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Monthly condensed analyses of crucial real estate and economic issues offered by the UCLA Anderson Forecast and UCLA Ziman Center for Real Estate. Here, Brandon Weiss, Lowell Milken Institute for Business Law & Policy Fellow at UCLA, gives an overview of solutions to California's affordable housing crisis provided at the recent UCLA Levine Summit on Affordable Housing.

## **Addressing the Crisis: Toward Building an Affordable Housing Agenda**

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. Key stakeholders engaged in a wide-ranging conversation about the current state of affordable housing. Sponsored by the Ziman Center's [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 build a programmatic agenda for future research, education, and policy initiatives of the Ziman Center and the Levine Program.

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. A long-time advocate for stronger statewide and national affordable housing policies, Representative Bass gave an overview of affordability challenges throughout Los Angeles, noting that the county suffers from a nearly half-million-unit shortfall of affordable units. She also spoke to recent positive developments, including a new state 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. Despite the challenges, Representative Bass concluded 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."

**"We know that mixed-income neighborhoods are really what make a vibrant city tick." -- Los Angeles City Councilmember Mitch O' Farrell**

Carrying forward this note of optimism, [Lance Bocarsly](#), founding partner of the law firm Bocarsly, Emden, Cowan, Esmail and Arndt LLP, introduced prominent members of the affordable housing community. He outlined the 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

risen 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.

Los Angeles City Councilmember Mitch O’ Farrell spoke at length about his commitment to affordable housing, dubbing himself an “activist” and detailing his efforts at the city level to create a permanent source of funding for affordable housing, pointing out that Los Angeles is the only high-cost city in the state without such a source. He hoped to have an enacting ordinance passed by next year, and commented, “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, agreed that key initiatives must come at the local level. He further spoke to 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. Mr. Witte emphasized the importance of finding broader consensus, observing, “People in Sacramento will tell you that L.A. speaks to you with five voices.”

Ann Sewill, Vice President for Housing and Economic Development at the California Community Foundation, noted that since 2000, Los Angeles has suffered a devastating 72 percent cut in governmental subsidies for affordable housing. She encouraged experimentation with emerging ideas, such as 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. Ultimately, Ms. Sewill stated, “We have got to stop spending money on the wrong things,” urging that if we spent more on decent, affordable housing, we would need to spend less on, for example, the criminal justice system.

Joan Ling, Urban Planning lecturer at the UCLA Luskin School of Public Affairs, rounded out the panel. She suggested a number of land-use interventions that could help ease L.A.’s affordable housing crunch, including selectively increasing allowable density around transit areas in exchange for additional affordable housing units. “The future is for us to make,” she proclaimed.

If the goal of the summit was to build an agenda for future research, education, and policy initiatives for the Ziman Center and the Levine Program, 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 to garner support for affordable housing through educational efforts drawing the connection between affordable housing and a stable employee base

#### **State:**

- Passage of a 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 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
- Researching increased opportunities for “affordability by design” and reducing the cost of building (also relevant at the local or state levels)
- Promoting funding of the National Affordable Housing Trust Fund from sources other than Fannie Mae and Freddie Mac

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