



Solutions for our City's Affordable Housing Problem

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Most people would agree that the lack of affordable housing in Los Angeles is a problem. The viable and sustainable solution to increase the number of affordable homes and rental units is less obvious.

Over two-thirds of families living in Los Angeles cannot afford market rate housing; they would need to earn more than \$100,000 a year to buy a median priced home of \$517,000. This makes buying a home nearly impossible for over 66% of the local population.

Not only is it critical to produce affordable housing, but it is also important to keep it affordable permanently. The California Community Foundation (CCF) has long regarded affordable housing as one of its priority issues and has several initiatives in place to address this growing problem that threatens to derail many of the gains in revitalizing neighborhoods attained over the past few decades.

The foundation builds the capacity of nonprofit housing developers so they can effectively address the needs of the most vulnerable populations, including the disabled, homeless and elderly. Through grantmaking and program-related investments, CCF provides technical assistance, operating support, low-interest loans and guarantees to qualified nonprofit housing developers to build housing, health clinics, charter schools and day-care centers.

CCF is developing a comprehensive, ten-year community building initiative that will engage local residents in neighborhood problem-solving efforts in which affordable housing is one of several components. This initiative takes a holistic approach to neighborhood revitalization by addressing not only housing but also providing access to quality health care, education, artistic and cultural activities, to name a few. We know that neighborhoods are revived through good schools, good jobs, and affordable homes in livable communities.

The foundation has created another new model, the Community Foundation Land Trust (CFLT) to address the housing crisis by developing and maintaining affordable housing units. CFLT purchases land within a target community, works with public and private partners to define development parameters and enters into a long-term lease with a developer to build the housing. Over the course of several years, CFLT guides potential buyers through the purchase, maintenance and eventual sale of the property. By separating ownership of the land from ownership of the home and retaining long-term ownership of the land, CFLT can restrict the resale of the property, allowing homebuyers to benefit from increased home values, while still ensuring that the home remains permanently affordable for future homeowners. CFLT also invests in land to encourage development of affordable rental properties. CFLT is

seeking new ways to expand affordable housing by forming partnerships across public and private sectors and taking on long-term subsidies.

Since its inception and \$4 million in initial investment, CFLT has developed almost 300 homes, entered into partnerships with four local government agencies and secured over \$10 million in loans for site acquisition. Over the next five years, CFLT aims to generate more than \$40 million in capital for future site developments and is currently constructing two new housing sites.

To be sure, opinions on addressing affordable housing vary significantly. “Smart growth” advocates and planners, for instance, urge an increase in density with less parking requirements. On the other hand, neighborhood groups have expressed concern that this may add to traffic congestion and create high-density, low-quality apartments that will overcrowd low-income populations. A land trust’s ability to stay connected to a development for 99 years through the ground lease makes it easy to ensure that buildings are designed to last and are well-maintained. Most importantly, CFLT ensures that homes built with public and private

investment today will remain affordable for another 99 years, making it possible for Los Angeles to add to the inventory of housing rather than replacing lost units each year.

Meanwhile, housing advocates have urged the use of “inclusionary zoning”, a tool that requires that a percentage of all developments be set aside for affordable housing – usually in exchange for higher density or lower parking requirements. However, many market-rate developers are reluctant to enter the convoluted world of affordability agreements and financing tools. CFLT is working with inclusionary developers to purchase the affordable units – making it easy for the developers to concentrate on what they do well while providing affordability throughout our community.

CCF is moving beyond providing financial support to supporting long-term public policy change. The foundation’s support of November’s housing bonds, Proposition 1C for Los Angeles and Proposition H for the State of California was one such foray into translating our work into greater change. CCF will continue to work with business leaders, developers, local government and advocates to come to the table to seek innovative solutions to our housing needs.