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[Peter Dreier](#)

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## Keeping Hope - And Housing - Alive in LA

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Wall Street is in meltdown. Banks are collapsing. Developers can't get loans to build homes. Housing values are plummeting. Millions of Americans are facing foreclosure.

But in Los Angeles last week, Mayor Antonio Villaraigosa, speaking at a crowded union hall to an enthusiastic group of union members and community activists, unveiled a bold plan to expand housing for poor and middle class families, expand protection for tenants from gentrification, improve conditions for the homeless, help homeowners avoid foreclosure, and require developers to set-aside units in new developments at rents and prices that working families can afford.

Yes, he was advocating more government regulation of private developers, landlords and lenders in order to protect consumers, workers, and neighborhoods. The community and union members in the crowd gave Villaraigosa a standing ovation, chanting "Si, se puede" ("Yes, we can").

"I know that budgets are tight . . . credit is almost nonexistent," Villaraigosa said at the union hall. "But we're going to reject the cynics . . . and build a brighter future for those kids who are in the corner over there."

In fact, housing activists argue that the current lull in housing construction is good timing.

"Now - when there are few projects on the drawing boards - is the perfect time to set some new ground rules for new development," explained Paul Zimmerman, executive director of the Southern California Association of Non-Profit Housing (SCANPH). "We want developers to build places that the people who live and work in Los Angeles can afford. When the housing market heats up again, as it certainly will, developers and landlords will know how to adjust to changing guidelines."

"Too many ordinary people -- hotel workers, schoolteachers, computer programmers, carpenters -- cannot find homes they can afford. Even with home prices and interest rates falling, people still can't afford to buy or even rent a decent home," said Tom Walsh, president of UNITE-HERE Local 11, the hotel and garment workers union.

At the housing event, organizers presented a group of "blue ribbon experts" -- union members and community residents -- who described their housing conditions as TV cameras recorded their stories.

One of them was Donna Rodriguez, an account manager who explained that she earns \$42,000 a year and spends half of her take-home pay on the \$1,150 rent for her one-bedroom apartment, and shares a bed with her 8-year old daughter, Lily.

"Look," she said, waving copies of her paycheck and rent checks to illustrate the problem. "I want bunk beds," added Lily, as her mother encouraged her to tell reporters that she wanted her own bedroom.

Among those joining Rodriguez on the stage were 79 year old ACORN activist Olivia Lambert-Bush, whose landlord has been trying to evict her from her home of 30 years; SEIU member Blanca Flores, a janitor who has been cleaning office buildings for 15 years, but in order to make the high rent, doubles up with her sister's family in a one-bedroom home; unemployed event planner Suzanne Kite, who is homeless and often sleeps in her car; and Dryke Martin, has worked for the city for 18 years, but couldn't afford to buy a home in Los Angeles.

Villaraigosa made his announcement while Congress and the White House were debating how to rescue American capitalism from the consequences of a decade of deregulation. Mayors like Villaraigosa, on the front lines of the nation's severe housing crisis, understand that ordinary people need government to help them meet their basic needs, including housing they can afford.

When he took office in 2005, Villaraigosa faced a city with one of the worst housing crises in the country. This year, the average rent for a two-bedroom apartment rose to \$1,740 per month; a working family needs to earn \$33 per hour - or \$69,600 per year - to afford that rent. At the start of this year, the median-priced single family home in the city was \$470,000, requiring an income of \$3,639/month, or \$145,564 a year. In the midst of LA's great wealth, about 48,000 men, women and children sleep on the streets or in shelters each night -- the largest homeless population in the nation. To compound the problem, city officials estimate that more than 10,000 Los Angeles homeowners will lose their homes to foreclosure this year alone, many of them victims of predatory lending.

For more than a decade, housing starts have not kept pace with LA's population growth. Moreover, most of the homes built in that period has not been affordable to families earning under \$100,000. Between 2001 and 2006, the city added 12,800 units for poor and working class families, but during that same period, it lost about 11,000 rent-controlled apartments to demolition and condominium conversion.

Housing activists have typically focused on the plight of the city's homeless and working poor, such as janitors, security guards, retail clerks, and garment workers, but the crisis now reaches into the middle class. For many bus drivers, cops, nurses, school teachers and other middle class professionals, the city's sky high rents and home prices are simply out of reach. Hospitals report that they can't recruit or keep nurses because of the city's housing costs. Last month, the Los Angeles Business Council released a report saying that the high cost of housing "threatens the region's continued economic growth."

Villaraigosa's plan involves bringing together the city's crazy-quilt of housing and development agencies to forge a comprehensive approach that both expands the supply of affordable housing and protects the existing inventory of rent-regulated and subsidized housing. Villaraigosa pledged to:

# Allocate \$200 million a year for five years from various sources to build affordable housing. The city's funds would leverage an additional \$4 billion in state housing funds and private sources. Villaraigosa announced that Enterprise Community Partners, a nonprofit financier of affordable housing, has already pledged \$700 million.

# Adopt an "inclusionary zoning" law requiring developers of market-rate housing to guarantee that at least one-fifth of the units are within reach of low-income and middle class families.

# Embrace a "Sustainable Communities Initiative" to encourage the development of 20 pedestrian-oriented, mixed-income neighborhoods along key transit corridors. In a city famous for its sprawl, single-family bungalows, and car-oriented culture, Villaraigosa has been pushing city planners to revise zoning laws to permit higher-density development, especially downtown and near major subway and bus stops. Some neighborhood groups in affluent areas have opposed the mayor's plans, but he has insisted that the rising price of gas and LA's status as the nation's most-polluted city demand a new approach.

# Build 2,200 units of permanent supportive housing to get homeless people off the streets and provide them with mental healthcare, drug treatment and other rehabilitation services, as well as making more Section 8 rental assistance vouchers available for homeless people.

# Buy and rehabilitate foreclosed homes and turn them into affordable housing.

# Strengthen the city's protections for tenants facing rising rents and evictions when developers tear down affordable buildings and replace them with expensive apartments and condominiums. He stopped short of supporting Housing LA's call for a moratorium on demolitions and condo conversions, but he has embraced a plan to require a one-for-one replacement of any affordable apartments lost to gentrification and demolition.

The plan ambitiously calls for 20,000 new homes that will be affordable to people across the economic spectrum with nearly seven out of 10 new homes being affordable to people with incomes below \$42,000.

"What's new and different is that the Mayor is setting clear goals with clear funding sources," said Beth Steckler, a long-time housing organizer and planning consultant. "That means he's willing to be judged on what he promises to do. And we can come back and say, 'Did you do this?'"

Villaraigosa's plan -- some of which still needs City Council support -- embraces many of the ideas formulated by Housing LA, a broad coalition of housing, community, religious, and labor groups. In 2001, the coalition won a major victory when it persuaded then-Mayor Jim Hahn and the City Council to create a \$100 million annual housing trust fund to help subsidize homes and apartments for the poor and working families. But Hahn never met the fund's annual \$100 million goal. After beating Hahn in 2005, Villaraigosa fulfilled his pledge to do so. The fund has helped produce a few thousand units a year, but not enough to meet the growing need, especially in the wake of downtown gentrification and the loss of low-cost apartments throughout the city to bulldozers and condo converters.

A one-time union organizer and community activist, Villaraigosa has been a strong ally of the city's progressive labor movement and environmental groups. For example, against the strong opposition of the city's business community, he supported a dramatic expansion of the city's "living wage" law to lift several thousands of workers who work at a dozen hotels near the LAX airport out of poverty. He shows up at union picket lines and has been a key behind-the-scenes mediator in several labor disputes.

He also took some heat from business groups for supporting the "clean trucks" plan at the Los Angeles Port, the nation's busiest port and the largest source of pollution in Southern California from the idling ships and 12,000 trucks that line up daily to take cargo from the docks to area warehouses. Under the plan, which began this week, all the older polluting trucks will be replaced by modern vehicles. The mayor's plan also requires the Port to limit the number of trucking firms at the port, a provision that will transform thousands of drivers from low-paid independent contractors into employees of larger firms, making them eligible to unionize, improve their pay, and negotiate for health insurance and other benefits.

Villaraigosa has been more cautious in pushing to regulate developers and landlords. Two years ago, the Housing LA coalition -- which includes ACORN, LA Voice, SCANPH, POWER, and other groups -- drafted a plan that included a mixed-income housing law, stronger protections for tenants against evictions due to condo conversion and demolition, and a permanent source of revenue for the housing trust fund through a variety of fees and taxes. At the time, Villaraigosa calculated that the influence of developers would make it difficult to get a progressive housing plan through the 15-member City Council, in large part because they are a major source of campaign contributions.

Carol Schatz, president the Central City Association, the lobby group for downtown developers, has been the loudest voice warning that the sky will fall if the city adopts these progressive ideas, especially the mixed-income proposal. Schatz's group was able to stymie Housing LA's initial mixed-income housing ordinance. Tenant and community groups, advocates for the homeless, and nonprofit housing developers -- the key players in the coalition -- couldn't persuade enough City Council members to support their plan.

Villaraigosa, who supported the idea during his election campaign, hoped to avoid a confrontation with developers by supporting a \$1 billion housing bond measure on the November 2006 ballot as an alternative, a plan that CCA supported. Although the bond measure garnered 62 percent of the vote, it didn't reach the required two-thirds threshold.

After that defeat, the grassroots housing activists renewed their push for the mixed-income policy and stronger tenant protections. Three factors contributed to growing political support for the coalition's plan and Villaraigosa's new willingness to embrace and fight for the Housing LA proposal.

First, the grassroots housing activists, led by LA Voice, a community group comprised of religious congregations, stepped up their targeting of City Council members, mobilizing hundreds of local residents to attend "accountability" meetings with the elected officials and getting 9 of the 15 members to publicly sign pledges to support the Housing LA plan.

Second, Housing LA enlisted the support of the city's powerful labor movement, which has not only been a progressive influence in city politics but also the most important support base for Villaraigosa and a majority of Council members. Two of LA's most effective unions, SEIU and UNITE HERE, which represent low-wage workers, signed on to the Housing LA campaign, realizing that rising housing costs would wipe out the gains they won at the collective bargaining table. During the summer, the LA County Federation of Labor, the umbrella group representing over 800,000 union members, endorsed the plan and its feisty leader, Maria Elena Durazo, agreed to co-chair the campaign.

Third, the housing groups reframed their campaign to include the importance of housing to the city's overall business climate. They recruited a number of developers, employers, and key civic leaders to embrace the housing campaign. Both Laura Chick, a former City Council member who is now the popular elected City Controller and a Villaraigosa ally, and Elise Buik, the head of LA's United Way and a key conduit between LA's social agencies, community groups, and business leaders, signed on (along with Durazo) as campaign co-chairs, lending Housing LA additional credibility. The Housing LA coalition also recruited over 100 neighborhood, environmental, and religious groups throughout all parts of the sprawling city, as well as Cardinal Roger Mahony of the Catholic Archdiocese, to support the campaign.

These factors have weakened Schatz's political influence, although the LA media still give her a megaphone. She's called the mixed-income housing proposal a "tax on the middle class" and fretted that developers will shun LA if it requires them to set-aside units for poor and middle class families. She recently claimed that any rules requiring developers to provide apartments for working families with modest incomes could "create another nail in the coffin of the housing market at the worst possible time." Last week, Schatz told the Los Angeles Times that the mayor's mixed-income proposal "does not work."

That there is absolutely no evidence to support these dire predictions doesn't muzzle Schatz. More than 100 cities and counties in California -- including San Diego, San Francisco, Pasadena, Sacramento and Santa Monica -- have adopted similar laws

without causing any slowdown in housing construction. In all those cities, developers soon learned to live with the new rules and have continued to build profitable residential projects.

But Schatz, whose members include some of the biggest donors to political campaigns, persists in crying wolf. Like George Bush and the Republicans in Congress, she opposes regulations needed to balance private profit and public good, and protect consumers and communities from out-of-control market forces.

Despite Schatz's efforts, as the momentum for a mixed-income housing ordinance has accelerated in recent months, a number of private developers, including some members of Schatz's CCA, have broken ranks and acknowledged that the policy is workable -- in fact, many of them have built developments in cities that have similar laws.

The Housing LA activists deserve credit for their long haul persistence. Through trial-and-error, they've waged an effective grassroots campaign, learning how to combine an "outsider" protest strategy with an "insider" lobbying campaign, identifying key allies within the Mayor's staff and among City Council members.

They also realize that even the most progressive municipal housing plan won't solve Los Angeles' crisis. Cities, on their own, can't solve the nation's severe housing crisis. So much of what happens in local communities depends on policies made in Washington, including federal housing assistance, interest rates, and lending laws. Mayors, however, have to decide whether to sit on their hands and wait for a better day in Washington, or roll up their sleeves and use what legal leverage and financial resources they have to improve conditions for struggling working families.

For more than a decade, housing issues were below the national radar screen. The current mortgage meltdown and foreclosure tsunami have put the issue on the front pages. Now that the federal government has bailed out Wall Street, Americans will expect Washington to address their housing concerns. Municipal officials like Villaraigosa, housing activists, and the labor movement will be pushing the next President and Congress to be a partner with cities to meet the needs of Americans not well-served by the private housing market.