

MOTION

The COVID-19 pandemic has exacerbated a number of social, institutional, racial, and economic inequalities that have been swept aside for far too long. Foremost among them is the housing insecurity and economic instability that many Angelenos face. According to the California Legislative Analyst's Office, in the Los Angeles metro area just 32 percent of residents could afford to purchase the \$581,000 median-priced home in the second quarter of 2020. The crisis stems from several factors – the rate of housing construction, population growth and increased demand in the urban core, the increase in single-family rentals, zoning implications associated with Proposition 13, red-tape, and the high cost of labor, land and raw materials. Further, a May 2020 report from the UCLA Luskin Institute on Inequality and Democracy estimates that the County may see 120,000 new homeless households as a result of the pandemic.

The availability and cost of land in Los Angeles presents unique challenges for multifamily construction. Locally, land costs account for nearly one-sixth of a multifamily project's total development costs compared to less than 2 percent in other Southern California cities, such as Anaheim, Oxnard, San Bernardino, and Riverside. Further, while the City is leading in housing production – with the addition of more units relative to its population growth than almost any other city in California – only about 9 percent of the new units added over the past five years have been affordable to households earning less than the area median income.

A funding option available but not widely utilized in Southern California, with just a handful in Los Angeles, is the Community Land Trust (CLT). CLTs are generally managed by a nonprofit or quasi-governmental organization and governed by a body comprised of stakeholders to ensure they remain grounded in the needs of the community. The CLT retains ownership of the land beneath homes or buildings, even after they are sold or rented to income-qualifying households or non-profits, and maintains the land holdings as affordable in perpetuity. This is typically done by selling the structure (whether a single-family home or a multifamily building), along with a long-term ground lease (typically 99 years) that specifies the terms under which the home may be sold or rented to the next purchaser. CLTs permanently remove the price of land from the cost and construction, reducing the degree to which rising land values inflate costs.

After the Great Recession in 2008, driven on by government tax breaks, private equity and hedge funds spent \$36 billion to purchase more than 200,000 foreclosed homes across the country. According to the U.S. Government Accountability Office, buyers converted so many into market-rate, investor-owned rental properties, that the U.S. homeownership rate was markedly decreased. We do not yet know how many additional properties will fall into distress as a result of the current crisis or how many we might be able to convert to social uses, but community land trusts provide a mechanism to purchase, preserve and build much-needed affordable housing.

Recently, the Los Angeles County Board of Supervisors approved a Motion (Solis) to create a pilot community land trust partnership program and allocate \$14 million from the County's Affordable Housing Trust Fund. Some CLTs have made inroads in San Diego and the Bay Area. The City of Los Angeles has a responsibility to follow suit.

I THEREFORE MOVE that Council instruct the Chief Legislative Analyst, with the assistance of Housing and Community Investment Department and the City Administrative Officer, and in consultation with the Housing Authority of the City of Los Angeles, to report on the feasibility of developing a citywide Community Land Trust (CLT) program, including the resources needed to acquire land, enter into long-term leases, or partner with existing CLTs to develop multifamily housing that would be maintained affordable in perpetuity, and include a review of CLT best practices.

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SECONDED BY: [Signature]