



CSULB Foundation

# 26

6300 State University Drive, Suite 332 • Long Beach, CA 90815 • (562) 985-5537 • FAX (562) 985-7951  
www.foundation.csulb.edu

September 20, 2005

Mr. Patrick West  
Community Development Director  
City of Long Beach  
333 E. Ocean Blvd., 3<sup>rd</sup> Floor  
Long Beach, CA 90802

**Re: Proposed Housing Trust Fund**

Dear Mr. West,

As you may be aware, California State University Long Beach (CSULB) has been actively working for some time now with the City Manager's office, the Housing Services Bureau, other city staff members, and local real estate professionals, in an effort to provide affordable housing opportunities for CSULB faculty and staff. Rapidly escalating housing prices in the region have made it extremely difficult for CSULB to continue to attract and retain quality faculty and staff. Our university's ability to continue to provide quality public higher education is being seriously threatened by this housing affordability crisis. Recent studies show that only 16 percent of Los Angeles County households and 11 percent of Orange County households can afford today's median priced home. New faculty and staff recruitment, needed to replace retiring members of our work force, is critical to provision of quality academic services. Unfortunately, the affordable housing crisis is already negatively impacting students, faculty, and staff.

We understand that the City Council may be considering a proposal to structure, fund and implement a Housing Trust Fund at their October 11 meeting. We believe that this proposal is critical to helping us solve the work force housing issue for our campus. Please be aware that CSULB has hired 147 new faculty/staff in the last three years, with an average starting salary of \$47,610. This number will be increasing dramatically as the baby boomer generation begins to retire in the coming years. The salaries of tenure track faculty for CSULB fall well within the moderate income levels proposed for potential Housing Trust Fund assistance (\$57,825 for a 1 person household or \$82,650 for a 4 person household). We believe that Housing Trust Fund assistance, on a matching fund basis to employer contributions, could significantly help us to address this critical issue for the Long Beach community.

We believe that the City of Long Beach and major employers in the community are the major stakeholders in addressing the affordable housing crisis in the community. We urge the City Council to adopt staff recommendations to be presented on October 11 for structuring, funding, and implementing a Housing Trust Fund to address the community's affordable housing crisis. We look forward to continuing to work in partnership with the City of Long Beach to provide solutions to the affordable housing crisis in the Long Beach community.

Sincerely,



Mo Tidemanis  
Director of Real Estate

cc: Jerry Miller, City Manager  
Beth Stochl, Manager, Housing Services Bureau  
City Council Members:  
*Bonnie Lowenthal, District 1*  
*Dan Baker, District 2*  
*Frank Colonna, District 3*  
*Patrick O'Donnell, District 4*  
*Jackie Kell, District 5*  
*Laura Richardson, District 6*  
*Tonya Reyes Uranga, District 7*  
*Rae Gabelich, District 8*  
*Val Lerch, District 9*

MT:imw

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Department of Anthropology

3151 Social Science Plaza  
Irvine, CA 92697-5100  
(949) 824-7602  
(949) 824-4717 FAXCouncilmember Bonnie Lowenthal  
First District, City of Long Beach  
FAX 562-570-6590

October 10, 2005

Dear Councilmember Lowenthal:

We write in support of the Housing Trust Fund. We are professors at UC Irvine who have lived in Long Beach since 1997. For the past eight years, we have seen many of our colleagues at UC Irvine choose to live in Long Beach because of its density, urban character, cultural opportunities, and easy commutability to Irvine. In addition, although UC Irvine is the only University of California campus with an on-campus subsidized faculty housing community (University Hills), it is rapidly approaching build-out. Waiting lists for apartments or houses in University Hills are increasingly long. Lack of affordable housing in the Irvine area is fast becoming a barrier to recruitment of faculty from areas of the country with lower housing costs.

We support the idea of the Housing Trust Fund because workforce housing is becoming an important issue for our colleagues at UC Irvine, as it is our colleagues at Cal State Long Beach and other educational institutions in the area.

Thank you very much for your attention to this letter.

Sincerely yours,

Bill Maurer  
Associate Professor of Anthropology  
UC Irvine  
1425 E 8<sup>th</sup> St, Long Beach CA 90813Tom Boellstorff  
Assistant Professor of Anthropology  
UC Irvine  
1425 E 8<sup>th</sup> St, Long Beach CA 90813

# BUSINESS

Wednesday, September 14, 2005

latimes.com/business

## Home Prices Jump 17% in Southland

The median cost in the six-county region hits \$476,000 in August as sales volume picks up.

By ANNETTE HADDAD  
Times Staff Writer

Southern California's hot housing market reheated in August as prices rose at a faster pace for the second month in a row after slowing earlier this year, according to data released Tuesday.

The median home price in the six-county region rose 17% to \$476,000 last month, compared with the year-earlier period, after year-over-year increases of 16.7% in July and 15% in June, according to DataQuick Information Systems, a La Jolla-based real estate research firm. The volume of transactions also regained steam after tapering off in recent months.

The faster appreciation and higher sales volume suggested that the anticipated deceleration of the housing market might take longer to develop.

"We thought we were in for more of an appreciation-rate slowdown," said John Karevoll, DataQuick's chief analyst. "We'd been expecting the rate to get down close to 10%, so this is surprising."

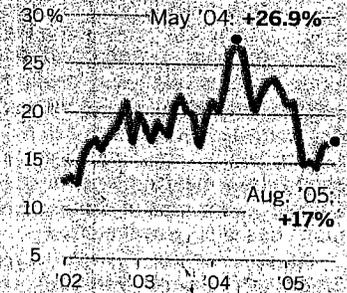
Analysts still expect the market to lose traction because the region cannot sustain above-average price increases that topped 20% in both 2003 and 2004.

The question is whether the slowdown might simply result in a gradual leveling off of prices—or something more ominous.

### Still hot

Median price in August of new and resold homes overall and by county Year-over-year monthly percentage gain in median home price in Southern California

Area	Median price (thousands)	% change from year ago
San Bernardino	\$344	+31.8%
Los Angeles	494	+21.4
Riverside	388	+16.2
Ventura	592	+15.2
Orange	617	+13.6
San Diego	493	+2.1
S. California	476	+17.0



Source: DataQuick Information Systems

Los Angeles Times

Pessimistic analysts suggest that the region's housing market is in a bubble, and prices may eventually decline sharply as they did in the early 1990s.

But brisk demand, persist-

ently low mortgage rates and creative financing have kept housing in high gear, analysts said. Also, home buyers might be accelerating purchases, possibly

[See Homes, Page C6]

# Data Show Loan Disparity

[Loans, from Page C1]

Smith, whose clients include lenders.

"I think this is a first step in confirming what the mortgage industry has been saying all along," Lynyak said. "It makes a good-faith effort to apply racially neutral lending across the board."

The Fed's analysis was based on data obtained through the Home Mortgage Disclosure Act, which was enacted by Congress in 1975 to combat "redlining," the refusal of banks to lend in certain communities. At first, lenders were required to report only the number and dollar amount of loans by census tract.

In the late 1980s, the focus turned to whether minorities were denied loans more often than white borrowers because of discrimination, and the disclosure act data expanded to include race, sex and income levels for each loan application, along with whether an application was approved or denied.

Today, the Fed's attention is

on whether race or ethnicity is a factor in the prevalence of sub-prime loans among minority group members. For the first time, the federal government last year required lenders to identify loans with higher interest rates and fees in a bid to gain insight into the rapidly expanding market of sub-prime lending.

Although the Fed has said that nothing in the report proves discrimination on the part of individual institutions, its officials have said the new data may help loan examiners focus on particular regions or types of loans for further scrutiny.

"These new pieces of information allow for a better understanding of lending activity in the higher-priced segment of the home-loan market, a segment that was virtually nonexistent a decade or so ago," the report said.

The availability of sub-prime loans has made homeownership possible for people who in the past might have been turned down for lack of income or good

credit. Industry officials say higher interest rates and fees are needed to cover the greater risk of these loans. Critics, however, say the loans are sometimes marketed in a discriminatory manner to people who might qualify for prime loans.

According to the study, the unexplained difference in sub-prime loans among racial and ethnic groups might have various explanations.

Minority borrowers might have less money to put down and therefore might be drawn to lenders that specialize in sub-prime loans, explaining at least part of the difference. Alternatively, the authors found that "fair lending concerns" would be raised by a situation in which minority borrowers are paying more than they need to, perhaps because lenders offering prime loans don't market their products in certain neighborhoods.

"Explaining the remaining differences is likely to require more details about such factors as the specific credit circum-

## Mortgages and race

Blacks are nearly four times as likely as whites to get higher-cost first mortgages. The disparity falls sharply when other factors are taken into account, such as the borrower's income and whether the lender specializes in sub-prime loans.

### Percentage of first-mortgage loans obtained at higher costs

Race/ethnicity of customer		When adjusted for borrower factors	When adjusted for lender and borrower factors
Black	32.4%	26.7%	15.7%
Two or more minority races	22.9	22.2	12.2
Hispanic	20.3	16.6	11.6
Native American	18.1	17.2	11.8
Pacific Islander	15.7	16.3	11.1
White	8.7	8.7	8.7
Asian	5.9	7.4	8.1

Source: U.S. Federal Reserve

Los Angeles Times

stances of each borrower, the specific loan products they seek and the business practices of the institutions they approach for credit," the researchers concluded.

Allen J. Fishbein, director for housing and credit policy at the

Consumer Federation of America, said the study clearly pointed to "the need for more rigorous oversight" of the mortgage lending industry.

Times staff writer E. Scott Reckard in Orange County contributed to this report.

Article Last Updated: 10/07/2005 01:31 AM

## Housing affordability at 12%

By Don Jergler, Staff writer  
Long Beach Press Telegram

LONG BEACH — Housing affordability in Los Angeles County fell to its lowest point in August, according to data released Thursday.

The percentage of households able to afford a median-priced home declined to 12 percent in August, down from 14 percent in July and 17 percent from a year earlier, according to the California Association of Realtors.

The minimum household income needed to purchase a median-priced home at \$568,890 in California in August was \$133,800 based on a mortgage rate of 5.87 percent with a 20 percent down payment.

Affordability statewide fell 2

percentage points to 14 percent in

August the lowest point since 1989.

The minimum household income needed to purchase a median-priced home at \$220,000 nationwide in August 2005 was \$51,740.

"Statewide, we tied the record low," said Robert Kleinhenz of the California Association of Realtors. "L.A. County broke the record low last month and set a record this month."

Statewide affordability last reached 14 percent in May 1989 during the last major housing boom.

The hottest-selling homes on the local market are in areas traditionally considered affordable, but they are now priced from the \$400,000s to the \$600,000s: The Plaza, Los Altos and Carson Park areas of East Long Beach and the Wrigley District to the west.

A three-bedroom, one-bathroom home in Wrigley that last year was selling for \$325,000 now starts at \$450,000.

The median in West Long Beach was up 30.3 percent to \$430,000. The citywide median reached \$470,000, up 20.9 percent.

Nearby Bellflower saw a median price of \$475,000 in August, up 31.9 percent. Compton's median rose 35.4 percent to \$334,000. Paramount's median went up 39 percent to \$365,500.

Interest rates that remain historically low have continued to fuel home-buying interest and boost home prices, he said.

That has pushed the median price ever higher over the past few years.

"Affordability is hitting a record low during a year when we expect to post a record high for home sales and a record high for home price," Kleinhenz said.

His explanation is the affordability index sets 30 percent of the household income as a benchmark, but that's not the case.

"In California, households often spend 40 percent or more on house payments," he said. "It should be troubling to us that at least a couple years here in California that we have had to do that."

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HOMES: A risky plan

Increasing number of homeowners here paying half of income or more for mortgages.

By Gregory J. Wilcox Staff writer

Too many California households are stretching their finances to dangerous lengths buying expensive homes that would otherwise be unaffordable, according to a public policy institute report released today.

It is not uncommon now for buyers to commit 50 percent or more of their monthly income to a mortgage payment, far more than the 30 percent limit long considered normal, according to the Public Policy Institute of California.

Dina Long, president of DL Mortgage, has seen an increasing number of customers who pay more than 50 percent of their income on home loans. And loan officers are creating new kinds of financing to help people get into the hot housing market.

"With the prices so high, a lot of people can't qualify otherwise."

But Long is concerned that new loans allow people to buy homes they may not be able to afford.

"We have loans where you don't have to have a job. I've never seen a no-income loan before. It concerns me. People are buying houses they can't afford. The people are stretching, they're really stretching."

Titled "California's Newest Homeowners, Affording the Unaffordable," the report says that 52 percent of buyers who purchased with the last two years are spending more than 30 percent of their income on paying the mortgage. And 20 percent of them are spending more than 50 percent of their income on housing.

Record prices in many parts of California forced buyers and lenders to find more creative ways of financing home purchases.

The nonprofit, nonpartisan institute's finding is not surprising, since real estate market analysts have

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8/18/2005

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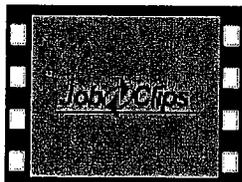
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noted for the past several years that buyers have been extending themselves beyond normal as prices started their record run.

"My sense is that lending institutions now are more willing to lend on a higher loan-to-income ratio," said Hans Johnson, the report's lead author.

And a "remarkably large share of California residents between the ages of 30 years old to 34 years old a group not associated with high incomes are finding ways to get into the market. Between 2000 and 2003, home ownership in this age group increased to 41 percent from 38 percent.

"I was surprised by that. You would think they would be the ones that were most (likely) priced out of the market," Johnson said.

The report also noted that:

\* Homeownership rates in California have been increasing and may have peaked. But California still ranks 48th of the 50 states in home ownership.

\* Of buyers classified as having low to moderate incomes, 75 percent spend more than 30 percent of their income on housing.

\* Californians who are married and have children account for 37 percent of recent home purchases.

\* Since 2000, 18 of the 20 metro areas in the nation with the greatest rates of housing appreciation have been in California.

Each month the California Association of Realtors publishes its Housing Affordability Index, which measures the percentage of households that can afford the median priced home in their community. It's based in part on a 20-percent down payment and 30-percent income contribution.

For June, the most recent data available, 16 percent of state households could afford a home priced at the median of \$542,720 while 15 percent of Los Angeles County households could afford a home priced at the median of \$512,890.

But increasing the income limit to 50 percent more than doubles affordability, to 34 percent, for both the state and county.

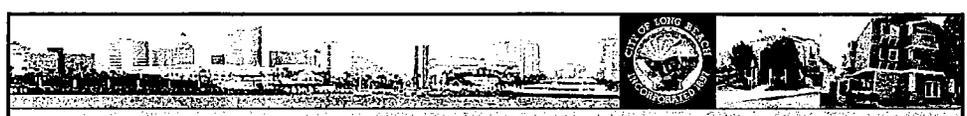
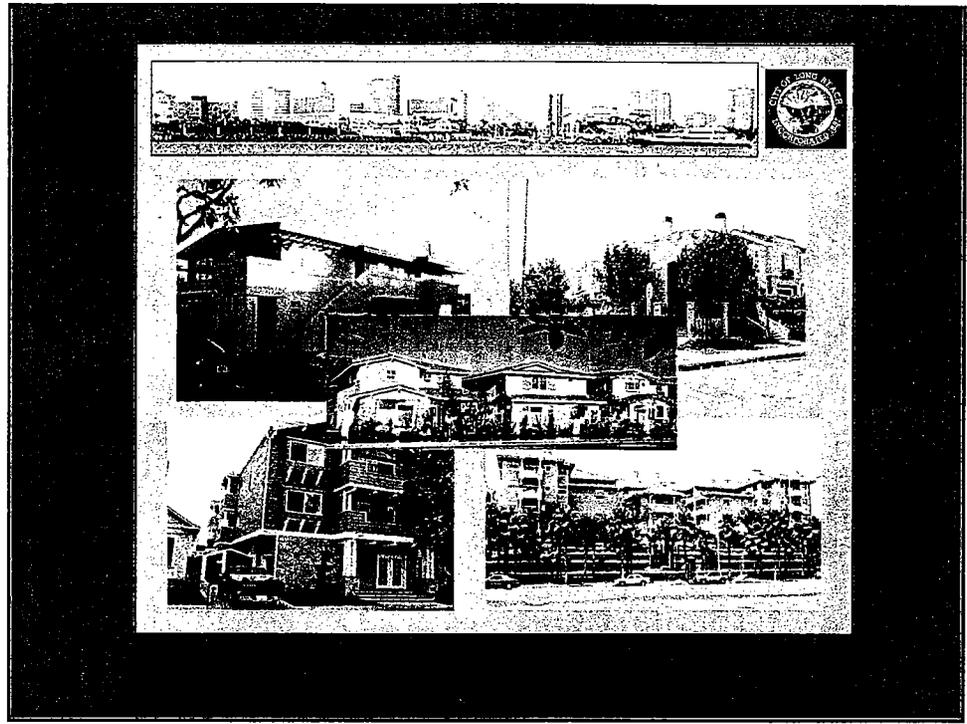
Jack Kyser, chief economist at the Los Angeles County Economic Development Corp., said that this kind of creative financing could be buying some future financial pain.

"We're looking at a risk if the economy does turn down and interest rates start to rise. Some people may see their jobs go away or their payments could go up push them over the edge."

Staff writer Kerry Cavanaugh contributed to this report.

- McCain: Global warming seen
- Lizzie Borden, LNG and L.B.
- @cutbody:James Dougherty, a retired LAPD detective who married Norma Jeane Baker in 1942, before she became Marilyn Monroe, died Monday in San Rafael. He was once the subject of a documentary, "Marilyn's Man," a poster for which is hanging in the b
- By Dean E. Murphy
- By Andrew Selsky
- Blame is up in the air
- LNG safety report due Friday
- Medical pot case back in court
- Risking their lives for others
- In a state of emergency?
- Anti-property-taking bills urged
- Club Nights
- Funds aimed at exit exams
- @cutbody:A Democratic Front for the Liberation of Palestine gunman berates a Palestinian security officer as he halts on approach to the Jewish settlement of Morag in Gaza.
- @cutbody:A Palestinian boy mourns a relative's death. Four Palestinians died in a barrage by a Jewish settler outside Shilo on the West Bank.
- Readers, tell us about good kids
- @cutbody:Gov. Arnold Schwarzenegger meets with students at Chaffey High School in Ontario on Wednesday. He was there to discuss funding for the state high school exit exam.
- RDA: Outgoing member expresses shock
- @cutbody:Jeff Perrin of Long Beach brings torches to a candlelight vigil Wednesday night at Ocean Boulevard and Cherry Avenue. The estimated 200 protesters were supporting Cindy Sheehan, a California mother whose son died in Iraq. Sheehan is holdin
- @overline:A VIGIL OF THEIR
- NEWS IN BRIEF
- @cutbody:Jose Luis Orozco pleaded not guilty on Wednesday to charges of murder in the death of Deputy Jerry Ortiz in June.
- GATOR: A rascally reptile
- Skull piece unearthed at L.B. dig

⌂ RETURN TO TOP



**City Council**

**Housing Trust Fund**

**October 11, 2005**

**Department of  
Community Development**

## **What is a Housing Trust Fund?**

A separate mechanism to receive, invest and expend funds to augment the City's current resources for both workforce and affordable housing.

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## **Why a Housing Trust Fund?**

To further the goals of the Housing Action Plan, the HTF allows the City to:

- receive State housing bond funds
- have greater flexibility in delivering housing programs that address community needs
- partner in the development of workforce housing

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## **History of the Long Beach HTF**

- June 2002: City Council requests feasibility of establishing HTF and potential revenue sources.
- September 2002: David Rosen & Associates begins study.
- October 2003: Study recommends a HTF funded with inclusionary housing and commercial linkage fees.

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## **October 2003 to Present**

HTF findings shared with developers, housing advocates, business groups, and policy makers resulting in specific recommendations.

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## **HTF Recommendations**

### **FUNDING**

1. Transient Occupancy Taxes-\$500,000
2. Condo Conversion fee equal to 1% of sales price of converted unit (est. at \$950,000)
3. Boeing Realty Developer contribution (\$3 million over 5 years)
4. Donations and contributions

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## **HTF Recommendations (cont...)**

### **TARGET POPULATION**

- 50% Workforce Housing (earning up to 150% of median income)
- 50% Affordable Housing (earning up to 30% of median income)

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## **HTF Recommendations (cont...)**

### **PROPOSED USES**

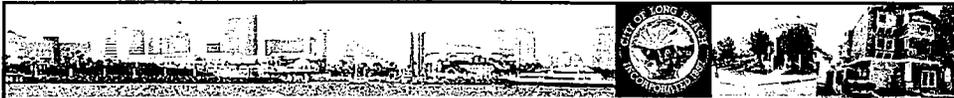
- Homebuyer Assistance
- Acquisition Assistance
- Rehabilitation Assistance
- New Construction

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## **HTF Recommendations (cont...)**

- HTF to be part of Community Development Department budget for annual adoption by City Council
- Semi-annual report on HTF to City Council

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## City Council Recommended Actions

- Request City Attorney to prepare an ordinance establishing the Long Beach HTF based on the terms and conditions in the staff report.
- Request City Attorney to prepare a condo conversion fee ordinance and refer the ordinance to the Planning Commission for review and recommendation to come back to the City Council.

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