

## 2007 Policy Forum and California Housing Hall of Fame Luncheon



On the occasion of CHC's 10<sup>th</sup> Anniversary, on May 8, 2007, CHC hosted its annual Policy Forum and California Housing Hall of Fame Awards Ceremony at the LA Central Library in Downtown Los Angeles. The morning forum featured a keynote address by Professor Peter Dreier, Director of the Urban and Environmental Policy Institute at Occidental College. This was followed by two interactive panels followed and featured leaders from the public, private, and non-profit sectors addressing proposed state housing policies around funding to incentivize private investment in housing, land use planning and zoning improvements, and regulatory reform concerning so-called 'reconveyance fees'.

At the subsequent luncheon awards ceremony, the 2007 Housing Hall of Fame inductees included Gov. Schwarzenegger, Senate President Perata, Speaker Nunez, and other esteemed public servants; two leading private for-profit developers; six leading non-profit housing developers; and two community development foundations.

The following summary of the policy forum provides an overview of remarks in the keynote address as well as a sense of the roundtable discussions among the two panels. Bios and contact information for each of the panelists are available upon request. For a summary of CHC's California Housing Hall of Fame and the newly inducted class, please visit our 'virtual hall' on our website at [www.calhsng.org](http://www.calhsng.org).

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### **Keynote Address – Where will our children live: How do we ensure California's Future?**

Peter Dreier, Chair, Urban and Environmental Policy Institute – Occidental College



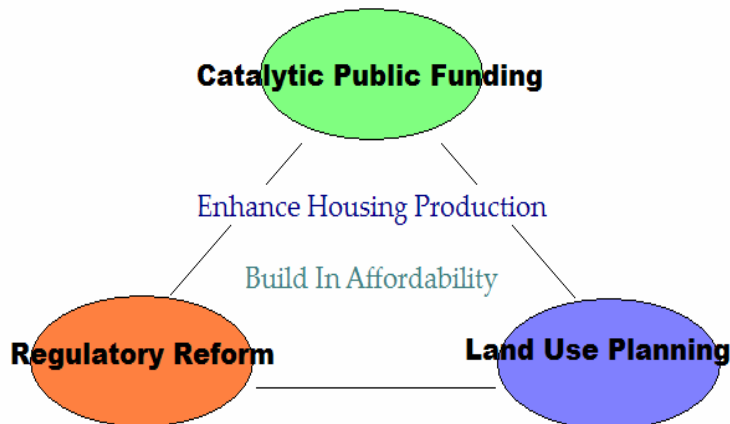
**Professor Dreier** set the tone of the 2007 Policy Forum by describing the unacceptable circumstances of many low-to-moderate income Californians and challenged leaders from across the housing industry to address the enormous need with ingenuity and rigor. He began by laying out the dimensions of California's housing crisis: a) California's homeownership rate is second lowest in the Country (next to Hawaii) and features 9 of the 10 least affordable housing markets; b) the living wage for California renters to afford the typical 2br/2ba apartment at \$22.86 is three times the state's minimum wage and 6 of the 10 least affordable rental markets in the country are in California; and c) currently some 4.5 million Californians are below the poverty line (14% of the state's 37 million people).

The consequences of a broken housing delivery system are bad for the state's business climate, for retailers, for schools, for the environment and for public health. Professor Dreier explored the various tools and subsidies available at various levels of government and stated that the over-arching requirement for success is political will. He outlined a 12-point plan for improvements in public policy across three levels of government thus:

- **Local:** streamline development process; local housing trust funds; permanent source support; preserve affordable rental housing; restrict condo conversions; adopt inclusionary housing ordinances (100 communities across CA now in place);
- **Federal:** permanent housing trust fund in Washington to preserve 1.5 million housing units over a 10-year period; mixed-income housing initiatives (broken down LI, Mod, Mkt one-third each); strengthen banking laws to prohibit red-lining; reform the Earned Income Tax Credit; raise the federal minimum wage from \$5.15/hr to \$9.00/hr; and,
- **State:** establish state housing trust fund (aka 'permanent source') at minimum of \$500MM/year that includes preservation of existing affordable housing; land use reform promoting density and mixed-use development; housing element compliance according to 'fair share' principles; reform Ellis Act; encourage 7.5 million low-income Californians to claim the \$1 billion in federal Earned Income Tax Credit still unclaimed in Washington; form a state Earned Income Tax Credit; and index the state minimum wage to inflation.

*A full transcript of Professor Dreier's remarks is available to download at [www.calhsng.org](http://www.calhsng.org); while his views do not necessarily reflect the positions of CHC, its Board of Directors, or underwriters, with his permission we are making them available at the request of forum attendees.*

**CHC Executive Director Jeff Loustau** convened the forum panels by reviewing CHC's policy focus across three distinct components of the housing delivery system, namely: 1. Catalytic Public Funding -- per CHC's historic role in Prop 46 and PROP 1C general obligation bond efforts (over \$7 billion successfully approved by the voters in past 5 years) and CHC's role in championing the establishment a state housing trust fund (aka 'permanent source') to eliminate dependency on G.O. Bond (ie, state credit card debt); 2. Land Use Improvements -- to address impediments to a smooth housing delivery system across the state/see on-going initiatives to encourage pro-active planning and zoning efforts to meet a steady and predictable housing production demand of 225k units of housing annually; and 3. Regulatory Reform: to address hurdles to enhancing the production and delivery of affordable rental and homeownership opportunities/issues include CEQA reform efforts to ensure environmental safeguards while pre-empting the misuse of regulations to stop any new housing development and thoughtfully address on-going affordable housing needs. He concluded the introductory remarks by reviewing the \$1 billion in PROP 1C housing bond funding currently being programmed to create incentives for infill and transit-oriented development, parks and housing-related infrastructure, and innovative programs such as green building initiatives and funding for local housing trust funds.



**Panel A – How Do We Make the Best Case for a Permanent Source thru PROP 1C Funding Initiatives?**

Lynn Jacobs – Director, CA Dept. of Housing & Community Development  
Carol Galante – BRIDGE Housing Corporation  
Rebecca Clark – National CORE  
Shiloh Ballard – Silicon Valley Leadership Group  
Mary Leslie – LA Business Council

California Department of Housing and Community Development Director (and CHC Board of Director member) **Lynn Jacobs** opened the panel by explaining that under PROP 1C catalytic housing programs 110,000 units of housing are expected to be developed over the next 4 years; 6 NOFA's have been issued by HCD since January and the department will be able to administer the broad array of housing programs for less than a 5% administrative cost. Ms. Jacobs described the administration's proposal for the \$850MM infill development set-aside to be directed for use by cities, counties and special districts; in addition, she listed (3) proposals for the \$100MM innovation fund including construction liability insurance reform, green building programs, and assistance for housing targeted to teachers and school district employees.

**Carol Galante**, President of BRIDGE Housing (and CHC Board of Directors member) urged members of the housing community to reframe the issue as a business issue rather than as a social-justice issue that has been the traditional emphasis. She stated that spurring mixed-income housing across the broad spectrum of need – from very low income households to working families – was essential to making the optimum impact on the state's housing crisis. Ms. Galante concluded by citing global warming as a key issue to incorporate into housing advocacy – last year's AB32 called for cutting greenhouse gases by 25% by 2020 and 80% by 2050. Urging minimum density requirements is crucial as data confirms that detached single-family suburban home uses 60% more energy than that of a multi-family unit.



National CORE Director (and CHC Board of Governor member) **Rebecca Clark** explained that the PROP 1C \$850MM infill development set-aside presents a unique opportunity. Her firm's mixed-income apartments in Rancho Cucamonga has given tenants a chance to advance up the economic ladder and save for homeownership; in addition to the role model factor for residents, the mixed-income scenario has also afforded National CORE an opportunity to earn market rate incomes to help spur additional developments. Ms. Clark also described that the firm's developments include some 23,000sf of retail space with shared-parking arrangements with the residential developments as well as public transit-linkages. Finally, she urged that we engage the broad coalition involved in mixed-use and mixed-income developments to support a permanent source campaign.

**Shiloh Ballard** of the Silicon Valley Leadership Group stated that polling by her organization over the past 15 years suggests that people feel local government is the level best equipped to address housing concerns – issues of supply and demand are best tailored to local circumstances. Accordingly, 35 local housing trust funds such as SVLG have emerged statewide to deal with housing needs from homeless shelters to supportive service rental housing and first-time homebuyer

opportunities. State Senator Dutton's SB586 advocates \$35MM go toward state matching grants for local housing trusts out of the \$100MM PROP 1C housing innovation fund.

Finally, LA Business Council President **Mary Leslie** spoke about the Los Angeles Housing Trust Fund -- \$100MM over 10 years under former Mayor Hahn. In the fall of 2006, the Business Council was a leader in promoting Proposition H, a \$1 billion local trust comprised of 10 years of funding at \$100MM per year. Over \$3MM was raised to promote the measure via a coalition of over 100 non-profit and for-profit entities but in the end, the 63% vote of support fell just short of the 2/3's required to pass this increase in property taxes. Ms. Leslie explained that the clear challenge for future measures is to refine the housing message to San Fernando Valley homeowners. In April, the LA Business Council lead a delegation of 15 business leaders to Washington, D.C. to advocate for housing resources to both attract and retain a qualified workforce.

### **Panel B – Are Land Use Improvements and Regulatory Reforms Necessary to Address California's Housing Crisis?**

Richard Lyon – CA Building Industry Association

Percy Vaz – AMCAL Housing Development Company

Craig Adelman – A.F. Evans Development

Lucy Dunn – Orange County Business Council

Bill Higgins – League of California Cities (*unable to attend; in his place, John Shirey, Director of California Redevelopment Association and CHC Board Member provided on update on eminent domain/government takings initiatives in the legislature*)

CBIA's **Richard Lyon** kicked off the second forum panel by stating that infill development is no longer a niche market but rather is a critical dimension of meeting California's pressing housing needs. CBIA is currently sponsoring SB303, Senator Ducheny's legislation that would compel local government to zone for housing over a 5-year horizon at the time a local housing element is adopted. Mr. Lyon stated it was regrettable that the California League of Cities chose in 2005 to break their partnership with CBIA that had resulted in successful passage of Prop 1A (the property tax stabilization measure) and now is opposed to SB303's 'modest' requirements; nevertheless, recent amendments to the bill and its passage out of two key State Senate committees are promising. Finally, he described CBIA's efforts under Assemblyman Houston's AB1574 to limit the use of transfer fees on home sales to public benefit uses within the area where the fees are imposed.



AMCAL Multi-Housing President **Percy Vaz** presented a case study in how brownfield infill development can present enormous pitfalls for developers that without local political will cannot be overcome. The firm's Avenue 26 development along the Gold Line light rail system in LA's Lincoln Heights neighborhood is today a 534 unit mixed-income community comprised of family and senior rental housing as well as condominiums across a 7-acre parcel that had previously contained an abandoned furniture factory. Where a release from toxic liabilities had been a condition of land sale, the developer had to bear hazardous remediation and lengthy holding costs that fortunately were off-

set in part by the active support of the local councilman who help the project secure entitlements in a record 7-months. Mr. Vaz concluded by describing a protracted planning review process in the firm's East Los Angeles County development that has done more to cultivate opposition to development than embrace smart growth planning principles.

Representing the infill and affordable housing experience of AF Evans Company, Inc., Vice President **Craig Adelman** spoke first to developer concern over regulatory climates in many jurisdictions that mean despite catalytic state funding and even – in some cases – the writing down of land costs, project affordability suffers. He explained that when the firm encounters growth caps as well as opposition to density bonuses and parking allowances, the opportunity for developing quality mixed-income housing is diminished. Mr. Adelman described circumstances where it was not uncommon to find CEQA environmental standards being misused to engender opposition and create an onerous atmosphere for new housing proposals – notwithstanding a professed interest by local government to 'green' building and 'smart growth' principles.



For a business perspective, Orange County Business Council President/CEO **Lucy Dunn** (and CHC Board of Governors member) first relayed that Orange County now features the 5<sup>th</sup> largest population of any county in the nation – and with more jobs in the county, LA has paradoxically become Orange County's biggest suburb. Nevertheless, the cost of housing has effectively squeezed out 15% of the County's 25-35 year olds over the past 5 years, an educated workforce lost to the Inland Empire, Las Vegas, Phoenix, and elsewhere. With 70% support across the County in 2006 for Measure M (a half-cent sales tax measure for transit development), Ms. Dunn expressed hope that good planning and effective public education – along with housing 'report cards' for each of the cities within the County – would make a meaningful impact on spurring more affordable housing development. She concluded her remarks stating that the Disney Corporation was getting a bad rap in Anaheim as a result of the local city council's abrogating their housing responsibilities over the past decade.

Finally, California Redevelopment Association Director **John Shirey** (and CHC Board of Directors member) provided an update on the on-going efforts at instigating a government takings initiative in California under the guise of eminent domain reform. He described the efforts of his organization and the California League of Cities in 2006 to raise \$12.5 million in opposition to the out-of-state-driven ballot play known as Proposition 90; though the measure was defeated, the slim margin of less than 5% suggests that the electorate could be swayed by misinformation and emotional appeals resulting the U.S. Supreme Court's 2005 Kelo vs. New London, Conn. Decision. Mr. Shirey explained that the Howard Jarvis Tax Payers Association is drafting a new 'eminent domain reform' measure that in addition to regulatory takings would prohibit any form of rent control in California. Partly in response to this nascent effort, the California Redevelopment Assn and others are considering a proactive piece of eminent domain legislation of its own in 2008 that would expressly prohibit the taking of owner-occupied single family homes and also improve the relocation benefits accorded small businesses in condemnation actions.

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*If you are a member of CHC and are interested in participating in one of our (3) Task Forces – Policy Leadership, Membership/Financial Strength, Board/Staff Enhancement – please contact us at [info@calhsng.org](mailto:info@calhsng.org).*