

**“BUILD IT – WE ARE ALREADY HERE”
A BUSINESS AND DEVELOPMENT
POSITION PAPER ON HOUSING**

THE CENTRAL CITY ASSOCIATION

THE BUILDING INDUSTRY ASSOCIATION

**VALLEY INDUSTRY AND COMMERCE ASSOCIATION
(VICA)**

LOS ANGELES AREA CHAMBER OF COMMERCE

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EXECUTIVE SUMMARY

The purpose of this paper is to outline the business and development community's strategies to solve the affordable housing crisis at all levels: affordable housing, workforce housing and homeownership.

Our goal is to enhance a development environment that will both accomplish the goal of building the 60,000 housing units that the Southern California Association of Governments (SCAG) have identified as the need for Los Angeles in the next five years, encourage and save the dwindling middle class in Los Angeles, and preserve our job base as we head into recession.

Our guiding principles are:

- ❖ Address the affordable housing crisis as a vital component of an overall development crisis in the City of Los Angeles. The City must overhaul its development processes and exactions to eliminate the financially burdensome and politically risky process currently in place.
- ❖ An affordable housing solution must begin with the Mayoral appointment of a Deputy Mayor of Housing and extend to our entire state and federal legislative delegation. Los Angeles must lobby aggressively to maximize its share of state and federal housing funds, and work to package the applications for tax credits and other funding to ensure their success.
- ❖ While a Housing Trust Fund is needed, inclusionary zoning, in-lieu fees, and a Commercial Linkage Fee result in taxes on development, rather than promotion of it. If development does not occur, a Housing Trust Fund based on these sources dries up. In this paper, we propose funding sources that provide a long-term funding stream, and allow development to occur.
- ❖ "Workforce Housing" – which we define as 80% of median income to 120% of median income and above – constitutes over half of the housing recommended by SCAG, and will address the needs of the very workers that constitute the middle class. Of those 30,000 units needed to serve workforce housing, two thirds of those units, or over 20,000, are needed to serve 120% of median income or above!

Teachers, police officers, firefighters, and nurses are essential to our community, but are being pushed out of Los Angeles by high home prices. Los Angeles cannot allow our middle class to disappear if we want to be the Capital City of the 21st Century.

- ❖ The City of Los Angeles must understand the value of real development incentives. A density bonus that developers cannot ultimately use due to neighborhood pressure is useless. But the incentives of "real time" subsidies, fee deferments, and a "by right" development process are both useful and encourage development on the scale that will address our housing crisis.
- ❖ The City of Los Angeles must decide what kind of development it wants, and then provide real incentives to encourage it. If mixed-use, mixed income projects are the ideal, then encourage that both financially and with political backing. This is especially crucial with the advent of neighborhood councils.

Our goal is to improve the development system in Los Angeles to a place where 60,000 units are achievable, rather than impossible. We look forward to working with you.

I. LOS ANGELES WILL BE THE CAPITOL CITY OF THE 21ST CENTURY IF WE SOLVE OUR HOUSING CRISIS

Our coalition members are affordable housing and market rate developers, commercial developers, banks, and employers, who are all touched by the affordable housing crisis. In fact, many of our members have already contributed millions of dollars toward alleviating our tremendous affordable housing crisis.

The experience of our combined membership, however, demands a solution to the affordable housing crisis that is incentive-based, and will ensure that our economy does not experience the same recession that we experienced in the 1990's - from which parts of the City are just barely emerging.

In March 2000, *In Short Supply*, a report of the Housing Crisis Task Force, outlined the dramatic statistics of housing need in the City of Los Angeles. While the business and development community agrees that the housing shortage has reached crisis proportions in both affordability and quality, we are distressed that many of the solutions are merely additional exactions on the business and development community.

In February 2001, CCA led a group of businesspeople, developers, affordable housing advocates, and government officials to join together for the **Building Together: Los Angeles Housing Business Summit**, to discuss ways in which we all could be part of the solution. This crisis requires both a development and a financial solution implemented through an incentive-based strategy.

The business community is committed to help solve the housing crisis at all levels: affordable housing, workforce housing, and homeownership. This paper outlines our collective recognition of the housing crisis, and the role that we all play in creating the social and development imperative to ameliorate it. We look forward to working with the City elected officials and departments in solving this crisis.

II. THE MAGNITUDE OF THE HOUSING CRISIS

The housing crisis affects all Angelenos at all levels. Therefore, we need to create solutions that are comprehensive, and supported at all levels, from neighborhoods on up to our federal government. Here are a few facts and estimates of the crisis:

- ❖ According to SCAG's Regional Housing Needs Assessment (RHINA) data for years 1998 to 2005, Los Angeles must plan to build the following number of units to address our housing shortage.¹ (Note: For 2001, 100% of Median Income for a family of four is \$54,500.)³

Income Level (% of Median Income)	Very Low < 50%	Low 50% to 80%	↓ "Workforce Housing" ↓	
			Moderate 80% to 120%	Above-Moderate 120% <
Number of Units by 2005	17,990	10,416	11,314	20,560

- ❖ Between July 1998 and June 1999, there was a net production of only 1,840 units in Los Angeles, while the city grew by 65,000 people.
- ❖ Southern California presently needs 131,000 new housing units to be built each year to meet demand. In 1998, only 43,000 new housing units were built in Southern California, or 33% of the need.⁴
- ❖ Almost three out of every five households in the City rents. The City of Los Angeles has one of the lowest homeownership rates in the country – 39% – the national average is 67%.⁵
- ❖ In 2001, a moderately priced two bedroom apartment was priced at \$1,026 in Los Angeles County, and would require \$19.73 in hourly wages, according to the National Low Income Housing Coalition.⁶
- ❖ Almost three quarters of the families with annual incomes below \$26,000 (or 120,000 Los Angeles families) spend more than half their income on rent and utilities. The federal and state affordability standard is that not more than 30% of income should be spent for rent and utilities.⁷
- ❖ There are also nearly 150,000 substandard apartments in LA, and almost 100,000 garage units.
- ❖ Homelessness continues to grow and be concentrated in Downtown Los Angeles through lack of a comprehensive solution.

These statistics demonstrate that the housing crisis must be seen as everyone's concern and, as such, a top priority for decision makers at all levels of government.

¹ Southern California Association of Governments (SCAG), Regional Housing Needs Assessment, June 2000

³ HUD Notice PDR-2001-03. Effective April 6, 2001, Maximum Income Levels, California Tax Credit Allocation Committee.

⁴ Southern California Association of Governments

⁵ Housing Price Data, California Association of Realtors

⁶ National Low Income Housing Coalition, as quoted in "Housing Less Affordable as Rent-Wage Gap Widens" *Los Angeles Times*. October 3, 2001, p.C1.

⁷ Southern California Association of Non-Profit Housing, July 2000

III. THE DISAPPEARING MIDDLE CLASS -- THE NEED FOR "WORKFORCE HOUSING"

The Center for Housing Policy recently completed two studies entitled *Housing America's Working Families and Paycheck to Paycheck: Working Families and the Cost of Housing in America*. These studies point to the critical housing need of families earning from minimum wage to those earning 120% of median income.

Housing America's Working Families concluded that, nationally, "more than 220,000 teachers, police and public safety officers spend more than half of their income on housing [defined as having critical housing needs], and this problem is getting worse... the incidence of teachers and public safety officers spending more than half of their income on housing doubled between 1993 and 1996, from 6.8% to 14.6%."⁸

For 2001, HUD's Maximum Income Levels for Los Angeles County are:⁹

Size of Household	2 Persons	3 Persons	4 Persons
80% of Median Income	\$34,880	\$39,280	\$43,600
120% of Median Income	\$52,320	\$58,920	\$65,400

The starting salary for a Los Angeles Firefighter is \$39,171, which increases upon graduation from Academy training. Workforce housing is important for the Fire Department, as Firefighters are required to live in Los Angeles. The starting salary for an LAPD officer is \$44,537. An LAPD Sergeant earns between \$70,386 and \$82,851. The starting salary for a teacher at LAUSD is \$39,974. A teacher with six years of experience and 98 units of graduate school earns \$55,121; that same teacher could earn \$64,739 after 14 years. The national average income for a registered nurse is \$41,000.

Though all of these jobs pay between 80% and 120% of median income, housing is difficult to find. While programs exist that allow teachers and safety officers to purchase homes at reduced rates, those homes must meet sale price guidelines that make suitable available homes a rarity.

Paycheck to Paycheck found that in a study of working families with critical housing needs (paying over 50% of income for housing), between 1997 and 1999, the number of families between 80% and 120% of median income with critical housing needs rose 77%!¹⁰

In 1999, the median sales price home for the Los Angeles - Long Beach Metro Area was \$190,000, and the income needed to purchase the home was \$62,443.¹¹

Though some perceive that the lower income groups should be the sole focus of the Trust Fund, the needs of families in the 80% to 120% median income level and above can be met with fewer subsidies and program requirements than those available for lower incomes. Any affordable housing solution should not leave these income groups behind. The City of Los Angeles must devote policy to ensuring that these teachers, nurses, and public safety officers, who constitute the backbone of our society, can afford to live and thrive in Los Angeles.

⁸ *Housing America's Working Families*, The Center for Housing Policy, June 2000, p.18

⁹ HUD Notice PDR-2001-03. Effective April 6, 2001, Maximum Income Levels, California Tax Credit Allocation Committee.

¹⁰ *Paycheck to Paycheck: Working Families and the Cost of Housing in America*, June 2001, p.9

¹¹ *Ibid*, p.28.

IV. THE SOLUTION SHOULD BE INCENTIVE-BASED

Funding sources for the Housing Crisis should not violate the premise that developers must be incentivized, rather than having our current development process deter developers who help solve this crisis by bringing private capital for residential development into the City. While we welcome and support streamlining and facilitating the development permitting process, enactment of these improvements should not be offered in-lieu of critical and necessary financial incentives.

- ❖ The City of Los Angeles must increase its own General Fund contributions to the AHTF similar to other major cities. In fact, between 1986 and 1996, New York City spent \$4.2 billion in mostly city funds to construct or rehabilitate over 140,000 housing units, more than all other major cities in the United States combined.¹²
- ❖ We support “Incentive-Based Mixed-Income Housing” citywide, which would incentivize developers to allocate a percentage of residentially developed units to affordable housing either in each project or within some acceptable radius of each project, by providing “real-time” subsidies to build those affordable units. A task force should be created to develop specific financial subsidies, density and parking bonuses as offsets for the additional costs to develop affordable housing. Advantages are:
 - Affordable Housing is not concentrated entirely in a few areas of Los Angeles, but rather included in all new developments citywide.
 - Subsidies and offsetting planning incentives will allow “real time” financing for the entire project, allowing bank loans and other private financing to proceed
 - It is in keeping with CCA’s Downtown Rebound Program, which provides \$55,000 a unit for 60% of median income and \$35,000 for 150% of median income or below, and requires that at least 20% of the project be allocated for affordable units.
- ❖ We do not support “Inclusionary Zoning,” which mandates developers to provide affordable units with no financial subsidy, as it has significant drawbacks and obstacles for the development community if not offset with incentives, subsidies, and flexibility in application and in-lieu fees.
 - Without subsidies or development incentives to offset the costs of providing affordable housing, “inclusionary zoning” is merely a tax on market rate units.
 - Since 33% of the units referred to in SCAG’s RHNA data are needed to address the needs of renters and owners above 120% of median income, the City should discourage disincentives to the building of these units, such as exactions on market rate developers. In fact, the Affordable Housing Trust Fund might be some of the only subsidy funds available for this purpose.
 - “Inclusionary Zoning” does not take into account the additional costs to developers for adaptive reuse, slum housing rehabilitation, or toxic remediation present in most of the future residential and commercial sites available for housing development.
- ❖ We do not support linkage fees, and they should be considered only as funding of last resort, as they are an impediment to commercial development and job creation without any direct offsetting benefits. The City’s Commercial Linkage Fee Nexus Study is due to be completed in March 2002, and we seek to be part of the analysis after the nexus study is completed. However, our initial recommendations are that, if these fees are to be considered at all, linkage fees should not be imposed in CRA areas. If imposed, they should be payable over a number of years with first payment due at Certificate of Occupancy, and should be waived for commercial development within “Incentive-Based Mixed Income Housing” projects.

¹² Van Ryzin, Gregg G. and Andrew Genn. (1999) Neighborhood Change and the City of New York’s Ten-Year Housing Plan.” *Housing Policy Debate* 10, no. 4: 799-838, as quoted in *In Short Supply*, Los Angeles Housing Crisis Task Force Report, page 15.

V. THE SOLUTION SHOULD INCLUDE DEVELOPMENT INCENTIVES

Though it seems intuitive, the City should embrace the idea that a development solution requires the participation and incentivization of the development community. The following are some suggestions of how this can be done:

- ❖ Our general goals are as follows:
 - Reduce uncertainty and risk for all housing development
 - Reduce regulatory costs of housing development
 - Provide an adequate supply of developable land for housing through additional zoning
 - Treat housing as vital infrastructure
 - Streamline and expedite the bureaucratic process for all housing development

- ❖ Devote resources to and expedite the land use incentives proposed by the City Planning Commission, and approved by City Council. Quantify the dollar value ascribed to these incentives as a City contribution to the affordable housing crisis. Some land use items are:
 - Grandfathering in existing land use entitlements for affordable housing reconstruction;
 - Providing building envelope flexibility, and allowing lot size reduction,
 - Providing height bonuses as well as density bonuses,
 - Reducing parking requirements near transit, and
 - Facilitating mixed use and adaptive reuse development
 - Legalize Bootleg "Accessory" Units, and Permit New Ones
 - Reduce Discretionary Review for Conforming Proposals

- ❖ Expedite Processing for Housing Development
 - Make Planning, Zoning and Building Regulations Accessible
 - Simplify Processing with Single Point of Contact (Case Manager)
 - Give Affordable Housing Projects Priority
 - "Customer Service" approach in all related permitting agencies
 - Subsidize or Waive Public Agency Fees and Exactions
 - Increase Density for Affordable Housing Projects as well as market rate projects
 - Allow for height bonuses for multi-family or mixed use projects

- ❖ Create "Housing Opportunity Zones"
 - Create a Master EIR for the entire area, to eliminate requirements for each project
 - Subsequent Development is then "by right"
 - Up-zone land within Opportunity zone area
 - Many fees should be waived or reduced
 - Permitting should be expedited
 - Consider a Master Relocation Process for temporary relocation due to substantial structural rehabilitation

V. THE SOLUTION SHOULD INCLUDE DEVELOPMENT INCENTIVES, CONTINUED

- ❖ The City of Los Angeles must increase its housing finance, permit processing and inspection staff to facilitate the permitting and development processes, so that widespread development can occur in a timely manner.
- ❖ Streamline the bureaucratic process and reduce regulatory costs of development. Encourage all remaining regulatory costs to be imposed at Certificate of Occupancy, rather than Building Permit stage.
- ❖ Broaden applicable areas for development citywide, not just for “communities that want it”
- ❖ Ensure that the City’s approach to housing development is comprehensive rather than piecemeal, and that if exactions are placed upon the business and development community, they are balanced with development incentives and access to subsidies on a “real time” basis.
- ❖ Ensure that the public sector and banking sector adjust their lending schedules to meet the timeframes of market rate developers.
- ❖ Ensure leadership from the city and state to use eminent domain to eradicate slums and increase economies of scale with housing developments.
- ❖ Expedite processing for affordable housing development and create a “customer service” approach with permitting agencies.
- ❖ Parking and tax incentives should be provided to commercial developers who add residential units on top of commercial uses, or to business owners who choose to locate in residential projects.

VI. THE SOLUTION REQUIRES A MANY-PRONGED ATTACK

While housing everyone in need may be a difficult goal to accomplish, it is imperative that we seek short and long term solutions. Working to solve the housing crisis has many positive results: reduction in commutes to work, increase in business and employment recruiting, increase in property tax payments, and reduction in property inspections and police costs. These positive aspects can repay the investment that the private sector, the federal government, the State of California, and the City of Los Angeles must make. Additionally, the improvement in quality of life for all citizens of Los Angeles is financially immeasurable. Our recommendations are to:

- ❖ Create a Deputy Mayor for Housing and a corresponding permit expediting team for residential and commercial developments that have an affordable housing component. The Deputy Mayor should coordinate with the General Managers of the Los Angeles Housing Department, Community Redevelopment Agency (CRA), Community Development Department (CDD) and Planning Department.
- ❖ The Deputy Mayor should be the key point person for housing entitlement reform and simplification. This Deputy Mayor should also be a liaison with the Deputy Mayor of Economic Development to encourage neighborhood business locations near or within these sites.
- ❖ Focus on the diversity of populations requiring a housing solution: middle class families seeking homes, above-moderate income renters (1/3 of the need, according to SCAG), low and moderate income renters (2/3 of the need), and the homeless. Each population requires a different strategy, different levels of subsidy, and potentially different land uses and services. Development strategies need to be formulated for each group, by task forces that represent all facets of our City.
- ❖ The State of California should have a similar sense of urgency about solving Los Angeles' housing shortage. Los Angeles is the largest city in the State and the second largest city in the nation, and therefore, one of the largest taxpaying populations.
- ❖ The City of Los Angeles needs to exercise its power to have State tax credits, Downtown Rebound, and other funds dedicated to Los Angeles based on our proportion of the statewide need and our growing population for the next 10 years.
- ❖ Ensure that our increase in population is reflected in the increase of State and Federal funding, such as CDBG. Mayor Hahn, as City Attorney, was extremely effective in encouraging an accurate census count. We need an accurate funding stream to reflect this population increase, especially in terms of the increase in homelessness that Los Angeles is experiencing.
- ❖ Similar to the LAUSD school facility crisis, in which new and rehabilitated facilities are needed on an immediate and citywide level, the City of Los Angeles needs to focus on seeking sites for new and rehabilitated units, with the help of the State of California.
- ❖ The Los Angeles Housing Department, the Mayor and the City Council must be committed to a citywide program of purchasing sites for development and slum housing properties for rehabilitation, funded, as was done for LAUSD, through a bond measure and additional state financing.

VI. THE SOLUTION REQUIRES A MANY-PRONGED ATTACK, CONTINUED

- ❖ Due to this crisis, residential developers should be assisted by the City of Los Angeles in both purchase and negotiation with surrounding neighborhoods, rather than allowing projects to be negotiated only through the developer themselves. Since we are experiencing an affordable housing crisis, reductions or vetoes of projects should be rare. Meet the rules, get your permit!
- ❖ Endorse a comprehensive strategy to eradicate slum housing. This solution will require dedicated, financial, legal, development and civic experts, but is crucial to eradicating the most egregious and unconscionable aspect of decades of under-investment in housing.
- ❖ The middle class is not the enemy – displacement is. We need to create strategies that include moderate and above-moderate units while ensuring that lower income renters can be a productive part of these communities. Mixed income developments that partner market rate units with below market are ideal, and 100% affordable projects should be in conjunction with market rate blocks. We will never create a comprehensive solution by over-concentrating the poor in a few areas of the City.
- ❖ Advocate for additional Downtown Rebound funds to stimulate affordable housing in adaptive reuse projects.
- ❖ Seek strategies to rebuild and rehabilitate commercial strip malls to include housing developments.

VII. OPTIONS FOR \$100 MILLION TRUST FUND.

The Trust Fund proposal by Housing LA consisted of: Inclusionary Zoning and In-Lieu fees; Commercial Linkage Fees; reprogramming of \$40M of the Transient Occupancy Tax (TOT) from the General Fund; and indexing property tax funds. Of the \$100M in Trust Fund sources, \$56 M would come from the General Fund, and the other \$44M from taxes on new commercial and housing projects.

Conversely, our recommendations focus on spreading the contributions to the Trust Fund away from existing General Fund uses and toward funds that only increase with the health of the development and business climate. In addition, a bond measure on slum housing could be considered, (although the 2/3 vote would be difficult to achieve) as well as a Genesis LA-type private investment fund for housing development could help generate an initial funding pool.

Potential Funding Sources	Estimated amount to be generated from Source	New or existing General Fund (GF) \$
1A. 25% of Business License Tax funds from Amnesty 2001	\$5 M/year (at anticipated \$20 M total receipts)	New to General Fund. Already adopted by City Council ordinance.
1B. 25% of new Business License Tax revenue post AB 63	\$10M/year (based on \$66M total projected revenue)	New to General Fund. Once AB 63 passes, amend existing ordinance (above)
2. Revenue from Closure of Central Business District CRA Project Area	\$15M/year	New to General Fund, but budgeted in 2001-2002 budget. Pacheco motion has already proposed this allocation.
3A. 40% of future property tax increment citywide. Index current property tax revenues	\$11- 16M/year	New to General Fund monies. Recommended also by Housing Crisis Task Force
3B. AB 1284 (Lowenthal), creates Housing Opportunity Districts (HOD's) which dedicate 100% of property tax increment to housing	Unknown. Additional to revenues in 3A. City should study for areas of greatest return if AB1284 passes.	New to General Fund, as dedicated future property tax. This bill is now a two-year bill in the state legislature.
4. Dedicate future CRA Bunker Hill revenues to housing citywide	\$5 M/year	New to General Fund.
5A. CRA dedicate more than 20% of tax increment to housing. The revenue estimates do not include the CBD revenues if new area.	\$7M/year. This only counts the difference between 20% and 30%, as 20% is considered "old money" \$21M/year if all 30% of tax increment is counted towards AHTF	New to General Fund. Requires approval of each project area.
5B. Apply 5A to CBD CRA area.	Unknown. Will be considered all new money, since new CRA area.	New to General Fund.
6A. Dedicate 40% Documentary Transfer (DT) tax (0.45% sales tax on real estate transactions)	\$32 M/yr	Diversion from existing General Fund.
6B. Index the Documentary Transfer tax revenues, and 100% of additional tax funds go to HTF	\$4 M for each 5% increase in revenues (likely, based on surge in development)	New to General Fund
6C. Increase DT Tax to .5%	\$9M	New to General Fund. Ballot measure may be required.
7. Program income from housing loan paybacks	\$13 million/year	Redirect from existing CDBG funds. Does not take funds from General Fund
8. Targeted Neigh. Initiative (TNI) funds reprogrammed when TNI areas	Roughly \$10 M / year	Redirect from CDBG funds. Does not take funds from General Fund.
9. Bond for slum housing. Would be used to purchase slum properties and pay for relocation of tenants	\$100 – 200M non-recurring. Program income goes to AHTF.	New to General Fund. Ballot Measure is required.
10. Pooled investment housing fund (Genesis LA model)	Private investment funding	New money. Private Investment contributions with return on investments.

VIII. THE AFFORDABLE HOUSING TRUST FUND MUST BE THOROUGHLY DEFINED

We are committed to a \$100 M Affordable Housing Trust Fund (AHTF). However, very little has been made clear about the nature and function of the Trust Fund itself. We recommend that the City:

- ❖ Consider establishing a separate non-profit that allows charitable contributions to allow land to be donated to the City and funds contributed on a tax-free basis.
- ❖ Ensure that the AHTF is managed by an oversight board of private developers and financial institutions. Allocations from the Trust Fund should be clearly defined in an annual business plan, demonstrating the citywide nature of affordable housing production.
- ❖ Ensure that the AHTF is spent on projects that 1) eliminate slum housing by replacing it with new units; 2) are part of an overall plan that includes neighborhood-serving infrastructure such as parks and schools; 3) do not remove land that can be put to high-paying manufacturing uses.
- ❖ One-third of the AHTF monies should be spent on meeting the needs of workforce housing. One-third of the units that SCAG says must be built are needed to serve 120% of median income and above, while 50% of the units must serve 80% of median income and above.
- ❖ Ensure that CRA funds devoted to the Trust Fund are allowed to operate with the same income targets as set up by state law. These income targets will allow Moderate income units to be built, which will help ensure the economic viability of many mixed income projects, while also focusing on the tremendous need at the very low income sector.
- ❖ Ensure that geographic areas generating Affordable Housing Trust Fund contributions, especially CRA areas, should have first priority if wishing to use those funds in their community.
- ❖ Give priority toward a “real time” subsidy program for those market rate projects that are considering inclusion of affordable housing units. There should be a pot of money earmarked for this purpose, that could be applied or planned for on an annual basis.

IX. BUSINESSES AND NEIGHBORHOODS SHOULD REAP MORE BENEFITS FOR SOLVING THE HOUSING CRISIS

Discussion of financial and development incentives must include rewarding the communities that agree to additional density in their neighborhoods, and rewarding the businesses and neighborhoods, which contribute to the Affordable Housing Trust Fund. For example:

- ❖ Parking meter funds should be prioritized to support mixed-income housing development. Loans repaid should go back into a revolving loan for this purpose.
- ❖ Targeted Neighborhood Initiative (TNI) Funds should be reprogrammed for housing production and surrounding community amenities only.
- ❖ Reprioritize CDBG funds, prioritize Proposition K funds, school funds, and transportation funds to enhance communities that endorse 100 or more affordable units in a year.
- ❖ Tax breaks should be given to businesses that contribute to the Affordable Housing Trust Fund.
- ❖ Employers who contribute to Affordable Housing Trust Fund have projects within a five-mile radius prioritized for their employees, to the extent possible within the law.
- ❖ Child care centers should be fast-tracked in both permitting and financing, to allow for use by both residents of the housing development and the surrounding community.
- ❖ Allow surrounding neighbors to have input on “1% for the Arts” fee, so whole community benefits by being included in some aspect of the project.

X. CONCLUSION

Los Angeles is clearly facing a housing crisis that is costing this city on all levels. Los Angeles businesses have a more difficult time recruiting employees. Slum housing conditions negatively affect public health, safety, and neighborhood pride. Lack of affordable homeownership has effectively pushed our middle class out of the county, which has dire environmental and quality of life repercussions for all of our citizens. And too much of our disposable income is going towards rent and mortgage payments, rather than into our savings accounts.

We urge the City of Los Angeles to focus on these incentive-based recommendations and partner with us to fix a system that is clearly not currently working. The business and development community stand ready to assist Mayor Hahn and the entire city, state, and federal family in its efforts to focus on these critical issues for the benefit of all of the city's residents and employers.