

GuestWords - Open Memo: Don't Make Bad Law Worse

Re: Los Angeles' implementation of SB 1818

Dear Los Angeles Councilmember,

SB 1818 is a bad law, which is exacerbated by the “density bonus” proposal currently before you.

I endorse the recommendations set forth by County Supervisor Zev Yaroslavsky in his letter to Mayor Villaraigosa dated September 24, 2007.

I make the further suggestions:

1. You should make every effort to rescind SB 1818.
 - a. It will not increase affordable housing stock; it will have the reverse effect.
 - b. It assumes there is one solution for all parts of the state. One size does not fit all.
 - c. It means a decrease in tax revenues for the city of Los Angeles. The “affordable” units will not bring in the same tax revenue as market-rate units.
 - d. It hurts those it purports to help.
 - i. It hurts “density bonus” renters. It reduces the number of low-cost rentals on the market. It will lead to evictions. Most of these tenants will have to find market-rate rentals.
 - ii. It hurts buyers. It puts “density bonus” buyers into property prisons. They will not be able to move or make upgrades without losing part or all of their investment. They cannot tap into their equity and build wealth like market-rate buyers. As the LA City Planner said, “These programs are not for those who want to build wealth.” Why would the city or state want to endorse a home-buying program that is not designed to help people build equity?
 - e. It will open the door to abuses by the investment savvy. A wealthy developer, for example, could put his four college kids into “affordable” units. These units could secretly be turned into rentals unless there is a rigorous investigation and enforcement process put in place by the city of Los Angeles. Is Los Angeles ready, willing and able to pay for this?
 - f. It negatively impacts market-rate renters and market-rate property owners.
 - i. It hurts market-rate renters. It will mean an increase in market-rate rents. Market-rate renters are often those in lower income brackets, partly because the less affluent move more frequently due to job instability and financial problems. Ironically, many of these people will have been evicted from affordable units in order to make way for SB 1818 density bonus projects.
 - ii. It hurts market-rate buyers. It will mean that market-rate buyers are saddled with higher HOA fees and special assessments (in order to compensate for the low fixed HOA fees of the affordable units). This can lead to friction between neighbors. Plus market-rate buyers will pay more for their units (due to the existence of “affordable” units). According to studies, prices stay lower when all units are sold at market-rate.
 - g. It burdens the infrastructure. Neighborhoods already have problems with outages. The city should improve the infrastructure before approving an onslaught of building.

h. It fails to preserve and protect neighborhoods sufficiently. It allows for a decimation of zoning laws. People live in Los Angeles in order to enjoy a particular lifestyle. Turning LA into New York or Boston will lead to a loss of jobs and residents. Why should people stay if they are surrounded by high-rises, unable to enjoy the Southern California sunshine?

2. Parking should not be slighted. Los Angeles streets are already crowded. Additional vehicles parked on the streets are a public safety hazard, leading to increased accidents. Pedestrians are also at risk.

a. No affordable unit should be sold without a parking space.

b. All units that are three or more bedrooms should have at least two parking spaces.

Some solutions:

1. Find ways to encourage developers to build market-rate units in areas and on streets where the product will be naturally affordable.

2. Establish public/private partnerships between government and Realtors/lenders in order to help moderate income buyers get into market-rate properties. This will enable them to enjoy full access to their equity, give them the flexibility to move (for example, to get a better job in a different part of the city), and permit them to benefit from home improvements.

Despite what you may have heard, there is not a housing affordability crisis. A person can buy a condo in the San Fernando Valley for as little as \$82,000 and a house for as little as \$299,000. Prices are still coming down. Nurses, teachers and police officers buy market-rate properties every day in this city. I know because I have been a Realtor for 20 years, and many of these people are my clients.

On the rental side, there are apartments and guest houses in the San Fernando Valley that go for as little as \$525 per month. Five bedroom houses in Valley Glen rent for as little as \$1600 per month.

I hope you will fight against SB 1818.

Until this law is rescinded, I trust you will do all you can to protect our great city from this problematic legislation.

Charlotte Laws

Greater Valley Glen Council member

Chair of the Density Bonus Committee

San Fernando Valley Realtor