

HOUSING PROGRESS REPORT

Transit Oriented Communities Incentive

Density Bonus

Accessory Dwelling Units

Unpermitted Dwelling Units

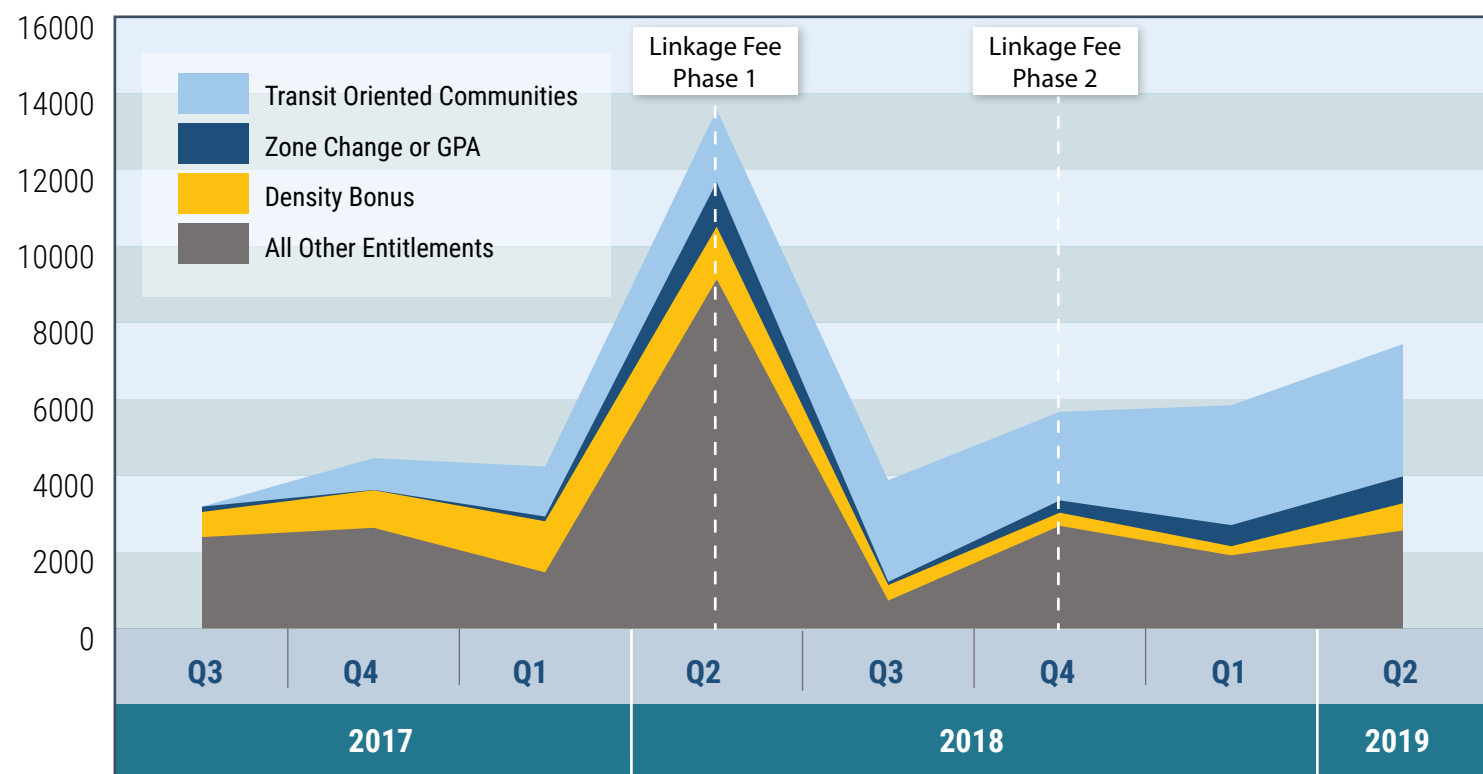


THE BIG PICTURE HOUSING PROGRESS REPORT

APRIL - JUNE 2019

ALL PROPOSED HOUSING ENTITLEMENTS

Filed Cases	This Quarter		Last Quarter		Quarterly % Change	2018 Year-End		2019 to Date	
	Units	%	Units	%		Units	%	Units	%
Market Rate Units	4,859	65%	4,856	83%	0%	24,424	89%	9,715	73%
Affordable Units	2,586	35%	985	17%	163%	2,942	11%	3,571	27%
Total By Affordability	7,445	100%	5,841	100%	27%	27,366	100%	13,286	100%
Transit Oriented Community	3,467	47%	3,140	54%	10%	8,184	30%	6,607	50%
Zone Change or GPA	705	9%	553	9%	27%	1,705	6%	1,258	9%
Density Bonus	712	10%	240	4%	197%	3,544	13%	952	7%
All Other Entitlements	2,561	34%	1,908	33%	35%	13,933	51%	4,469	34%
Total By Type	7,445	100%	5,841	100%	27%	27,366	100%	13,286	100%



This quarter marks the end of the City's fiscal year, which runs from July 1 to June 30. As budget and staff resources are allocated on a fiscal basis, the end of June presents an opportunity to reflect on the Department's achievements in the year prior. In Fiscal Year (FY) 2018-2019, City Planning approved a total of **24,890 housing units, which is 4,062 more housing units** than in the previous fiscal year, representing an increase of 20%. Most noteworthy, the number of **affordable units approved increased by 87%**, for a total of 4,025 affordable units approved in FY18-19. Market rate units approved also increased by 2,187, or almost 12%. These dramatically increasing rates of approval reflect the City's ongoing commitments to drive production of mixed-income housing through incentive programs like Transit Oriented Communities (TOC), and to increase investment in subsidized affordable housing developments.

This quarter also reflects the trend toward higher levels of affordable housing proposed in new projects, with affordable units taking a 35% share – 2,586 out of 7,445 proposed units. This striking statistic is driven in part by the redevelopment of Jordan Downs Urban Village, **which will bring more than 1,000 new affordable units to Watts.** Smaller-scale housing production continues as well, with nearly 1,400 new applications for backyard Accessory Dwelling Units (ADUs) this quarter – see page 8 for more detail.

SB 35 Streamlined Processing

California Senate Bill 35 ("SB 35"), which became effective in January 2018, provides for **streamlined review** of certain housing projects in cities and counties that have not met their housing goals as determined by the State. In Los Angeles, SB 35 provides for a ministerial (non-discretionary) approval process for projects that propose at least 50% affordable units and meet objective zoning standards. As of June 30, **eight 100% affordable projects** have filed for streamlined processing under SB 35. These projects, located in San Pedro, Hollywood, Westlake, Mid-City, and South LA, will result in **514 units for low- and very low-income families.** Several will serve the homeless or others with special needs. Four of these projects have been approved in an **average of 77 days.**



Photo Credit: LINC Housing
456 West 9th Street in San Pedro was the first project to receive approval under the SB 35 Streamlined Infill Process. When completed, it will replace a parking lot with 91 units for low- and very low-income families.

TRANSIT ORIENTED COMMUNITIES INCENTIVE PROGRAM HOUSING PROGRESS REPORT

APRIL - JUNE 2019

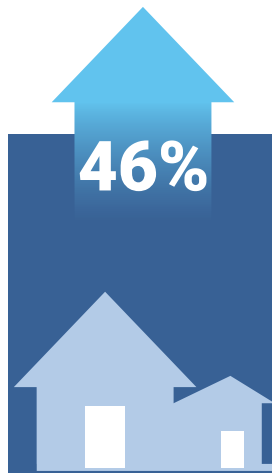
On September 22, 2017, the Department adopted the Transit Oriented Communities (TOC) Incentive Program in accordance with Measure JJJ – a voter initiative approved in November 2016 to incentivize affordable housing near transit. The TOC Program created a new tier-based system of incentives for certain 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		Quarterly % Change	2018 Year-End		2019 to Date		Inception to Date*
Discretionary Cases	53		58		-9%	155		111		279
Market Rate Units	2,766	80%	2,401	76%	15%	6,803	83%	5,167	79%	12,400
Affordable Units	675	20%	739	24%	-9%	1,381	17%	1,414	21%	2,945
Total Discretionary Units	3,441		3,140		10%	8,184		6,581		15,345
By-Right Building Permits**	12		28		-57%	80		40		136
Market Rate Units	330	89%	761	79%	-57%	2,202	84%	1,091	82%	3,665
Affordable Units	41	11%	201	21%	-80%	421	16%	242	18%	918
Total By-Right Units	371		962		-61%	2,623		1,333		4,583
Grand Total Units	3,812	100%	4,102	100%	-7%	10,807	100%	7,914	100%	19,928

* Since October 2017

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



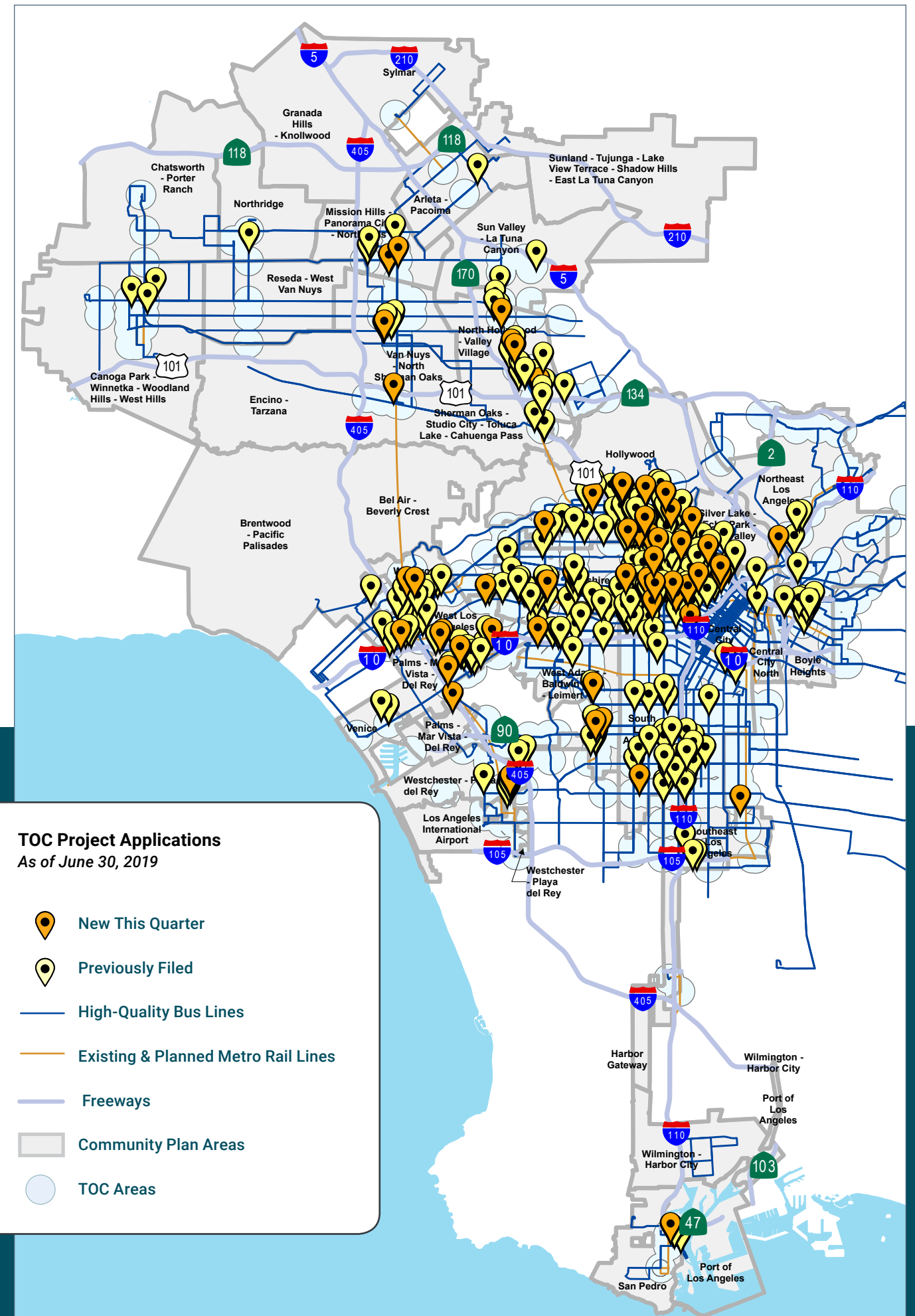
of units proposed last quarter were through the TOC Program

Trends This Quarter:

This quarter, the TOC Program again accounted for **nearly half of all units** that were proposed through discretionary planning processes. Since last quarter, the number of units proposed through both the discretionary and by-right TOC approval process held relatively steady at close to 4,000. With almost 8,000 units proposed to date in 2019, housing produced through the program this year is anticipated to far exceed the 11,000 units proposed in 2018. **Of the 415 projects proposed, 65% have now applied for building permits**; many have received early-start permits to begin grading or foundation work while other reviews are completed. TOC proposals are continuing to trend toward parts of the City well-served by transit and connected to job centers – Central Los Angeles accounts for half of all TOC projects, and Westside neighborhoods account for another 15%. But South Los Angeles is emerging as a focus for investment through TOC, now claiming a 20% share of TOC projects across neighborhoods including **West Adams, South LA, and Southeast LA.**



units proposed for each unit lost through discretionary cases



TOC Project Applications
As of June 30, 2019

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

DENSITY BONUS INCENTIVE PROGRAM HOUSING PROGRESS REPORT

APRIL - JUNE 2019

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 in projects, providing senior housing, or donating land for housing. State Density Bonus law was significantly expanded in 2005.

HOUSING PROPOSED THROUGH DENSITY BONUS

	This Quarter		Last Quarter		Quarterly % Change	2018 Year-End		2019 to Date	
Filed Cases	17		3		467%	46		20	
Market Rate Units	518	73%	137	57%	278%	2,829	80%	655	69%
Affordable Units	194	27%	103	43%	88%	715	20%	297	31%
Total Units	712	100%	240	100%	197%	3,544	100%	952	100%

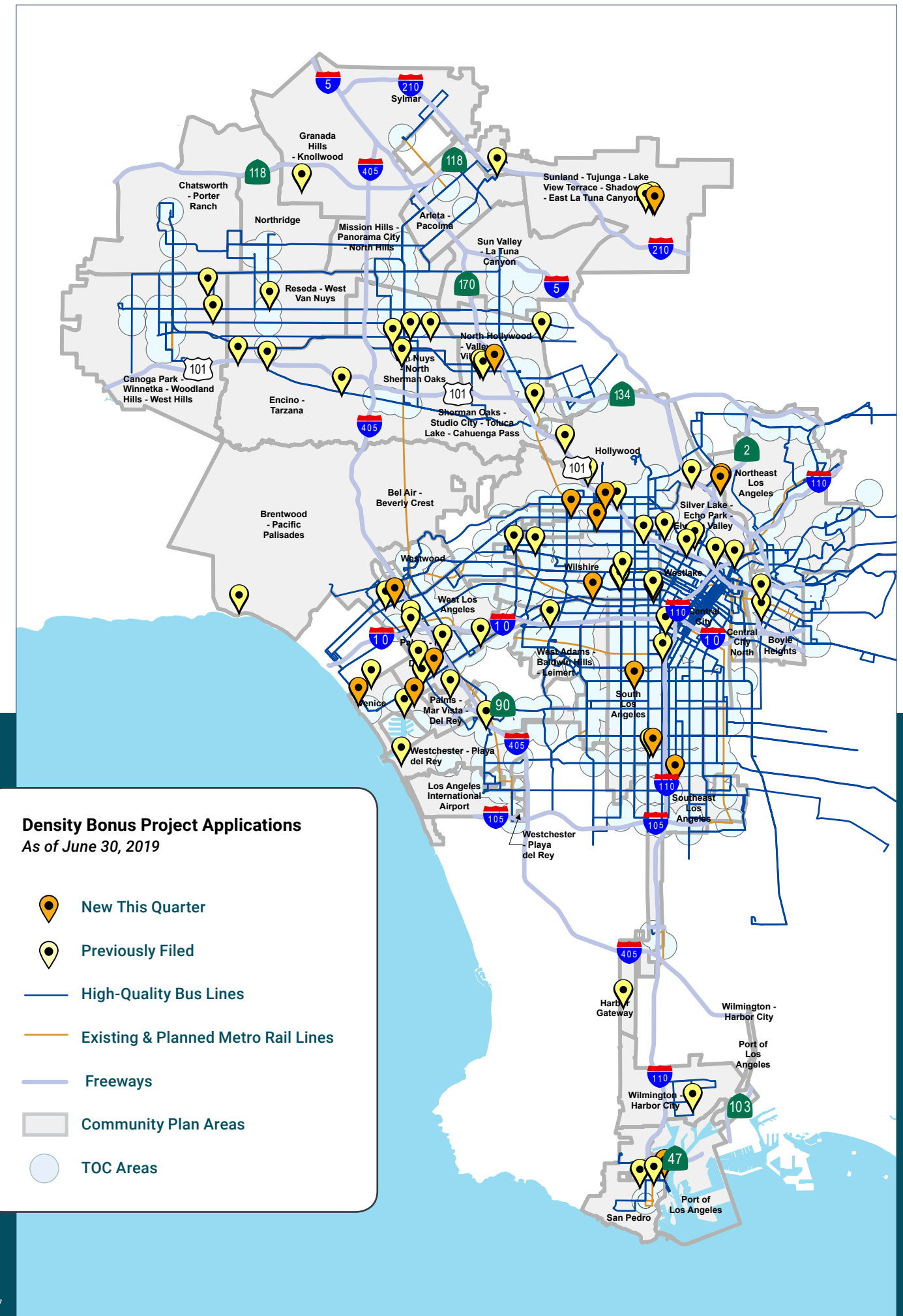
17
new Density Bonus cases were filed this quarter, reversing the recent decline in use of this program

Trends This Quarter:

Reversing a downward trend that has persisted since the third quarter of 2018, the number of newly filed Density Bonus entitlements **more than quadrupled** this quarter, jumping from 3 cases filed to 17. Discretionary Density Bonus projects filed this quarter include 194 units of affordable housing, an **88% increase**. The Density Bonus program has facilitated more than 900 total housing units, including 297 units of affordable housing, being added to the development pipeline since the beginning of 2019. While the Density Bonus program continues to be outpaced by the Transit Oriented Communities (TOC) program, it can incentivize mixed-income projects not located near high-quality transit, or that need "off-menu" incentives.

DENSITY BONUS ORDINANCE UPDATE

The Department of City Planning is evaluating an update to the Density Bonus Ordinance that could provide new menu options, new and expanded affordable housing incentives, and new by-right incentives, and that would incorporate recent updates to State law.



ACCESSORY DWELLING UNITS HOUSING PROGRESS REPORT

APRIL - JUNE 2019

ADU PERMIT APPLICATIONS BY TYPE

Permits Filed	This Quarter		Last Quarter		Quarterly % Change	2018 Year-End		2019 to Date		Since January 2017*	
	Count	%	Count	%		Count	%	Count	%	Count	%
Addition	512	38%	477	37%	7%	1,963	36%	989	37%	4,276	36%
Conversion	565	41%	542	42%	4%	2,427	45%	1,107	42%	5,396	45%
New Construction	289	21%	261	21%	11%	1,039	19%	550	21%	2,225	19%
Total	1,366	100%	1,280	100%	7%	5,429	100%	2,646	100%	11,897	100%

*State law facilitating increased ADU construction became effective January 1, 2017

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.

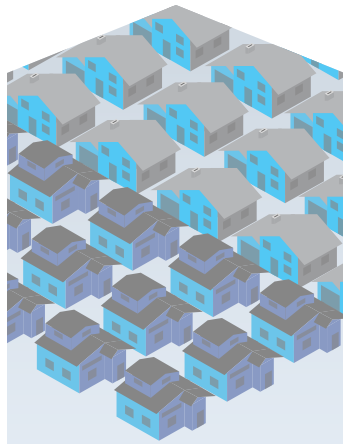
Trends This Quarter:

ADU applications of all types **increased by 7%** this quarter, led by a 14% increase in the number of applications for new construction of an ADU. However, additions to or conversions of existing structures continue to account for the largest share - 79% - of ADU applications submitted this quarter.

Permits continue to be approved at an average rate of 1,050 per quarter, with **most permits issued in under 90 days** after application. Among permits for alteration of existing structures, permits are being issued more quickly – 82% in under 90 days.

As in past quarters, the **Valley continues to be the focal point** of ADU production in the City. The highest concentration of ADU applications remains in the communities of **Arleta-Pacoima, Sun Valley, North Hollywood, and Reseda.**

2019 is on course to deliver another year of strong growth in the number of ADUs in Los Angeles's housing pipeline, with **2,646 permit applications to date.** Year-end application numbers are anticipated to exceed the 5,429 applications submitted in 2018.

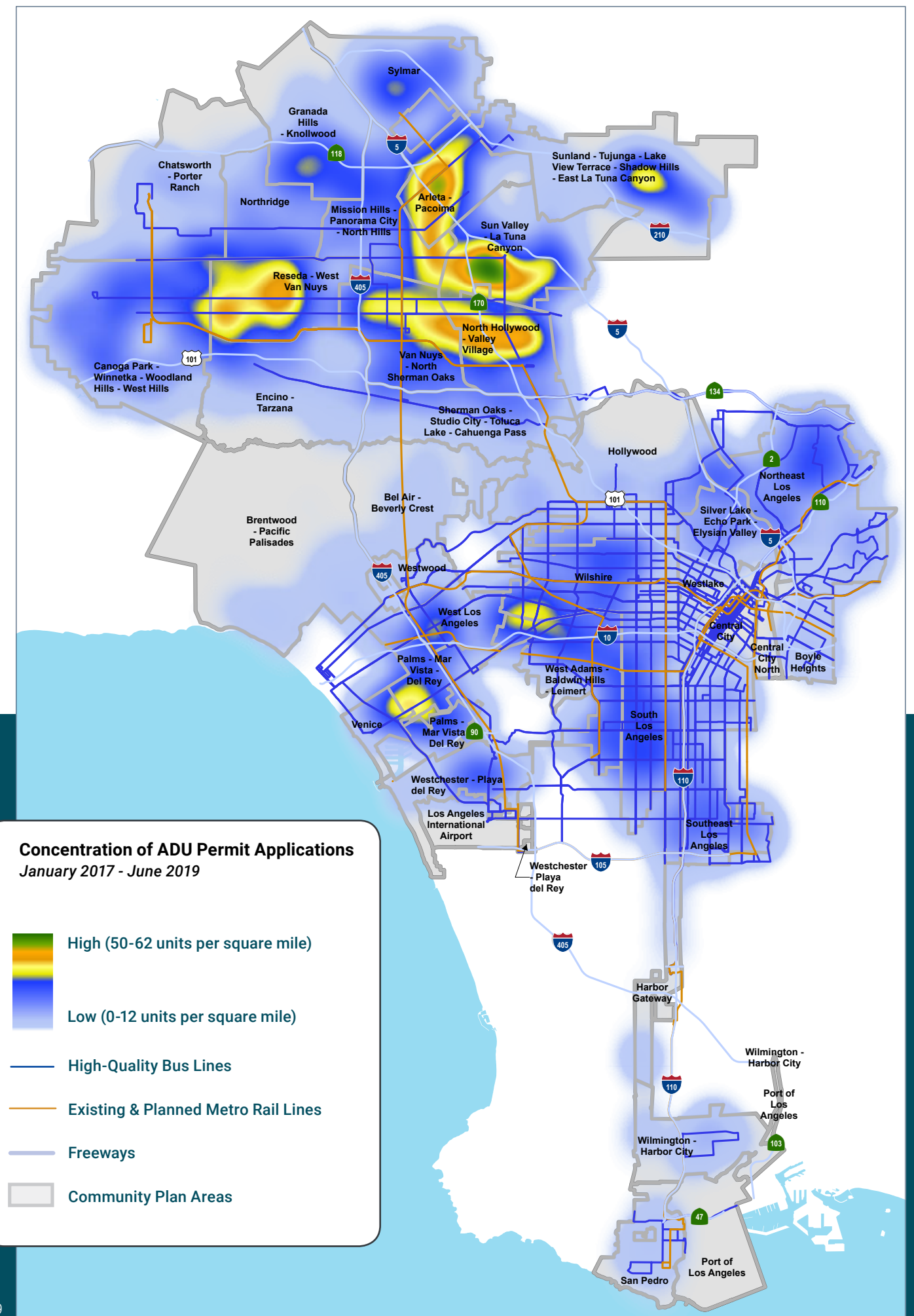


71% of ADUs submitted since 2017 have received building permits

66% of permitted ADUs received approval in under 90 days

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

APRIL - JUNE 2019

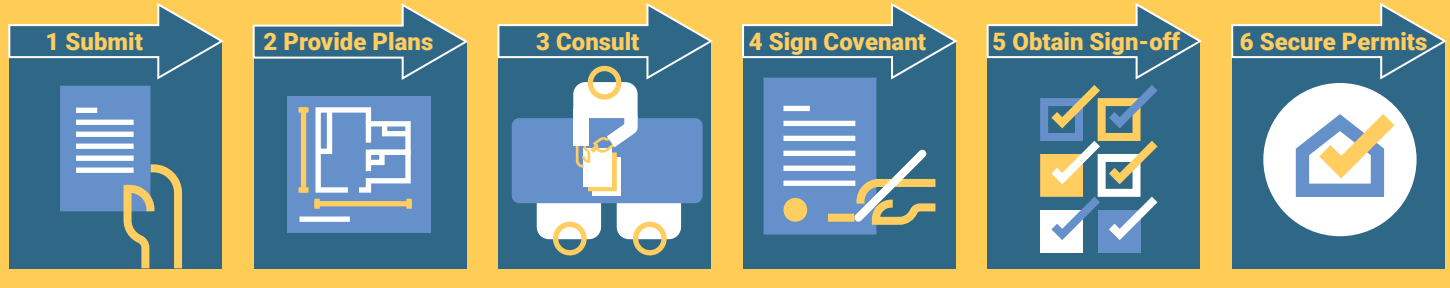
UDU APPLICATIONS BY STATUS

	This Quarter	Last Quarter	Quarterly % Change	2018 Year-End	2019 to Date	Inception to Date*
Applications Filed	40	35	14%	176	75	366
Applications Approved	28	35	-20%	139	63	272
Final City Planning Sign-Off	11	10	10%	33	21	45

* The Unpermitted Dwelling Unit Ordinance became effective April 1, 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, and only units that were built or occupied between 2011 and 2015 are eligible.

6 STEPS TO LEGALIZING AN UNPERMITTED DWELLING UNIT



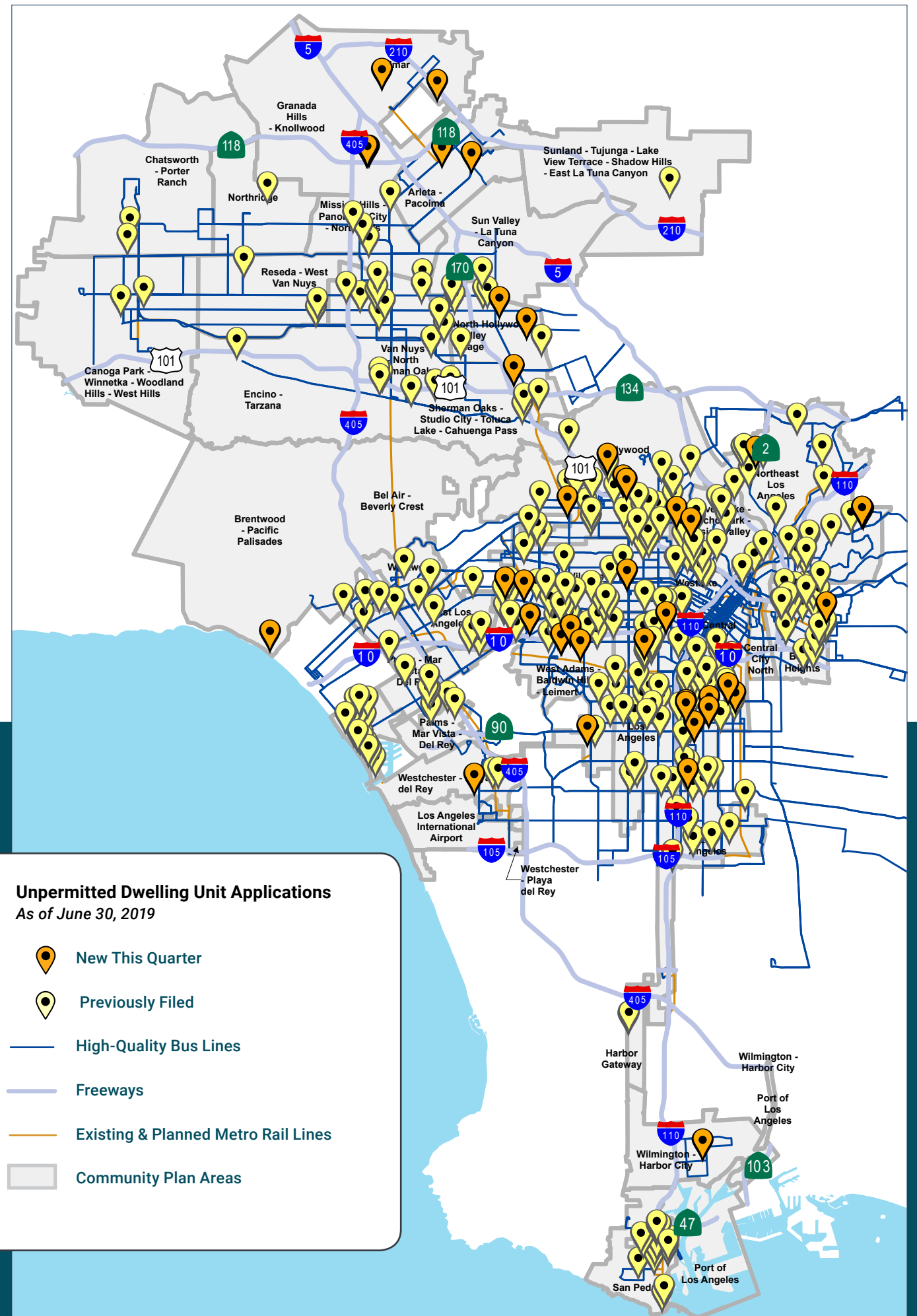
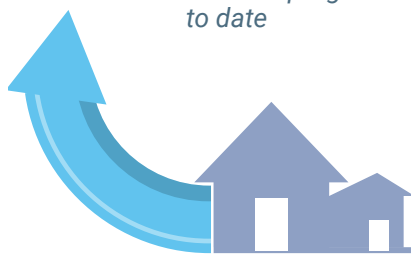
For more information: https://planning.lacity.org/UnpermittedDwellingUnits/UDU_TOC.html

Trends This Quarter:

Property owners' interest in utilizing the UDU program to legalize existing, unpermitted units continues to be steady with **40 new applications** submitted this quarter, an increase of 14%. While many UDU applications request to legalize just one or two units, some result in the preservation of more – up to 14 units, in one case – resulting in **482 total units preserved** as of June 30. The highest concentrations of UDU applications remain in communities in **South and Southeast Los Angeles**, with almost 40% of those submitted this quarter.

482

existing units preserved through the UDU program to date



Unpermitted Dwelling Unit Applications As of June 30, 2019

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

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