



ADDRESSING THE CRISIS: TOWARD BUILDING AN AFFORDABLE HOUSING AGENDA

UCLA LEVINE SUMMIT ON AFFORDABLE HOUSING 2014

By [Brandon M. Weiss](#), Law Teaching Fellow, Lowell Milken Institute for Law and Policy, UCLA School of Law; and Affiliated Faculty, UCLA Ziman Center for Real Estate

On October 6, 2014, the UCLA Ziman Center for Real Estate hosted the Levine Summit on Affordable Housing, a half-day convening that brought together key stakeholders for a wide-ranging conversation about the current state of affordable housing. Sponsored by the Ziman Center's new [Howard and Irene Levine Program in Housing and Social Responsibility](#), the summit focused on the broad theme of *Addressing the Crisis: What is the 10-Year Outlook?* Beyond simply providing a forum for conversation, the summit aimed to serve as a platform upon which to build a programmatic agenda for future research, education, and policy initiatives of the Ziman Center and the Levine Program.

[Keynote Address: Congresswoman Karen Bass](#)

Following introductory remarks by Richard Ziman and Howard Levine, the program kicked off with an impassioned keynote address by [The Honorable Karen Bass](#), U.S. Representative of the 37th Congressional District of California and former Speaker of the California State Assembly. Representative Bass, a long-time advocate for stronger statewide and national affordable housing policies, gave a detailed overview of the affordability challenges facing residents throughout Los Angeles. Noting that the county suffers from a nearly half million-unit shortfall of affordable units, she highlighted the many deleterious effects that impact renters and homeowners alike when incomes fail to keep pace with rising housing costs. "High housing prices have a human and economic impact."



Representative Bass did note several positive developments, primarily at the state level, including a new spending package that includes \$100 million for the multifamily housing program, \$75 million for weatherization and renewable energy, and \$65 million for transit-oriented development. However, at the federal level, she sounded a more cautious note. "When I go back to D.C., the number one issue will be the war, the new war." Foreseeing a debate to lift sequestration on discretionary defense spending, she argued for the importance of demanding that this only occur in conjunction with lifting sequestration on social service programs, such as HUD's housing programs.

Despite the challenges ahead, Representative Bass concluded by pointing to officials like Mayor Eric Garcetti and Representative Maxine Waters, who currently serves as Ranking Member of the U.S. House Financial Services Committee, the committee that primarily oversees federal housing programs, as evidence that, "we have people in key positions doing the right things." With the leadership of such elected officials, she proclaimed, "Angelenos will continue to live, not just scrape by, in this city."

Panel of Experts

Carrying this note of optimism into the next part of the program, Lance Bocarsly, founding partner of the law firm Bocarsly, Emden, Cowan, Esmail and Arndt LLP, introduced a diverse panel of prominent and influential members of the affordable housing community. He noted the unique difficulties that face Los Angeles residents, including the fact that they bear the highest median rent burden in the country, according to a recent UCLA study. Stuart Gabriel, Director of the Ziman Center and Arden Realty Chair and Professor of Finance at the Anderson School of Management, echoed these challenges, noting that since the mid-2000s, rents have gone up 25 percent, while incomes have declined 10 percent. Despite this reality, Mr. Bocarsly expressed hope “that the extraordinary amount of talent and creativity in this industry” will rise to the challenge. Much of that talent and creativity was on display in the conversation that ensued, moderated by Mr. Bocarsly.



Los Angeles City Councilmember Mitch O’Farrell, spoke at length about his commitment to affordable housing, dubbing himself an “activist” and stating that “affordable housing is a passion of mine.” While Councilmember O’Farrell spoke to the challenges faced by renters in Los Angeles, he noted recent positive developments as well, including Proposition 41, a statewide initiative that passed this year and will provide \$600 million in general obligation bond funds for the acquisition, rehabilitation, and development of multifamily housing projects for low-income veterans. His comments focused primarily, however, on efforts

at

the city level to create a permanent source of funding for affordable housing. Councilmember O’Farrell pointed out that Los Angeles is the only high cost city in the state without such a source. He made reference to city ordinances he has introduced that would redirect certain tax increment funds remaining in the wake of the dissolution of California redevelopment agencies, known colloquially as “boomerang” funds, to be channeled toward such a permanent source for the city. He hoped to have such an ordinance enacted by next year, with his focus for such funds being four target demographic populations: veterans, the homeless, seniors, and extremely low-income households. Speaking to the importance of such efforts, Councilmember O’Farrell stated, “We know that mixed income neighborhoods are really what make a vibrant city tick.”

Bill Witte, Chairman and CEO of The Related Companies of California, and former Deputy Mayor for Housing and Neighborhoods in San Francisco, commended Councilmember O’Farrell for his efforts on the city council, agreeing that key initiatives must come at the local level. “It’s not just money and programs,” he stated. “It is execution and policy.” Mr. Witte also remarked how given the size and diversity of the greater Los Angeles metropolitan area, one-size-fits-all approaches often are not feasible, particularly with respect to policies like inclusionary zoning. He further spoke about the need for reform of the California Environmental Quality Act (CEQA), which he stated is often the “death knell” for many worthy affordable housing developments given the lengthy and costly litigation that such projects often encounter as a result of this law. Mr. Witte emphasized the importance of coming together and finding broader consensus on the affordable housing problems in Los Angeles, observing, “People in Sacramento will tell you that LA speaks to you with five voices.” In the meantime, he noted that in certain stronger sub-markets in the region, such as Santa Monica, it is still possible to continue to build mixed-income housing by leveraging the higher rents from market-rate units.

Ann Sewill, Vice President for Housing and Economic Development at the California Community Foundation, drew upon her broad range of experience in national, state, and local government, as a developer, and working for Enterprise Community Partners, one of the largest nonprofit financial intermediaries in the nation, to offer insight on the topic at hand. She provided a general framework for approaching the affordable housing crisis in the United States, cautioning the newer practitioners in the room to avoid far-fetched ideas in place of the actual “three ways to skin a cat”: 1) building more housing more cheaply, 2) providing short-term subsidies, 3) and providing long-term subsidies. Her remarks focused on the latter two categories. Since 2000, she noted, Los Angeles has suffered a devastating 72 percent cut in governmental subsidies for affordable housing. Given this fact, she emphasized the importance of tax benefits, like the low-income housing tax credit (LIHTC) program, which are easier to deliver on since, among other reasons, they

do not require annual appropriations. However, given the high land costs in Los Angeles, she argued that the LIHTC program alone is insufficient without accompanying subsidies. In light of this reality, Ms. Sewill noted the need for a permanent federal subsidy source. She also highlighted recent promising developments, including state legislation that will direct new cap and trade funds into affordable housing. She further encouraged experimentation with emerging ideas like channeling funds earmarked for medical purposes to affordable housing given the associated improved health outcomes, as well as social impact bonds, which provide government incentives for the development of private sector solutions to social problems, but only where such solutions provide measurable positive results. Ultimately, Ms. Sewill stated that “we have got to stop spending money on the wrong things,” urging that if we spent more on decent, affordable housing, we likely would need to spend less in other budget categories, like crime fighting.

Joan Ling, Urban Planning lecturer at the UCLA Luskin School of Public Affairs, and former long-time Executive Director of the Community Corporation of Santa Monica (CCSM), one of the premiere nonprofit affordable housing developers in Southern California, rounded out the panel as the final speaker. She focused on the first item in the framework that Ms. Sewill had set forth—specifically, the issue of how to build more housing more cheaply without additional subsidy. She suggested a number of land use solutions that could help ease the affordable housing crunch in Los Angeles, including selectively increasing allowable density around transit areas in exchange for additional affordable housing units, implementing a statewide inclusionary zoning fix to the *Palmer* decision, which many cities have interpreted to cast doubt on the legality of inclusionary zoning, easing parking and set-aside requirements to allow for more “backyard homes,” and focusing on the preservation of public housing and naturally affordable housing. “The future is for us to make,” she proclaimed. “And there are a number of things that we can do locally to greet the future.”

Toward an Agenda Moving Forward

If the goal of the summit was to build an agenda for potential future research, education, and policy initiatives for the Ziman Center and the Levine Program focused on addressing the affordable housing crisis in Los Angeles, then the event was by all measures a success. Key areas of consideration to emerge from the summit included the following concepts at the local, state, and federal levels:

Local:

- Creation of a permanent city affordable housing subsidy source
- Dedication of a portion of county tax increment financing (“boomerang funds”) to affordable housing
- Revision of the city zoning code and/or density bonus ordinance to allow for greater density around transit in exchange for the provision of additional affordable units
- Easing of parking and set-aside requirements to enable more legal backyard homes
- Improvement and conversion of unlawful but affordable housing units to bring them into compliance with local housing codes
- Collaboration with the business community through greater outreach efforts to garner support for affordable housing through educational efforts drawing the connection between affordable housing and a robust and stable employee base

State:

- Passage of a state legislative fix to the *Palmer* decision, and implementation of targeted and tailored inclusionary zoning ordinances
- Amendment of the California Environmental Quality Act (CEQA) to reduce certain costly litigation
- Experimentation with social impact bonds and health funds as a source of affordable housing financing (also relevant at local or federal levels)
- Development and implementation of initiatives that focus on the preservation of subsidized (especially public housing) and unsubsidized housing stocks (also relevant at the local or federal levels)

Federal:

- Maintenance and strengthening of the federal low-income housing tax credit program in the face of threats from broad tax reform initiatives
- Lifting of sequestration on social spending programs in coordination with lifting sequestration on defense spending
- Researching increased opportunities for “affordability by design” and reducing the cost of building
- Promoting funding of the National Affordable Housing Trust Fund from sources other than Fannie Mae and Freddie Mac

—

Brandon Weiss is a law fellow at UCLA, where he engages in teaching and research on affordable housing policy. He previously practiced law at Bocarsly Emden Cowan Esmail & Arndt LLP, specializing in affordable housing transactions, and at Public Counsel, as a Skadden Fellow working to preserve the affordability of subsidized housing in Los Angeles. Weiss earned a J.D. and M.P.P. from Harvard University and a B.S. from Stanford University.

UCLA ZIMAN

CENTER *for* REAL ESTATE