

HOUSING

MOTION

For many years, Los Angeles has had one of the least affordable housing markets in the nation, and the COVID-19 health and economic crisis has exacerbated that affordability crisis. More working families than ever are struggling to afford their rent, and many families fear the economic uncertainty laid bare by this crisis. A grossly unaffordable housing market, especially for moderate income workers, is likely to be a significant constraint on our economic recovery.

According to a February 2020 report by the Los Angeles Economic Development Corporation (LAEDC), California's median home price in 2018 was 7.3 times its median household income. By contrast, the median home price throughout the United States was 3.7 times the median household income. This disparity is likely even greater in Los Angeles than in the state as a whole. The LAEDC report observed that "the fact that the median Californian household must pay more than seven times its income to afford a home should be grounds for grave concern regarding sustainable economic growth," and it described housing affordability as "the largest barrier to economic growth" in the Los Angeles region.

For Los Angeles employers, this lack of affordable workforce housing hurts their ability to attract and retain talent, and negatively impacts the region's competitiveness. Housing costs are frequently cited as one of the most important reasons employers make a decision to locate or expand job-creating facilities elsewhere.

The lack of middle-income housing affordability in the city also pushes the workforce to live in more affordable areas distant from their jobs, dramatically increasing commute times and suburban sprawl. Longer commutes leave workers with less time to invest in learning new skills that could lead to higher pay. Workers who spend heavily on gas and transportation costs have less to spend on their families, and therefore create less of an economic stimulus. Long commutes damage regional air quality, worsen mental and physical health, and make workers less satisfied and less productive.

Unfortunately, there is no dedicated source of funding to expand housing opportunities for vulnerable middle-income working families -- those earning between 60 and 120% of area median income (AMI). Many working families at this income level do not qualify for affordable housing programs under City and State programs, despite being extremely rent-burdened by Los Angeles' high market-rate rents.

One impactful and eligible tool that the City has used in the past is a public-private partnership called the New Generation Fund, which currently has roughly \$70 million for acquisition and pre-development financing of affordable housing projects in Los Angeles. Given our city's high development and acquisition costs, this amount does not meet the City's unprecedented housing shortage, including for workforce housing.

There is an opportunity to engage private and philanthropic sources of capital to preserve and acquire workforce housing that will benefit working families and stimulate regional economic growth and jobs creation. The City should consider partnerships with businesses, foundations, and investors to deploy pooled resources for stabilizing housing affordability through both preservation and acquisition.

I THEREFORE MOVE that the City Council INSTRUCT the Housing and Community Investment Department and the Chief Legislative Analyst to report with recommendations on the creation of and resources needed to effectuate a revolving loan fund, empowered to receive contributions from institutional investors, philanthropic organizations, and private companies, that will support increasing the stock of workforce housing in the city. The fund should prioritize preservation and rehabilitation of existing housing and acquisition of units or buildings in danger of foreclosure, for the purpose of providing housing for families that earn between 60% and 120% of area median income, protected through regulatory covenants.

Presented by: Paul Krekorian
PAUL KREKORIAN
Councilmember, 2nd District

Mark Ridley-Thomas
MARK RIDLEY-THOMAS (verbal)
Councilmember, 10th District

Seconded by: Nithya Raman
NITHYA RAMAN (verbal)
Councilmember, 4th District