a Dire Need for Affordable Homes and the Economic Investment They Bring. According to the *New York Times*, Los Angeles is the least affordable city in the country. The average rent on a 2-bedroom, 1-bath apartment in Los Angeles is out of reach of workers making under \$29 per hour or \$60,000 per year. Nearly 50% of LA City workers make under \$25,000 per year, however, and nearly 75% of LA City workers make under \$50,000 annually.

The results of these statistics are dire. Many families are forced to live in unsafe housing or to double up -- indeed, the *LA Times* recently called Los Angeles County an "overcrowding epicenter" of the country. Others are forced into homelessness. Between 2011 and 2013, the homeless population in LA City has grown by 26% and now numbers nearly 30,000 men, women and children. In most of the rest of the country, the numbers of homeless people decreased during the same time.

Besides providing much-needed homes, an investment in affordable development brings both good jobs and millions of dollars in other investment to the City. In addition, affordable developers regularly replace blighted and crime-infested properties with beautiful developments that make neighborhoods able to attract other economic investment.

Irvine Corporate Office:  
949.878.9599  
15635 Alton Parkway, Suite 375  
Irvine, CA 92618

Los Angeles Office:  
949.878.9370  
1100 S. Flower Street, Suite 3300  
Los Angeles, CA 90015

Inland Empire Office:  
760.568.1048  
73-111 El Paseo, Suite 209  
Palm Desert, CA 92260



Loss of CRA/LA and Other Funds Have Cut the Affordable Housing Trust Fund by over 75% since 2008.

Despite the critical need for affordable developments -- as well as the jobs, outside monies, and neighborhood beautification they bring -- funding for affordable housing in Los Angeles has been cut by over 75% since 2008. The largest share of the reduction came from the elimination of the CRA/LA, which used to generate \$50 million in redevelopment tax increment dollars annually to build affordable homes in the City. Adoption of the currently proposed 2014 budget would provide only about \$26 million for affordable development this year, down from \$108 million in 2008.

The City Should Dedicate for Affordable Housing a Portion of the New Property Tax Dollars It Receives from the Dissolution of the CRA/LA.

Since 2012, an estimated \$121 million in CRA/LA tax increment that used to go to the CRA/LA for affordable housing and other economic development has gone to the City's general fund. A motion made by Councilmembers O'Farrell and Cedillo, and seconded by Councilmember Fuentes, would dedicate a portion of the former CRA/LA monies for affordable housing. Given the enormous need for affordable development in the city, Palm Communities urges the Budget Committee to pass the motion and dedicate 50% of the former CRA/LA funds the city receives for affordable housing as part of the 2014-2015 budget.

Sincerely,



Danavon L. Horn  
CEO

cc: Honorable Herb Wesson, Fax (213) 485-9829  
Honorable Mitch Englander, Fax (213) 473-6925  
Honorable Paul Koretz, Fax (213) 978-2250  
Honorable Bob Blumenfield, Fax (213) 473-7567  
Honorable Mike Bonin, Fax (213) 473-6926  
Erika Pulst, Legislative Assistant, Fax (213) 978-1079 or [Erika.pulst@lacity.org](mailto:Erika.pulst@lacity.org)  
SCANPH, Fax (213) 480-1788