



**Office of the Mayor
City of Los Angeles
ANTONIO R. VILLARAIGOSA**

"The Thread that Connects"
Remarks As Prepared of Los Angeles Mayor Antonio Villaraigosa
Mayor's 2005 Housing Summit
October 26, 2005

Ladies and Gentlemen:

This has been an exceptional morning, and I want to thank you all for being a part of it. I want to express my gratitude to the Los Angeles Business Council for sponsoring this important dialogue. I want to thank Chancellor Carnesale and everybody here at UCLA for their generosity in providing our Housing Summit with a home. I want to thank all the panelists and presenters who've given us so much to think about here this morning.

And I want to say something about Henry Cisneros: Henry has always been a role model--a trailblazer--and a visionary in the truest sense, and he's always kept his vision firmly fixed on the issues closest to people's lives.

As Bill Clinton's Secretary of Housing and Urban Development, he challenged a generation of complacency and fought for the idea that people living in public housing ought to have a home where they can raise their kids in safety and live with dignity. And he

challenged the prevailing orthodoxy that said you can't promote self-sufficiency for the residents of public housing.

And when he left Washington, Henry ultimately went back to the neighborhoods--founding companies devoted to creating affordable housing in many of our most distressed areas--and, in the process, providing a measure of hope and opportunity to communities that have enjoyed precious little of either. Above all, he has always seen that expanding the availability of affordable housing for working families is just about the most important work that there is.

You see, there's a reason that home ownership has always been the foundation of the dream that defines this country. It's as basic as having a roof over your head and as profound as the need we all share to have a place to call home. It relates to the idea that when people attain ownership that they "take ownership"... over their lives... their families... and their neighborhoods.

But most of all, it's the idea that in America you can be anybody. That it doesn't matter who you are... or where you come from... or what your parents did for a living. That we all swear allegiance to a common principle. A principle that assures every American that through personal resolve and ambition and--above all else--a commitment to hard work, that anyone can realize the dream of claiming a small share of America.

Friends, we are at a pivotal time and place in the story of this dream. It's fitting that we're gathered at this housing summit today at a moment in time when so many around us are wondering whether we've finally reached the summit of rising real estate prices. And in a place--Los Angeles--where the market's precipitous ascent has left so many behind.

Let's take a moment to consider the view from the summit:

Today, just 39 percent of Angelenos hold a title to their homes. And here in this place that prides itself as the “city of dreams” we have the largest homeless population in America and the third-lowest rate of home ownership in the nation.

At present values, most of us who are lucky enough to own our homes today would be locked out of the market. Currently, just 12 percent of LA County residents can afford a median-priced home.

Now, just to get a foot in the door, more and more families are being forced to devote larger and larger portions of their household incomes to rents and mortgages.

Today in California, a majority of new buyers are betting the farm--on interest-only and short-term fixed-rate loans--making a fool’s bet that the bubble won’t burst and that interest rates will not rise.

And the currents of backward drift that are pulling families further and further from their economic goals and their modest hopes of a good quality of life are gaining force above and beyond the cost of housing. Families are swimming against the tide... of rising childcare costs in households where both parents work... of punishing annual increases in the costs of health insurance and prescription drugs... of surging prices for gasoline and energy... of staggering commute times that keep parents away from the dinner table and away from their kids... And, worst of all, with so many of our public schools trapped in a suspended state of mediocrity, they’re struggling against the fear that this nation will break faith with the promise that our children can expect a better life than their parents had.

People are working harder than ever today. But the relationship between work and reward seems to weaken by the economic quarter.

Ladies and gentlemen, we need to confront the basic truth: That when the dream of home ownership becomes a privilege of the affluent, we've lost the essential strand that ties everything together. Pull that thread loose, and you unravel the whole fabric of our conception of what it means to be an American.

We need to mend the dream, and we need to face up to these challenges.

And I want to be clear: These are huge challenges. They are shaped by historic and economic forces far beyond the control of any single policymaker. Many of these challenges will take years and decades to address, and they won't be easily corrected on some tidy political calendar. And we need to be honest about the fact that the issue of affordable housing doesn't often lead the eleven o'clock news. That it's frequently talked about in a language decipherable only to wonks and city planners. And that it's often discussed in terms suggesting that housing policy relates only to the problems of the very poor.

But when I look around this room, I know that we can face these challenges. I know that with builders like you--with men and women who bring the talent and the vision and the commitment to change that you bring--we can tackle these problems, and we can do it house by house, street by street, and neighborhood by neighborhood, all across our city.

We need to broaden the debate. Here in LA, we need to expand the conversation to include all Angelenos. To pursue strategies that target every sector of the housing market. And to instill the idea that as we grow, that we need to grow together--all of us--one city.

I realize that LA's history hasn't exactly been synonymous with the phrase "smart growth,"... but our future needs to be. We are in a situation today where demand is greatly outstripping supply. We need to build more housing, both affordable and market-rate. We need to build smart. We need to build in areas--like our

downtown core--that we've traditionally overlooked. We need to strategically target resources in neglected neighborhoods like South Los Angeles. And we need to do so with the vision of making LA a city more livable for people who work here and for the families that want to grow here.

That means putting new homes where the transit is. It means directing new development along our transit corridors. It means working in collaboration with our transportation agencies to build high-density, mixed-use projects at our transit hubs. We need to think creatively about how we can employ underutilized city properties to build 24-hour communities where people can live... and shop... and raise their kids... and commute to their jobs without spending the equivalent of two entire work weeks a year stuck in traffic.

And... we are going to do just that. My administration is working with the Metropolitan Transit Authority and the Department of Transportation to develop plans for affordable housing on multiple sites along the Gold and Exposition lines and to develop agreements that can serve as a model for smart development around LA in the years to come.

At the same time, we are working to make our city a national leader in green building and sustainable development. I have asked our City Planning Department to develop a program giving private developers stronger incentives to adopt Green Building Rating System standards. We want to send out the message that if you're a housing developer in LA, and you agree to build green, you'll get to jump to the head of the approval line, and you'll get a break on fees.

We not only need to build more affordable housing--we need to reach out immediately to help the working and middle class families who are struggling so mightily to get into the housing market. Just two days ago, I signed an amendment to our Moderate-Income Purchasing Program providing up to \$75,000 in purchase assistance for working families of four making up to

\$78,600 a year. And we've rewritten the rules so that households earning between \$78,000 and \$98,000 can now apply for purchase assistance and rehab loans. And, we need to do more. But we can't leave renters out of the equation. In a city where most people can't afford to own a home, we have to protect our stock of rental housing and ensure that every unit is safe and habitable. ...And we're leading the way! Los Angeles is the only city in the nation that inspects every rental unit in our jurisdiction.

And, folks, we need to come to grips with the housing needs of the very poor and with the crisis of homelessness in our city. LA holds the regrettable distinction of having the largest homeless population of any metropolitan area in the United States. And we need to do more than warehouse people in overcrowded shelters and shunt them off to skid row.

And so... I'm proud to announce today a \$50 million infusion into the Housing Trust Fund earmarked for permanent supportive housing and services to LA's neediest residents. Our goal is to provide more than a bed for the night--it's to reach out and help people reclaim their futures. This initiative will combine housing with appropriate on-site services that address the underlying problems of the homeless and the very poor--from drug and alcohol treatment to physical therapy to services for the mentally ill. The City's commitment will be augmented by a minimum of \$8.5 million in private money. To put this in perspective, the State of California has allocated just \$50 million for supportive housing services state-wide.

And I am pleased to say that with this commitment of dollars, we will make good on the promise of fully funding the Housing Trust Fund at \$100 million for the first time in city history!

Our supportive housing initiative represents a promising new partnership between the City of Los Angeles, the philanthropic community, and the private sector. I'd like to thank the Corporation for Supportive Housing and the Hilton Foundation for

laying the cornerstone with their initial commitments. But, friends, this is just a beginning. At a time when the federal government is retreating from its historic commitment to providing housing for the poor, we need to look to one another. We need to come together. And we need to build on this foundation. I'm asking every organization represented here--I'm challenging every business and every individual here--to contribute to our new supportive housing initiative.

Finally, we need to make our voices heard in Washington and Sacramento. To leverage our city's efforts with state and national dollars. To match our commitment to smart growth with an equal demand for smart tax policy. To fight for legislative proposals that give families a better shot at realizing the dream of home ownership--like the idea of allowing first-time home buyers to save the cost of a down payment in a tax-free account. More than that, we need to join in the larger debate and fight for a tax system that doesn't just reward investors, but that values and protects people who work for a living.

Most of all, we need to remember the dream--and we need to think of this dream not just as an individual goal, but as a community value. We need to be like those communities of Pennsylvania Dutch who would join on a Saturday to raise a barn for a neighbor. We need to see that we are all enriched when we grow and prosper together. And that the fabric of our democracy is strengthened with every added thread of individual home ownership. And, ladies and gentlemen, we need to pull together and to build together to keep the dream alive.

Thank you all.