



Date: 4/9/14
 Submitted in Housing Committee
 Council File No: 14-0361 + 13-1624
 Item No.: 2-3
Communication from Councilmember
 Education and Neighborhoods O'Farrell

Arts, Parks, Health, Aging and
 Los Angeles River
 Chair
 Personnel and Animal
 Welfare
 Vice-Chair

MITCH O'FARRELL
 Councilmember
 Thirteenth Council District

Member
 Innovation, Technology and
 General Services
 Member
 Public Safety
 Member

April 9, 2014

Councilmember Gilbert A. Cedillo
 Chair of the Housing Committee
 200 N. Spring Street
 Los Angeles, CA 90012

Re: *Items 2 and 3*

Dear Councilmember Cedillo,

Thank you for taking the time to discuss the important issue of affordable housing in the City of Los Angeles. As you know, we have an affordable housing crisis and the time to act is now. According to the City's Housing Element, in 2011, 62% of renters were considered cost burdened paying more than 30% of their income toward rent.

Very soon, Mayor Garcetti will release his budget recommendations and City Council deliberations will begin. I am confident that the two motions I introduced, CF 13-1624 and CF 14-0361, will help to activate the discussion on affordable housing and will cause the City Council to create a permanent source of revenue for the Affordable Housing Trust Fund (AHTF). Prior to its dissolution, the Community Redevelopment Agency (CRA) invested 25% of its property tax revenues in affordable housing. The City should, and I believe *will*, renew this commitment to housing affordability and elect to dedicate 25% of the "boomerang fund" property tax revenues, now received by the City annually as a result of the dissolution of the CRA, to the AHTF.

I fully realize it will be another difficult budget year with the City facing a deficit, but I firmly believe the budget must reflect our priorities while maximizing resources. The Housing and Community Investment Department reports that for every \$1 of City resources that we dedicate to the AHTF, we leverage approximately \$4 in outside resources.

Affordable housing is an emotional issue that impacts our working families, young professionals, transitional-age youth, seniors, veterans and homeless individuals. I believe





providing accessible and quality housing to all populations is a good investment and know that taking the steps to house our most vulnerable individuals is the right thing to do and is proven to be cost effective. The Home for Good initiative reported that it is 40% less costly to place someone in permanent supportive housing than to leave that person on the street.

Dedicating at least 25% of the boomerang funds to the AHTF will support the creation of new affordable housing units and the preservation of existing affordable housing units. The AHTF is well-established and has the capacity to accept the additional revenue and support affordable housing production.

In closing, I am mindful that this is not the only action we need to take. We should continue to work with the Department of City Planning and the Housing and Community Investment Department on incentives that will encourage the development of new affordable housing. Again, I ask for your support and hope we can take this important action to create a permanent source of funding for the AHTF by dedicating 25% of the boomerang funds. The city's median rent increased 31% from 2000 to 2010, compared to an increase in incomes of just 1.2%. It is our responsibility to address this growing inequality gap and the provision of affordable housing is a positive step in that direction.

Sincerely,

A handwritten signature in blue ink, reading "Mitch O'Farrell".

MITCH O'FARRELL

Councilmember, District 13

CC: Councilmember Felipe Fuentes
Councilmember Herb J. Wesson, Jr.
Councilmember Joe Buscaino
Councilmember Curren D. Price, Jr.