

HOUSING PROGRESS REPORT

Transit Oriented Communities Incentive

Density Bonus

Accessory Dwelling Units

Unpermitted Dwelling Units



LOS ANGELES
DEPARTMENT OF CITY
PLANNING
PERFORMANCE MANAGEMENT



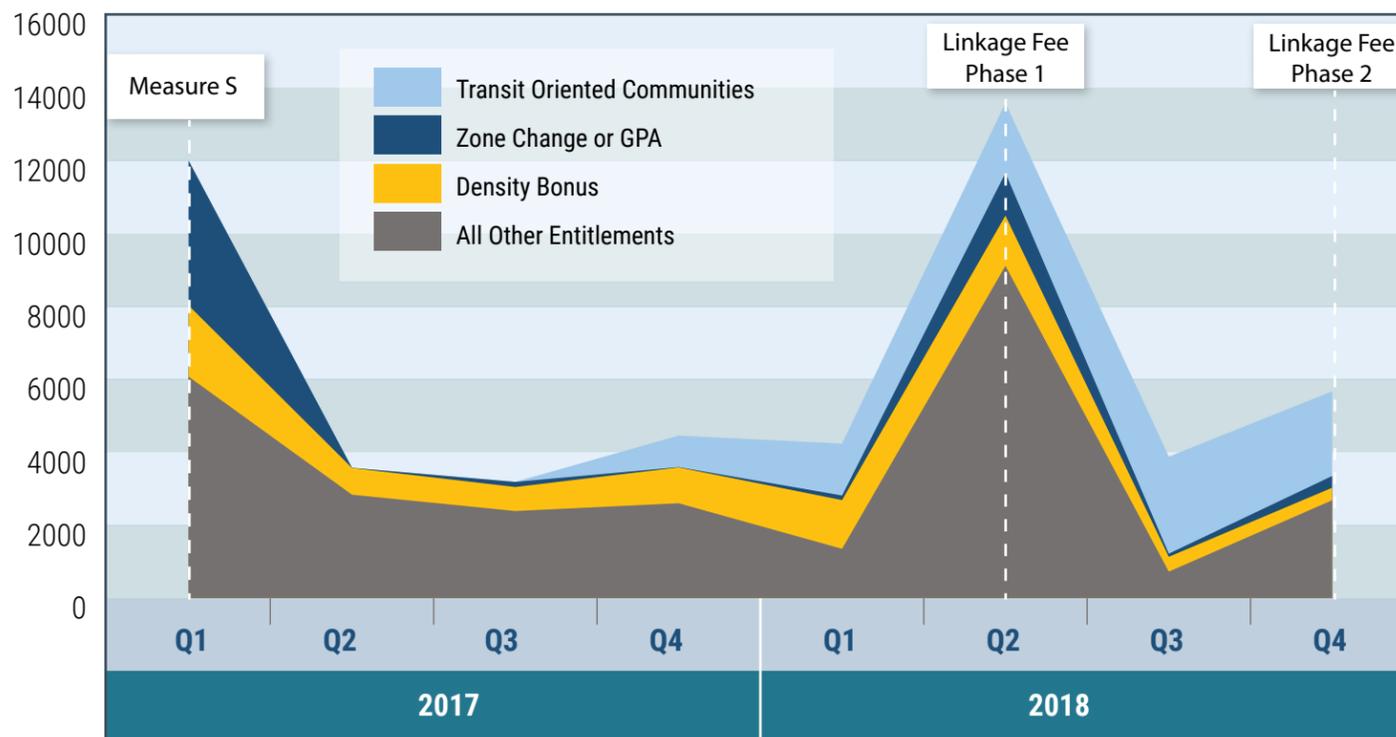
QUARTERLY REPORT: OCTOBER - DECEMBER 2018

THE BIG PICTURE HOUSING PROGRESS REPORT

OCTOBER - DECEMBER 2018

ALL PROPOSED HOUSING ENTITLEMENTS

Filed Cases	This Quarter	Last Quarter	% Change	2018 Year-End	2017 Year-End	% Change
Market Rate Units	4,825	3,183	52%	24,424	20,336	20%
Affordable Units	844	695	21%	2,942	2,882	2%
Total By Affordability	5,669	3,878	46%	27,366	23,218	18%
Transit Oriented Community	2,321	2,661	-13%	8,184	832	884%
Zone Change or GPA	321	87	269%	1,705	4,133	-59%
Density Bonus	345	407	-15%	3,544	4,334	-18%
All Other Entitlements	2,682	723	271%	13,933	13,919	0%
Total By Type	5,669	3,878	46%	27,366	23,218	18%



The Department of City Planning's latest Housing Progress Report reflects data from October to December 2018, as well as year-end totals for all proposed housing applications. In 2018, the City of Los Angeles processed 1,143 projects, resulting in 27,366 proposed units of new housing – an 18% increase compared to the 2017 calendar year. These housing units reflect the total number of projects that required planning approvals.

Similar to the prior quarter, the Transit Oriented Communities (TOC) program continues to account for a significant portion of the City's proposed new housing units. Nearly 15% of all project applicants took advantage of the program's incentives between October and December, resulting in 30% of proposed new housing units. The TOC program is also contributing toward addressing the City's affordable housing needs, producing approximately 18% affordable units since the program's inception in October 2017.

As new programs are instituted, the Department will continue to expand on its present reporting to capture and reflect housing production across the City of Los Angeles. These updates will be produced on a quarterly basis to give regular updates on market trends and activities.

What Is Affordable Housing?

In general, housing is considered affordable when individuals and households pay no more than 30% of their income for housing-related costs.

"Restricted affordable" or "covenanted affordable" units are required to be made available at rental or sale rates affordable to families that earn less than 120% of the Area Median Income (AMI). These units have both income and price restrictions in order to help lower-income families secure affordable housing. Moderate income is defined as earning between 80% and 120% of AMI – \$58,200 for a one-person household. Low income is 80% of AMI – \$54,250, Very Low is 50% of AMI – \$33,950, and Extremely Low is 30% of AMI – \$20,350 for one person.



Photo: Housing & Community Investment Department
This affordable housing project in Koreatown, completed in 2016, provides 44 units for households that earn below 60% of the Area Median Income.

TRANSIT ORIENTED COMMUNITIES INCENTIVE PROGRAM HOUSING PROGRESS REPORT

OCTOBER - DECEMBER 2018

On September 22, 2017, the Department adopted the Transit Oriented Communities (TOC) Incentives program in accordance with Measure JJJ – a voter initiative approved in November 2016 to incentivize affordable housing near transit. The TOC program created a new tier-based system of incentives for certain residential projects. Projects that qualify can request additional building incentives in exchange for a specific set-aside of restricted affordable units.

HOUSING PROPOSED THROUGH TOC

	This Quarter	Last Quarter	% Change	2018 Year-End	2017 Year-End	% Change	Inception to Date*
Discretionary Cases	46	45	2%	155	17	812%	172
Market Rate Units	2,026	2,120	-4%	6,803	589	1055%	7,392
Affordable Units	295	541	-45%	1,381	243	468%	1,624
Total	2,321	2,661	-13%	8,184	832	884%	9,016
By-Right Building Permits**	26	30	-13%	107	24	346%	131
Market Rate Units	772	801	-4%	2,902	634	358%	3,536
Affordable Units	118	157	-25%	451	302	49%	753
Total	890	958	-7%	3,353	936	258%	4,289
Grand Total	3,211	3,619	-11%	11,537	1,768	553%	13,305

* Since October 2017

**Unit counts are approximate; this information is not confirmed until permits are issued.

30%

of housing units for which entitlements were filed in 2018 were proposed through the TOC program.

40%

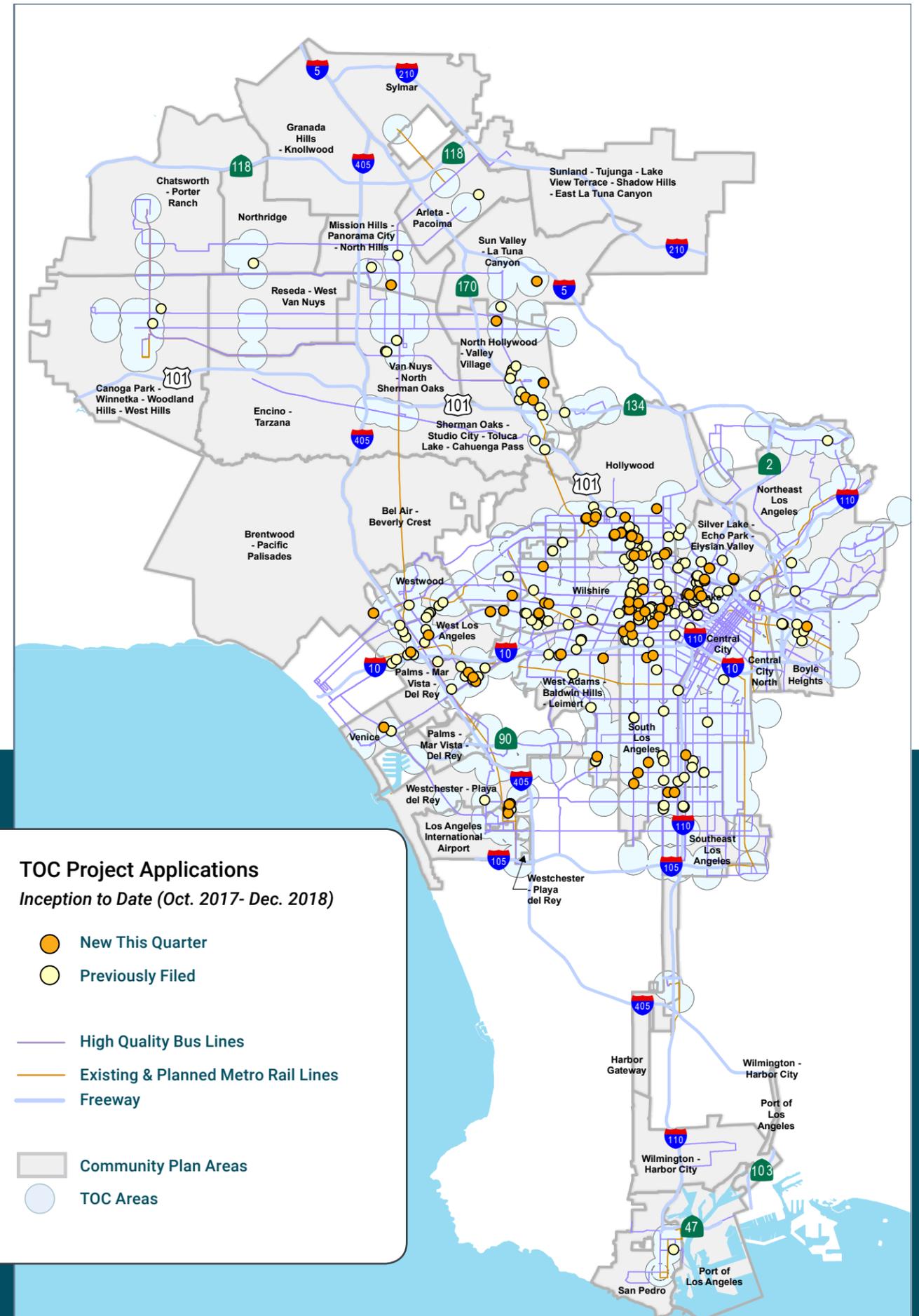
of TOC projects are by-right, meaning they can apply for building permits without City Planning review.

42%

of the nearly 2,400 affordable units are reserved for Extremely Low Income households.

Trends this Quarter:

The TOC program continues to perform strongly, with 46 new applications filed this quarter – a record high for the program since its inception in fall 2017. Moreover, 107 additional projects filed for pre-application review this quarter, a strong indicator that the program will continue to drive housing production in the months to come. TOC projects are trending toward a concentration in parts of the City well-served by transit and connected to job centers – neighborhoods including Wilshire Center-Koreatown, Hollywood, Palms, and West Los Angeles. As other types of housing entitlements have decreased in number or held steady, the escalation in TOC projects accounts for most of the 18% growth in housing units proposed from 2017 to 2018.



TOC Project Applications Inception to Date (Oct. 2017- Dec. 2018)

- New This Quarter
- Previously Filed
- High Quality Bus Lines
- Existing & Planned Metro Rail Lines
- Freeway
- Community Plan Areas
- TOC Areas

DENSITY BONUS INCENTIVE PROGRAM HOUSING PROGRESS REPORT

OCTOBER - DECEMBER 2018

Density Bonus is a State-mandated program that allows housing developers to build an additional number of units over the allowed density in exchange for a contribution to specific citywide housing needs, such as including a percentage of affordable housing units, providing senior housing, or donating land for housing. The Density Bonus Program has been available in Los Angeles since 2005.

HOUSING PROPOSED THROUGH DENSITY BONUS

	This Quarter	Last Quarter	% Change	2018 Year-End	2017 Year-End	% Change	2017-2018
<i>Filed Cases</i>	9	8	13%	46	81	-43%	127
<i>Market Rate Units</i>	175	143	22%	2,829	3,594	-21%	6,423
<i>Affordable Units</i>	170	264	-36%	715	740	-3z %	1,455
Total	345	407	-15%	3,544	4,334	-18%	7,878

13%

of units proposed in 2018 were through the Density Bonus program, reflecting a steady decline from 24% in 2016.

24%

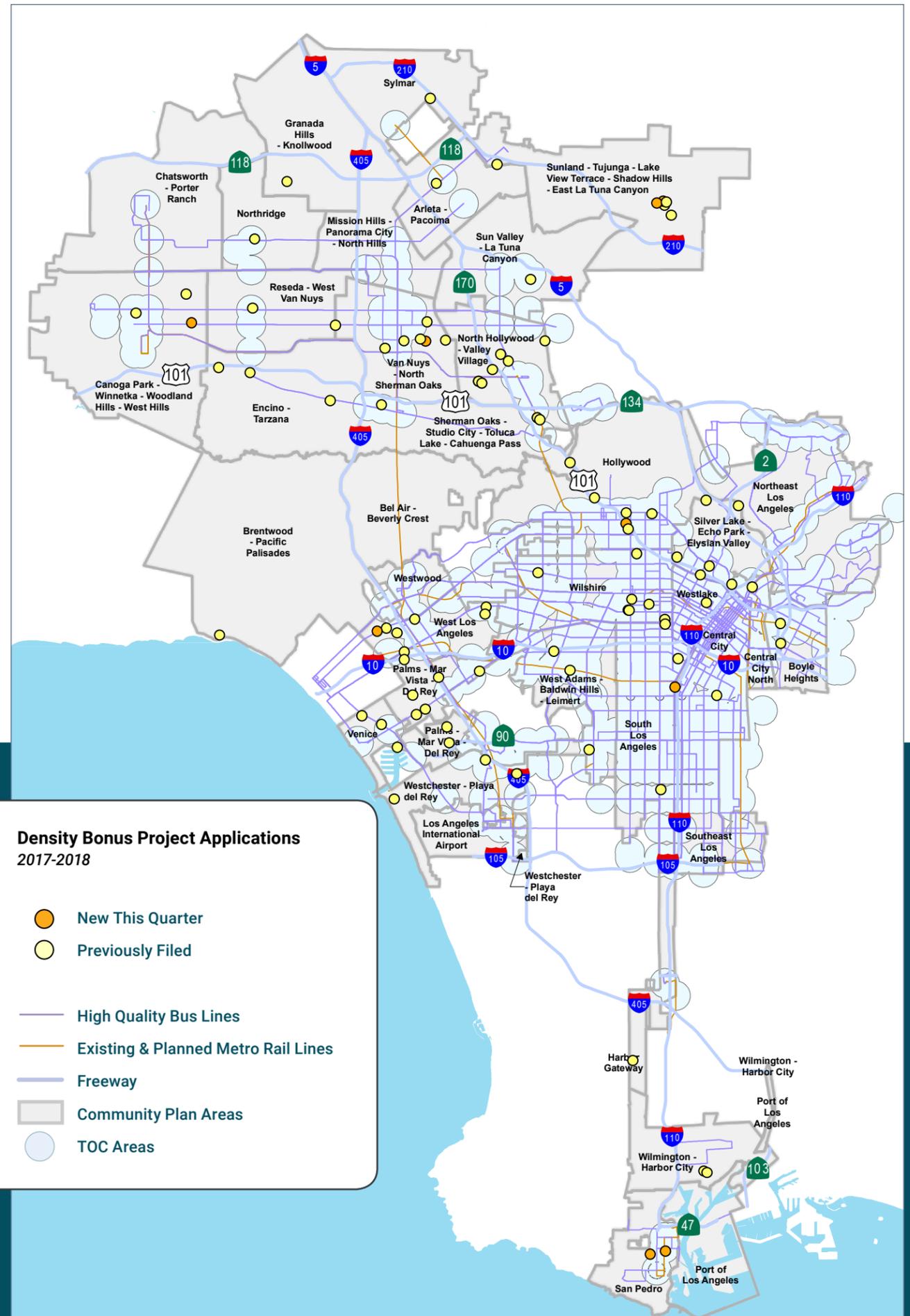
of affordable units proposed in 2018 were through the Density Bonus program, whereas 47% were through the TOC program.

43%

of housing proposed in 2018 was through either the Density Bonus or TOC incentive programs, compared to 22% in 2017.

Trends this Quarter:

Applications for Density Bonus projects this quarter held steady from the prior quarter, but continued to reflect an overall decline as projects seeking incentives select the TOC program over Density Bonus. Compared to the last quarter of 2017, the number of Density Bonus applications was down by half, and the number of units proposed was 65% less. While new filings are down, Density Bonus projects continue to make up a significant portion of completed entitlements, representing 31% of projects and units approved this quarter.



Density Bonus Project Applications 2017-2018

- New This Quarter
- Previously Filed
- High Quality Bus Lines
- Existing & Planned Metro Rail Lines
- Freeway
- Community Plan Areas
- TOC Areas

ACCESSORY DWELLING UNITS HOUSING PROGRESS REPORT

OCTOBER - DECEMBER 2018

ADU PERMIT APPLICATIONS BY TYPE

Permits Filed	This Quarter	Last Quarter	% Change	2018 Year-End	2017 Year-End	% Change	2017-2018
Addition	525	517	2%	1,963	1,310	50%	3,273
Conversion	605	619	-2%	2,427	1,884	29%	4,311
New Construction	279	261	7%	1,039	624	67%	1,663
Total	1,409	1,397	1%	5,429	3,818	42%	9,247

An Accessory Dwelling Unit (ADU) is a self-contained housing unit located on the same property as a single-family home. Often referred to as granny flats, guest houses, or casitas, they have been recognized by the State as an important

housing option for renters and homeowners. ADUs tend to be more affordable for family members, students, and the elderly seeking housing opportunities within existing neighborhoods.

Trends this Quarter:

New permit applications held steady this quarter at 1,409, reflecting continued interest from homeowners in adding ADUs. In line with the trends of the past two years, just 20% of applications last quarter were for new, ground-up construction. 43% were for conversion of existing structures, most commonly garages, and 37% were for addition to existing structures. Issuance of permits by Building and Safety continues to keep pace with applications, with 1,093 permits issued last quarter. Of permits issued in the past two years, 27% have gone on to receive Certificates of Occupancy, resulting in 1,769 new homes for families on the ground today.

80%

of ADUs are conversions of, or additions to existing buildings. Only 20% are new, ground-up construction.

42%

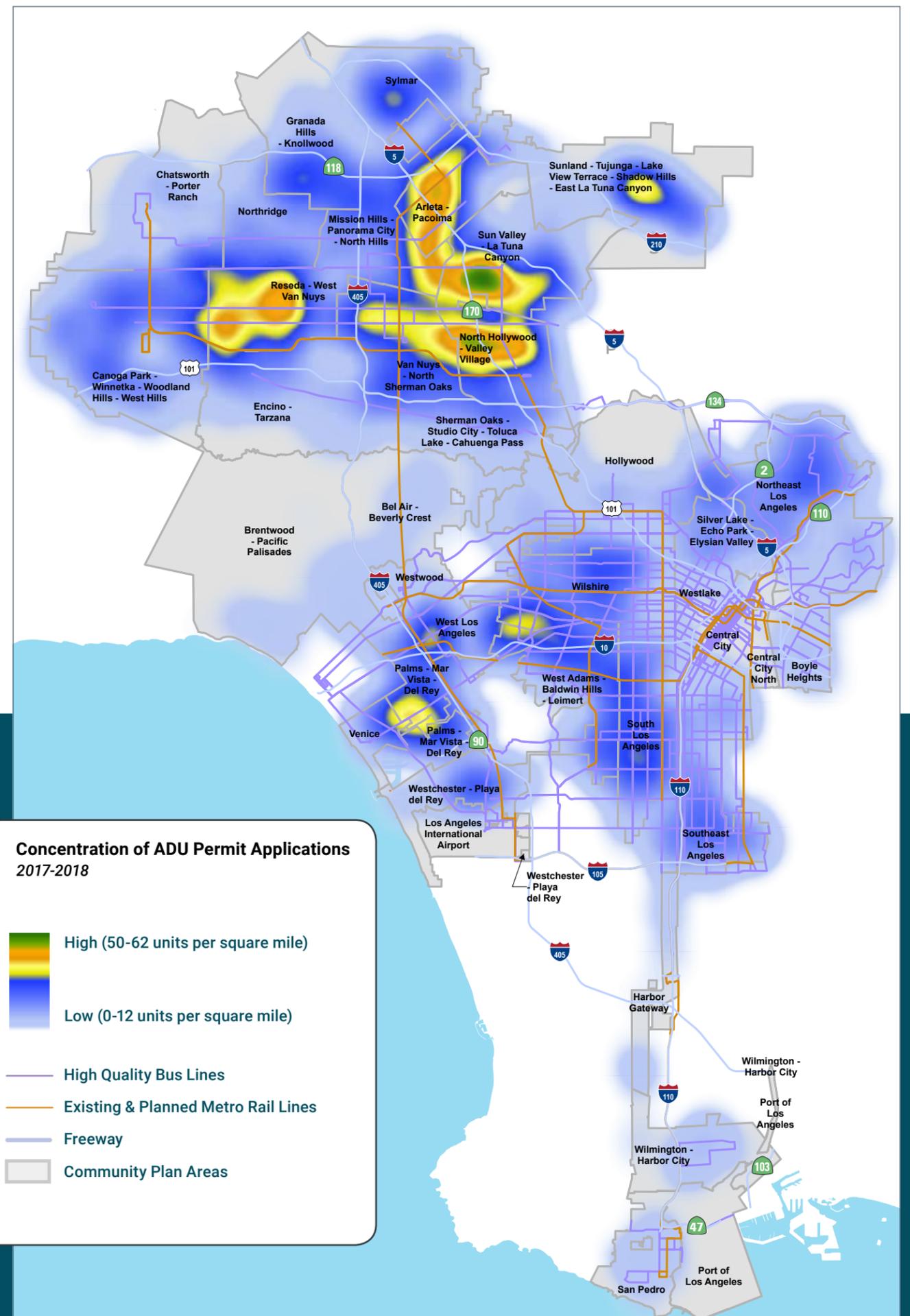
Increase in ADU permits filed from 2017 to 2018.

17x

The number of ADU permits filed since the change in State law in January 2017, as compared to the two years prior.

STATUS OF LA'S ADU ORDINANCE

The City of Los Angeles has been operating under state ADU law since January 2017. A local ADU Ordinance to take the place of state law was approved by the City Planning Commission in November 2018. The proposed ordinance is now pending review by City Council.



UNPERMITTED DWELLING UNITS HOUSING PROGRESS REPORT

OCTOBER - DECEMBER 2018

UDU APPLICATIONS BY STATUS

	This Quarter	Last Quarter	% Change	2018 Year-End	2017 Year-End	% Change	Inception to Date*
<i>Applications Filed</i>	39	43	-9%	176	114	54%	290
<i>Applications Approved</i>	33	29	14%	139	98	42%	237
<i>Final City Planning Sign-Off</i>	11	5	120%	33	3	1000%	36

* Since April 2017

The Unpermitted Dwelling Unit Ordinance (UDU) allows for unpermitted units in multi-family buildings to be legalized through a voluntary program – provided that life and safety

conditions are met and at least one restricted low- or moderate-income affordable housing unit is offered for each legalized unit. This program was implemented in May 2017.

6 STEPS TO LEGALIZING AN UNPERMITTED DWELLING UNIT

1 Submit.

Submit an application to the Department's Housing Services Unit for initial review and to determine eligibility.

2 Provide.

Provide site, floor, and elevations plans to verify compliance with the existing building and zoning code.

3 Consult.

Consult with the Department's Housing Services Unit to receive the necessary zoning incentives in order to proceed.

4 Sign.

Sign and record a covenant with the Housing + Community Investment Department to confirm the number of affordable units.

5 Obtain.

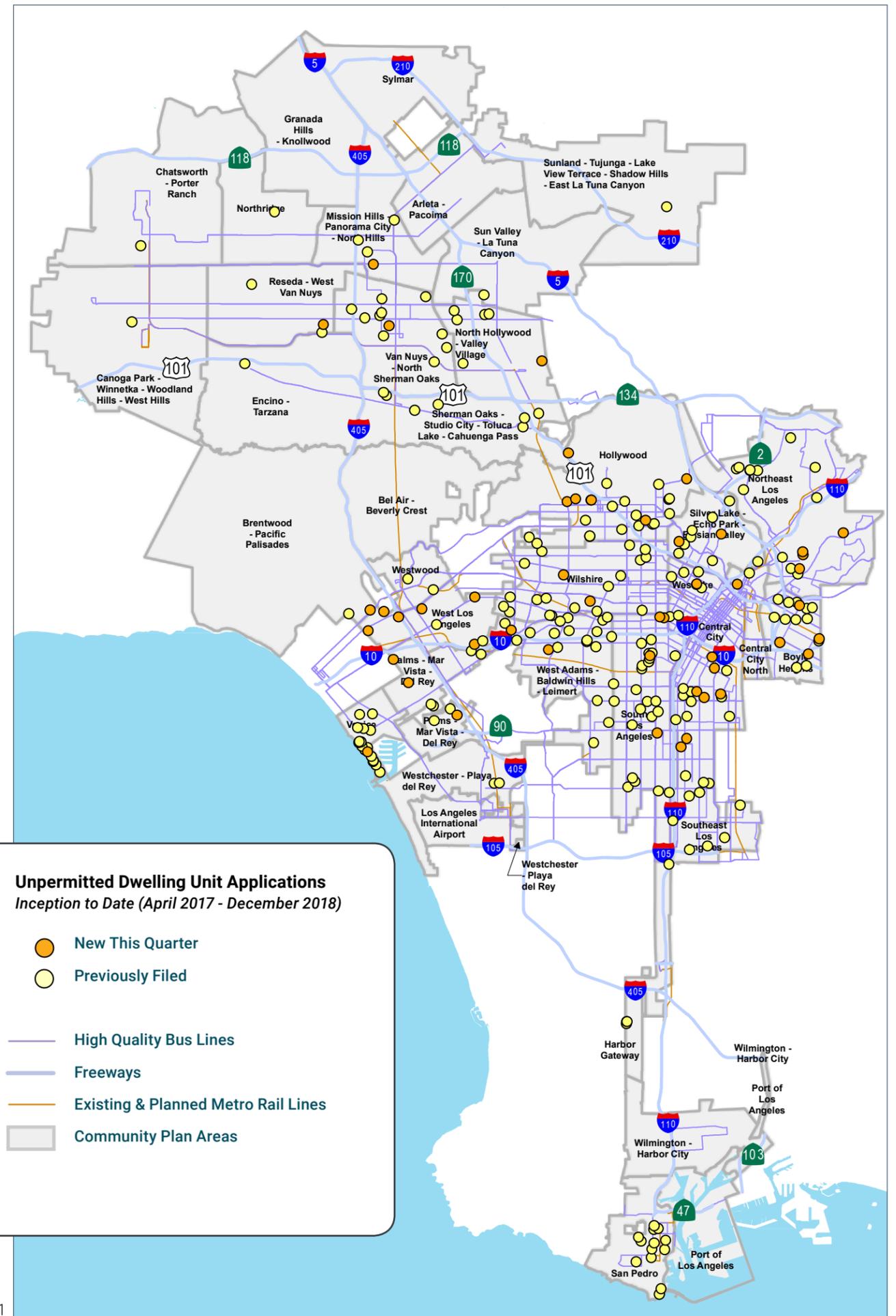
Obtain final sign-off from the Department's Housing Services Unit after demonstrating compliance with all of the performance standards.

6 Secure.

Secure building permits and certificate of occupancy from Building and Safety.



This multi-family property in Glassell Park was able to legalize an existing unit through the City's Unpermitted Dwelling Unit ordinance, in exchange for providing an affordable unit.



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