

Housing Affordability in the Southwest Valley



Background

Across the Southwest Valley Community Plan Area, most of the existing housing structures were built almost 70 years ago during the post World War II era. Federal policies at the time encouraged the development of housing to provide homeownership opportunities for veterans, as well as to increase suburbanization and freeway development in major cities like Los Angeles. However, due to multiple factors, housing production significantly decreased over the decades in areas like the Southwest Valley starting in the 1980s. The City’s low housing production levels during that time has led to today’s significant housing shortage and affordability crisis, which is characterized by high rental costs, unobtainable homeownership among younger generations, overcrowded living conditions, and increased levels of unhoused residents.

Affordability as it relates to housing refers to the relationship between housing costs and household income. It is generally accepted that for housing to be affordable, a household should not spend more than 30% of its income on housing costs. A household spending over 30% of its income on housing costs is considered to be cost-burdened, or severely cost-burdened if it spends over 50% of its income on housing costs. Los Angeles specifically has one of the highest levels of cost-burdened renter households (59%) than any other major city in the US.¹

In 2023, the Area Median Income (AMI) in the City was estimated at \$98,200, which is an increase from \$91,100 in 2022 and from \$80,000 in 2021.² However, as of January 2024, the median rent for a two-bedroom apartment in the City is \$3,000.³ At this rate, households must have an annual income of \$120,000 or more to not be considered cost-burdened in Los Angeles. The median household income in each Community Plan Area in the table below shows why many renters in the Southwest Valley are or are at risk of becoming cost-burdened or severely-cost-burdened. When their incomes are unable to keep up with the rising costs of housing, more residents are forced into unstable housing situations.

Community Plan Area	Median Household Income
Encino-Tarzana	\$106,501
Canoga Park-Winnetka-Woodland Hills-West Hills	\$98,490
Reseda-West Van Nuys-Lake Balboa	\$78,526

Source: Los Angeles Department of City Planning, Demographic Profiles, January 2024: <https://planning.lacity.gov/resources/demographics>

Retired older adults in particular are a population that is vulnerable to housing insecurity because they typically live on fixed incomes that cannot keep up with rising housing costs. The table below shows that between 2010 and 2021, the Southwest Valley’s population of adults over the age of 60 increased. The number of older residents is expected to continue to grow over the next decades, therefore it is important to encourage the production of senior housing that is affordable to various income levels to accommodate the housing needs of its senior population.

¹ Los Angeles 2021-2029 Housing Element, Chapter 1: Housing Needs Assessment: [https://planning.lacity.gov/odocument/bde50bc0-5f1f-4e88-a5cf-06a12e1d8078/Chapter_1_-_Housing_Needs_Assessment_\(Adopted\).pdf](https://planning.lacity.gov/odocument/bde50bc0-5f1f-4e88-a5cf-06a12e1d8078/Chapter_1_-_Housing_Needs_Assessment_(Adopted).pdf)

² Source: California Department of Housing and Community Development, 2023: <https://www.hcd.ca.gov/sites/default/files/docs/grants-and-funding/income-limits-2023.pdf>

³ Zillow, LA Rental Market Summary: <https://www.zillow.com/rental-manager/market-trends/los-angeles-ca/?bedrooms=2>

Change in Population of Older Adults in the Southwest Valley (2010–2021)

Age Group	Encino-Tarzana	Canoga Park-Winnetka- Woodland Hills-West Hills	Reseda-West Van Nuys- Lake Balboa
60–64 years old	27% increase	31% increase	28% increase
65–74 years old	31% increase	48% increase	69% increase
75 years and up	11% increase	13% increase	13% increase

Source: Los Angeles Department of City Planning, Demographic Profiles, January 2024: <https://planning.lacity.gov/resources/demographics>

What Is Affordable Housing?

In the City of Los Angeles, “Affordable Housing” is any housing unit that has a formal covenant or other legal protection that guarantees that the housing unit can only be occupied by someone within a set income schedule as determined by federal and state government agencies. These units can be located in a building that is entirely income restricted (100% Affordable Housing), or in a privately funded mixed-income housing development where only a certain percentage of the units are covenanted as Affordable Housing. The table below shows the different levels of income and how it applies to a family of four.

	Area Median Income (AMI)	Four Member Household
Extremely Low Income (ELI)	30% of AMI	\$37,850
Very Low Income (VLI)	50% of AMI	\$63,050
Low Income (LI)	80% of AMI	\$100,900
Moderate Income (MI)	120% of AMI	\$151,300

Source: Los Angeles Housing Department, 2023 Income and Rent Limit - Land Use Schedule I <https://housing2.lacity.org/wp-content/uploads/2023/07/2023-Income-and-Rent-Limits-LU-Schedule-1.pdf>

Affordable Housing in the Southwest Valley

Land use incentive programs, such as the Density Bonus Ordinance and the Transit Oriented Communities (TOC) Program have produced Affordable Housing units throughout the City via 100% Affordable Housing and privately funded mixed-income housing developments. These programs offer incentives, such as increased residential density, in exchange for the provision of a required percentage of on-site covenanted affordable units. The table below shows the small percentage of Affordable Housing units that were approved between 2009 and 2020 in the three Community Plan Areas relative to the entire City, particularly within the Encino-Tarzana Community Plan Area.

Affordable Housing Units Approved in the Southwest Valley (2009–2020)⁴

Encino-Tarzana	Canoga Park-Winnetka- Woodland Hills-West Hills	Reseda-West Van Nuys- Lake Balboa
6 units	211 units	314 units
(0.04% of the total number citywide)	(1.3% of the total number citywide)	(2% of the total number citywide)

⁴ Report Relative to Citywide Equitable Distribution of Affordable Housing (Council File 19-0416): https://clkrep.lacity.org/online/docs/2019/19-0416_misc_05-21-21.pdf

Naturally-Occurring Affordable Housing

Naturally-occurring affordable housing refers to properties that due to their age, location, or other market factors, offer rents that are affordable to lower income households.

Rent Stabilization Ordinance Housing Supply

The City has over 620,000 rental units in multi-unit properties constructed before October 2, 1978, that are regulated by the Rent Stabilization Ordinance (RSO). The RSO limits rent increases to between 3% and 8% each year, protects tenants from arbitrary eviction, and requires that evicted tenants receive relocation assistance.⁵ Housing units under the RSO tend to be more naturally affordable than non-RSO units. Although most RSO units are in the eastern, central, and southern portions of the City, the Southwest Valley does have areas that have significant amounts of multi-unit RSO properties. These existing RSO areas are currently designated as Medium Residential or High Medium Residential General Plan land use.

Preserving RSO Supply

In areas that have significant multi-unit RSO properties, the Southwest Valley Community Plans are proposing a zoning strategy that mirrors existing regulations and conditions, such as height and floor area, in order to preserve this valuable resource of affordable units and minimize renter displacement. Generally, the proposed building envelope would allow for a base building envelope of 1.5 FAR and three stories. However, projects can access a bonus building envelope of up to 3 FAR and five stories, as well as additional residential density, in exchange for providing a certain percentage of on-site covenanted affordable units. This strategy is part of the proposed Medium Residential and Medium Neighborhood Residential General Plan Land Use Designation strategies.

New Affordable Housing That Is Accessible to Current and Future Southwest Valley Residents

One component of the Community Plan is a community benefits strategy that establishes development incentives for affordable housing that are tailored to the needs of the community. The incentives are proposed to apply to portions of the 3 Southwest Valley Community Plans, and are tailored based on proximity to transit, commercial centers, and jobs. The affordable housing incentives are aligned with the proposed zoning and Plan policies to focus on providing affordable housing units where it is most needed to affirmatively further the City's Fair Housing goals. Please note that pending and future legislation at the state and local level, including the implementation of the Housing Element, may result in updates to the Floor Area Ratio (Bonus), Height Limit (Bonus), and Density (Bonus) noted in the interactive map's draft zoning.

⁵ Los Angeles Housing Department, Rent Stabilization Bulletin: <https://housing2.lacity.org/wp-content/uploads/2022/01/Allowable-Rent-Increase-Bulletin-English.pdf>