

L.A. mayor pushes affordable housing plan

Proposal to make developers include units for the poor and middle class gets mixed reviews.

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Mayor Antonio Villaraigosa called Wednesday for a law that would require new housing developments in Los Angeles to include units affordable to the poor and middle-class -- an idea floated unsuccessfully by city officials two years ago amid opposition from developers and neighborhood groups.

Villaraigosa said the proposal was necessary to address a housing crisis that has made it difficult for even middle-income families to afford a home, chipping away at the very workforce that stabilizes the local economy.

Housing created by such laws is usually targeted at individuals or families who make below-average salaries. The average household income in Los Angeles is about \$44,000, while the median price of a home is more than \$400,000 and average rents are more than \$1,500 in many places, according to city officials.

Acknowledging that his plan could scare off some developers, Villaraigosa said he would try to help projects stay cost-effective by offering incentives, such as giving builders the right to construct more units or to set aside less space for parking. Villaraigosa's aides said they were still debating whether the plan would apply citywide or just along mass transit corridors.

"I believe it is time to have a grown-up conversation about the gravity of the crisis of affordable housing in Los Angeles," Villaraigosa told a gathering of developers and business executives at a UCLA housing summit sponsored by the Los Angeles Business Council. "Only with shared responsibility can we address this situation."

Such a stance is likely to play well with Villaraigosa's political base. The labor unions that form his most solid block of support are filled with rank-and-file members who are teachers, police officers, nurses, secretaries and blue-collar workers who are usually paid

much less than other professionals.

Developers gave Villaraigosa's plan mixed reviews. Some predicted it would stifle development in a city where the high cost of land and a cumbersome planning and permitting process already make it difficult to build affordable units at a profit. One industry representative urged the mayor to pursue a voluntary affordable housing program, enticing developers with incentives.

"I think it's a flawed policy," said Holly Schroeder, chief executive of the Building Industry Assn. of Los Angeles and Ventura counties. "It puts the responsibility and the burden on the shoulders of developers when what we're talking about is a broader societal issue.

"The last thing we should do is take actions that will further suppress the housing market," she added.

In San Diego, the local Building Industry Assn. sued the city over its affordable housing ordinance and succeeded in having it scaled back.

But some developers at the UCLA housing summit spoke favorably of Villaraigosa's plans. The mayor received unexpected applause after he announced his intentions, saying he had fully anticipated the audience to boo.

"It's time," said Greg Vilkin, president of MacFarlane Partners, a prominent development firm that helped organize the summit. "We have to put the public's good in front of everyone's gain. It's time for everybody to take a little pain."

If such a law were passed, Los Angeles would join at least 170 cities in California -- including San Francisco -- that have adopted similar measures. They typically require developers to set aside 5% to 15% of the units for rent or sale at affordable prices.

Most cities allow developers to pay a fee instead of constructing the required cheaper units, with the money typically going to other kinds of affordable housing programs, and Los Angeles officials say they also are considering that option.

The idea of requiring lower-cost housing has been raised in the recent past in Los Angeles, only to meet heavy resistance. Developers don't like giving up high-end sales, and wealthy residents don't want people of marginal means living next door.

Carol Schatz, head of the Central City Assn., said she was not swayed by the mayor. She predicted that to get such an ordinance passed, the city would have to allow developers to build more units, potentially creating more traffic.

"Here's the question I pose to the mayor and the council," Schatz said. "Are they prepared to force the density issue on neighborhoods outside of downtown to allow for more affordable housing?"

Proponents have long argued that such laws have a dual benefit: placing affordable housing close to jobs, while reducing traffic.

"The market clearly can't deliver for people who are working and living in the community now -- we're getting \$500,000 condos that many people can't afford," said Beth Steckler, policy director of Livable Places, a nonprofit that builds affordable housing.

In Los Angeles last year, developers produced about 14,000 new units, with 12,000 going to households with annual incomes of \$135,000 or more, officials said.

Council members Eric Garcetti and Ed Reyes floated affordable housing proposals in 2004 and 2005. On both occasions, the plans were dropped because of opposition from developers and communities.

Reyes said Wednesday he was surprised by the mayor's announcement. "I did not see it coming, but I'm glad it's coming," he said.

The councilman said, however, he believed the surest way to get the ordinance passed would be to implement it slowly across the city. Previously, he said that the law needed to be in effect citywide to get housing in more affluent areas.

The affordable housing plan was part of a broader agenda outlined by Villaraigosa on Wednesday. He called for streamlining the permit process and for adding \$100 million to an affordable housing trust fund for the third year in a row. He also set a goal of building 10,000 affordable units by 2012 and said he would launch an initiative to spur development that teachers could afford.

He had been expected to call for "linkage fees" that developers would pay to provide a permanent source of money for lower-cost housing, an idea his office is still studying.

The mayor said he decided that he wanted to take a bolder stand. He acted similarly shortly after taking office when at the same UCLA housing summit in 2005 he suddenly proposed a \$1-billion affordable housing bond that lost at the polls the next year. Many of the bond's backers on the council privately grumbled that he had not campaigned for it hard enough.

Any housing ordinance would need to be approved by the council. That, too, may prove difficult, since the real estate industry is among the largest contributors to council members' campaign and officeholder funds.