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# REBUILDING THE DREAM: A New Housing Agenda for Los Angeles

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The Thomas and Dorothy Leavey Center for the Study of Los Angeles was chartered in 1994 to assist students, faculty and the University in becoming agents for change that leads to justice. The Center focuses on undergraduate education and uses Los Angeles as a laboratory for understanding the urban experience.

This executive summary is drawn from a new study, *Rebuilding the Dream: A New Housing Agenda for Los Angeles*, that was developed in consultation with experts from four other Los Angeles universities. The Center would like to thank numerous supporters, most especially the Washington Mutual Foundation, whose generosity makes this and other projects of the Center possible. To receive a copy of the full report, please contact the Center for the Study of Los Angeles, (310) 338-4565.

Greater Los Angeles faces a profound housing crisis that threatens the region's economy, erodes the quality of life, and widens the gulf between rich and poor. Greater Los Angeles has undergone a severe and prolonged decline in housing production at the same time that demand for housing remains robust and housing prices continue to escalate relative to income. These supply-and-demand trends hit lower-income renters and aspiring homeowners the hardest, but the housing crisis touches virtually every Southern Californian — from the employer who must offer higher wages to attract skilled workers, to the couple whose grown children move from the area in order to find affordable housing, to the worker whose long commute takes time away from family activities and community involvement, to mention just a few.

Civic leaders must take action to move the area's long-simmering housing crisis to the front burner of the region's policy agenda. A number of reports and studies produced in recent years document Southern California's untenable housing situation, including those by the Los Angeles Housing Crisis Task Force, UCLA's Anderson School of Management, the Southern California Association of Governments, the National Low Income Housing Coalition, the Center on Budget and Policy Priorities, the Central City Association, and the State of California's Housing and Community Development Department. Drawing on existing studies and prior research, this report examines the causes of the housing crisis and identifies common ground upon which a new pro-housing consensus can be built.

For generations, the Southern California dream meant a single-family home in a suburban subdivision. Today, there are many different Southern California dreams, including a family-friendly apartment, a condominium within walking distance of shops and restaurants, and a single-family home within a short commute to job centers. Southern California needs a housing policy that promotes these diverse but complementary dreams, a policy that encourages housing where we need it and all the kinds of housing we need.

This report, developed in consultation with a panel of experts from area universities, reflects the concerns of a broad spectrum of interests who have sounded the alarm over Southern California's housing crisis. The consensus policy directions that local political leaders must consider include leadership initiatives, planning and regulatory reforms, and housing funding priorities:

## LEADERSHIP INITIATIVES

- *Make Housing Development a Top Priority:* A recent public opinion poll by the Center for the Study of Los Angeles found that the concern about the region's housing crisis is widespread. A whopping 80 percent of respondents from across Southern California said that in their community, it is difficult to find housing that middle-class people can afford. A majority of respondents also doubt that the next generation will be able to afford to purchase a home in their community. Consequently, local and regional leaders who provide leadership on this issue are likely to find support for their efforts. Only by investing political capital and exploring innovative and flexible approaches will we alleviate this crisis.

- *Cities and Counties Should Encourage "Housing Friendly" Policies:* Local jurisdictions must begin to develop, implement, and emphasize positive incentives to encourage developers and lenders to pursue investment opportunities in Southern California's diverse housing market. Local policies should reduce uncertainty and risk for housing development, increase the supply of developable land for housing, and streamline the regulatory process for housing development. Local governments should also sponsor design competitions to encourage models for housing that enhances existing neighborhoods.

- *Consolidate Housing Policy at the Executive Level:* Local governments should integrate authority for housing policy across various departments, including housing, planning, building and safety, economic development, and redevelopment. Department heads should be evaluated regarding their impact on housing. Academics should be engaged to monitor municipal housing policies and to serve as a brain trust.

- *Educate the Public:* A recent opinion poll by the Center for the Study of Los Angeles suggests that Southern Californians may be more receptive to new approaches to residential development if those approaches can be shown to improve rather than detract from the area's quality of life. Political leaders must use their "bully pulpits" to focus the media and the public on the housing crisis and to highlight solutions that would enhance the quality of life, economic well being, and social fabric of the region.

## PLANNING AND REGULATORY REFORMS

- *Create and Implement a "Smart Growth Plan":* The supply of housing must increase. Infill projects that enhance the existing urban fabric should be encouraged. Residential projects on vacant and underutilized parcels should be a priority, as should mixed-use projects that integrate housing into major developments such as schools, transit, and commercial projects. Because infill projects will not on their own meet the tremendous need for new housing in greater Los Angeles, new master-planned communities that are ecologically sound and promote a balance between jobs and housing should be expedited. In the Center's recent public opinion poll, 61 percent said they would be more supportive of projects that incorporate smart growth principles if these projects enabled people to live closer to jobs and services and if this would reduce commute times. Respondents said they would

also be more supportive of these types of developments if they made it possible for the next generation of adults to buy or rent in the area (59 percent), enabled children to attend schools in their neighborhoods (59 percent), or preserved open space and natural habitat (56 percent).

- *Modify Local Zoning Codes:* In a recent survey by the Center for the Study of Los Angeles, most local elected officials reported that their city's housing policy is aimed at maintaining or reducing density. The collective impact of such policies will only exacerbate the region's current housing crisis. Elected officials have the opportunity to get out in front of the parade of Southern Californians who are concerned about housing. More flexible zoning codes are needed to encourage development of housing — particularly mixed-use, multi-family, and affordable housing. Where appropriate, minimum lot size requirements should be reduced to encourage the development of housing for rent and ownership.

- *Legislative Changes in Sacramento:* Our region's leaders should lobby the legislature and governor to modify elements of the California Environmental Quality Act and its regulatory processes that unnecessarily impede responsible housing development. California's statute of limitations for condominium construction defect litigation should be reduced. State officials must implement reforms that will create fiscal incentives for localities to promote the development of new housing. For their part, civic leaders should support state legislation to reward municipalities that encourage new housing and to penalize municipalities failing to comply with the state housing element law and "fair share" requirements.

## FUNDING HOUSING DEVELOPMENT

- *Increase Funding for Affordable Housing:* Local officials should lobby state and federal officials to maximize Southern California's share of state and federal housing funds. City and county governments should also work with lenders and with state and federal officials to create new resources and financing for housing. The emphasis should be funding sources that do not discourage private development. The City of Los Angeles must find a permanent source of funding for its Housing Trust Fund, one that promotes rather than depresses new residential development.

- *Preserve Existing Section 8 Housing Units:* City and county governments should commission a study to identify the federally subsidized rental units at risk of being converted to market rate units. Incentives should be created for landlords to continue operating subsidized housing or to transfer ownership to willing landlords. Local governments should lobby Washington to increase Southern California's allocation of Section 8 subsidies.

Momentum is mounting for a new housing agenda in Southern California, and there is already significant common ground. Buoyed by widespread concern about housing in Greater Los Angeles, the region's civic leaders can join together to chart a new course out of the current housing crisis. The time is ripe to rebuild the Southern California dream.