



Tackling L.A.'s Affordable Housing Issue Requires Accountability, Certainty and Productivity

Colleen Badagliacco, President, California Association Of Realtors®

Most parents tell their kids to “dream big.” In Los Angeles, we have to wonder, do these dreams still include homeownership? Until the local government starts tackling the issue of affordable housing with a healthy dose of accountability, certainty, and productivity, the answer may be no.

It doesn't take much to see that the dream of homeownership has slipped through the fingers of many Angelinos during the last few years. Just 19 percent of residents can afford to purchase an entry-level home in Los Angeles County, and those who do must earn a qualifying income of more than \$101,000. That's \$53,000 more than the median household income of \$48,000. We're not talking about an affordability “gap” anymore—it's an affordability canyon!

Because homeownership is the primary stepping stone to building wealth, all people—including middle-income dwellers, urbanites, and single parents—deserve a mix of housing options. The shortage of affordable housing in Los Angeles impacts so much more than the size of our homes and our commute times. It impacts the quality of our children's education, where we choose to retire, and the other components of our financial portfolios.

Now that the housing market has started to normalize in comparison with the frenetic pace of the last few years, there's no better time to start a dialogue with local government officials about the solutions necessary to help more Angelinos purchase their home. Builders and other members of the real estate industry will have a much better chance of meeting the community's housing need if local barriers that restrain production and drive up costs are eliminated. We can take a giant leap in that direction if local governments—backed by the state—start to approach the issue of affordable housing with the objectives of accountability, certainty, and productivity.

Simply put, local government officials should be held responsible for producing adequate housing in Los Angeles. Accountability starts with new legislation calling for real consequences when a community falls out of compliance with the housing element of its General Plan. For instance, AB 2511 (Jones), “Land Use Housing,” a measure sponsored by the CALIFORNIA ASSOCIATION OF REALTORS® and

signed by Governor Schwarzenegger on Sept. 30, 2006, takes the state in the right direction. The new law makes local governments accountable for affordable housing by requiring them to report their housing production to the state to ensure they can accommodate their share of the regional housing need for the following five years. It also supports those who challenge local governments on the issue of affordable housing by providing judicial relief to plaintiffs who sue a city or county, alleging the government is not in compliance with state law.

This same law adds an element of certainty to the development of affordable housing because it also requires cities and counties to adopt and publish clear and objective development standards, prohibiting changes to those standards after a building application has been completed. Developers should be able to rely on the standards throughout the local government review process and not have the rules arbitrarily changed during the process. Clear rules and clear development standards will streamline the building process and result in an increase in housing inventory throughout the state.

Finally, those who advocate for homeownership must act to break down barriers to the cost of constructing a home. To boost the production of affordable housing, home construction projects should be approved based on merit, and local governments should work with builders by offering meaningful affordable housing incentives that enable the development of the lower-cost housing units. State legislation aiming to do just that has failed to pass in recent years. The push for clear, consistent development standards and legislation that removes unnecessary fees and lower construction costs must continue.

I grew up believing in the American Dream, and I believe today's citizens of Los Angeles can too. We can make it happen by advocating the right of homeownership and supporting local government agencies on their quest to achieve affordable housing goals. Through accountability, certainty, and productivity, adequate housing production in Los Angeles will result, and once again, Angelinos can “dream big.”