



For Immediate Release

November 17, 2010

Contact: Jason Greenwald or Steve Sugerman

(310) 689-7535

HOUSING AFFORDABILITY GAP UNABATED IN LOS ANGELES

Bridging gap requires investment in public transit, workforce housing and sustainability;

LABC optimistic that new programs, incentives can spur economic recovery

LOS ANGELES, CA—Los Angeles remains one of the least affordable residential markets in the country, creating a housing affordability gap that, if left unabated, threatens to hamper efforts for an economic rebound in 2011 and 2012, according to findings released by the Los Angeles Business Council at its Mayoral Sustainable Housing and Transportation Summit held today at the UCLA Anderson School of Management.

LABC announced its support of several policy initiatives that, together, can bridge the affordability gap while investing in the region's public transportation system, creating green jobs and building a meaningful amount of sustainable energy capacity.

Specifically, LABC endorses Mayor Villaraigosa's 30/10 plan, which will facilitate the completion of 12 essential voter-approved transportation infrastructure projects in 10 years instead of 30. LABC also supports incentives for private sector developers to build workforce housing units along transportation corridors in the region.

The organization was one of only two business organizations in Los Angeles to fight for the defeat of Proposition 23, which would have delayed implementation of California's landmark climate change law, AB 32. And, the organization endorsed Proposition 22, which will protect local redevelopment agency funds, much of which can and will be used for affordable housing.

"Implementing the Mayor's 30/10 plan will result in the creation of tens of thousands of jobs, and create unprecedented opportunities to build residential workforce housing along transportation corridors, including Wilshire Boulevard from downtown to the Westside," said LABC President Mary Leslie. "We're on the cusp of having this approved in Washington, and Senator Boxer's leadership will be critical to securing this pivotal investment in our region's transportation system."

Investing in a public transportation system that works is a core component to addressing the jobs/housing imbalance in Southern California, according to local experts.

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LABC Housing Summit / 2-2-2

“Meaningful public transit investment, planning and connectivity are critical to solving the workforce housing crisis in the region,” said Richard Katz, Director, METRO. “Residents need the option of getting out of their cars and bypassing the region’s increasingly congested streets and highways. That’s a primary reason Mayor Villaraigosa’s 30/10 plan is so important to achieve. We need the relief now.”

Investment in public transit also opens new opportunities for transit-oriented development. “When you consider the need for housing, the onset of multi-billion-dollar investments in new public transit, and the incentives to build housing along public transit corridors, you can begin to see an unprecedented opportunity to address the region’s housing, transportation and environmental priorities in a very comprehensive way,” said Thomas Ricci, Executive Vice President, Thomas Properties Group. “The stars are aligning, and we need to take advantage of the opportunity now.”

“Transit-oriented development is highly prized by investors,” said Johanna Gullick, Southern California Market Manager of Community Development Finance at Union Bank. “It’s good business, and fits nicely into an increasingly sophisticated market that incentivizes the incorporation of sustainability measures into new development,” she said. The Los Angeles Community Redevelopment Agency, for example, provides credit for complex transactions with sustainable elements.

The passage of Proposition 22 on the recent November ballot is expected to stimulate new affordable housing development in redevelopment areas throughout the city. “The raid by the state in the last budget cycle was a serious blow to local redevelopment agencies, and the passage of that initiative protects these funds going forward,” said David Grunwald, the President and CEO of Affordable Living for the Aging, who also teaches a class in redevelopment at USC.

The subsidies provided by redevelopment agencies to affordable housing developers are critical to getting affordable housing built. LABC officials expect to see more affordable housing built in coming years as a direct result of this initiative passing, as well as commitments by local leaders to fund affordable housing initiatives.

Los Angeles Mayor Antonio Villaraigosa, delivering the keynote address at the conference, reported that the affordable housing goals he set forth at LABC’s 2008 summit had been reached. “I’m proud to announce that we have surpassed our goals of units financed for permanent supportive housing and affordable housing,” Villaraigosa said. “This will continue to be a central focus of my administration as we still have a lot of work to do to ensure that every Angeleno has access to affordable quality housing.”

Los Angeles has the opportunity to bridge the housing affordability gap and be a model for sustainable development, according to the LABC.

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LABC Housing Summit / 3-3-3

State Senator Darrell Steinberg, who authored SB 375, which provides new incentives for compact growth, told attendees at the Summit that California needs a fundamentally different growth strategy in order to make housing more affordable in large employment centers like Los Angeles. “The traffic, pollution and global warming associated with sprawled development are no longer costs we can bear.”

“Los Angeles is already a leader in sustainability, but there’s so much more than can and will be accomplished in this area,” said CRA CEO Chris Essel. “The public sector is providing incentives in an attempt to move markets toward sustainability, and we are proud to be part of that effort.”

To that end, LABC is sponsoring a research study by leading academics at UCLA and USC that will examine the region’s ability to generate solar power on multi-family housing units, creating a source of clean energy and enabling residents to lower their utility bills. The authors of that study offered a preview of their research at the summit – finding tremendous potential for rooftop solar on apartment buildings and condominiums – and are expected to release the full study early next year.

LABC President Leslie said the study has the potential to bridge several important issues. “We believe this research will explore a new synergy between the existing challenge of reducing or controlling the cost of workforce housing and the new potential benefits of meeting our renewable goals,” she said. “Given the abundance of multi-family units in Los Angeles, a well-designed rooftop solar policy can benefit both owners and tenants, while providing clean energy for all Angelenos and spurring significant job-creation in the emerging clean-tech sector.”

Speaking of both the research study and the broader challenges encompassed by the summit, Leslie highlighted the need for a wide range of stakeholders to work together. “Now more than ever, we need creative solutions and partnership between the public and private sectors,” Leslie said. “Los Angeles has both a tremendous need and a great opportunity to reshape itself for many years to come.”

About the Los Angeles Business Council

The Los Angeles Business Council is an advocacy and educational organization dedicated to serving local businesses while informing and impacting positive change at multiple layers of government. For more than 70 years, the council has been an influential link between business and government and has had a major impact on public policy related to education, housing and environmental sustainability.

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