

HOUSING PROGRESS REPORT

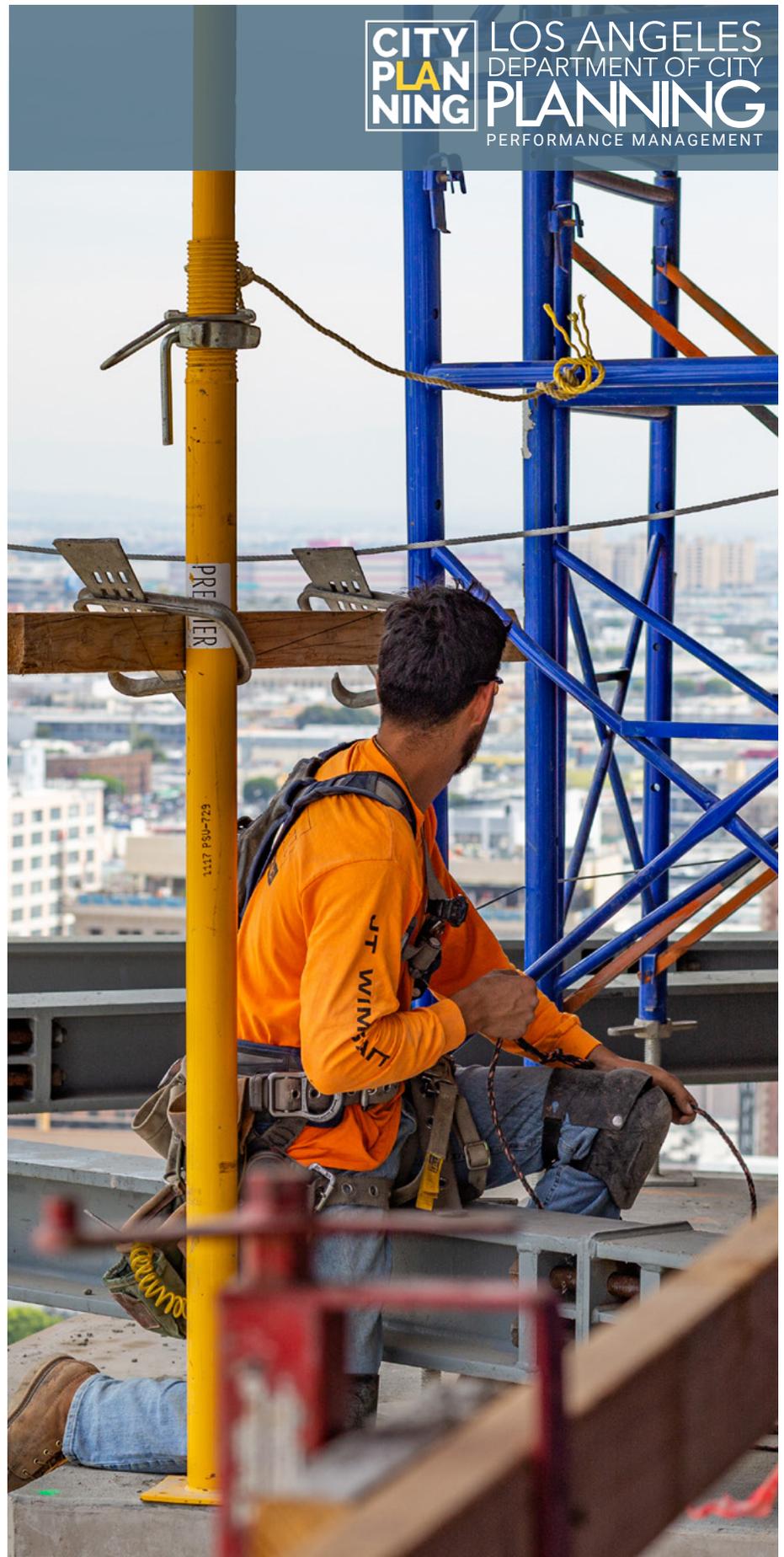
Transit Oriented Communities Incentive

Density Bonus

Accessory Dwelling Units

Unpermitted Dwelling Units

**CITY
PLAN
NING** LOS ANGELES
DEPARTMENT OF CITY
PLANNING
PERFORMANCE MANAGEMENT



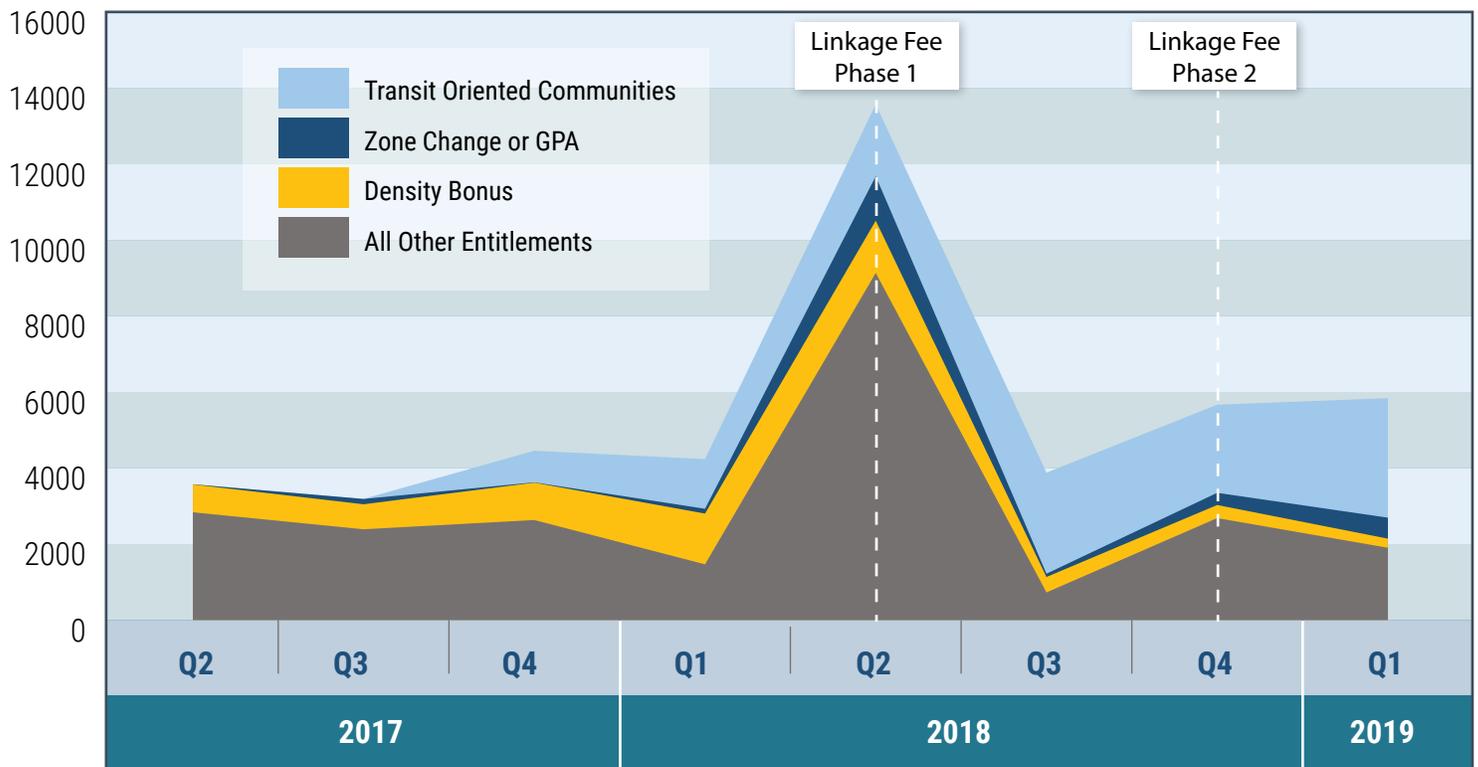
QUARTERLY REPORT: JANUARY - MARCH 2019

THE BIG PICTURE HOUSING PROGRESS REPORT

JANUARY - MARCH 2019

ALL PROPOSED HOUSING ENTITLEMENTS

Filed Cases	This Quarter		Last Quarter		Quarterly % Change	2018 Year-End	
	Units	%	Units	%		Units	%
Market Rate Units	4,856	83%	4,825	85%	1%	24,424	89%
Affordable Units	985	17%	844	15%	17%	2,942	11%
Total By Affordability	5,841	100%	5,669	100%	3%	27,366	100%
Transit Oriented Community	3,148	54%	2,321	41%	36%	8,184	30%
Zone Change or GPA	553	9%	321	6%	72%	1,705	6%
Density Bonus	240	4%	345	6%	-30%	3,544	13%
All Other Entitlements	1,900	33%	2,682	46%	-29%	13,933	51%
Total By Type	5,841	100%	5,669	100%	3%	27,366	100%



The first quarter of 2019 brings good news from our Housing Element Annual Progress Report. The Report, which was submitted to the State on April 1, shows that **in 2018, the City of Los Angeles produced more housing than it has in the past 30 years. Nearly 21,000 net new units received building permits last year**, and will soon be home to Angeleno families. This is an almost 50% increase over 2017, and a 63% increase in affordable units – numbers that reflect recent investments made by the City in planning for, funding, and permitting new market rate and affordable housing.

The Transit Oriented Communities (TOC) program continues to be the strongest driver of new housing, **accounting for more than half of all units proposed through discretionary applications this quarter**. Since last quarter, the share of restricted affordable units proposed through the program increased to 20%. The program has now produced more than 16,400 units since its launch in October 2017 – for more information, see page 4.

The development of Accessory Dwelling Units (ADUs) continues throughout the City, and Los Angeles now leads the country in ADU permitting. More than 10,500 ADU applications have been submitted since the State law changed in 2017, and almost 4,200 ADUs were permitted last year. As more homeowners adopt ADUs, new neighborhoods are emerging as ADU “hot spots.” – see page 8 for more.

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 Income is 50% of AMI – \$33,950; and Extremely Low Income is 30% of AMI – \$20,350 for one person.

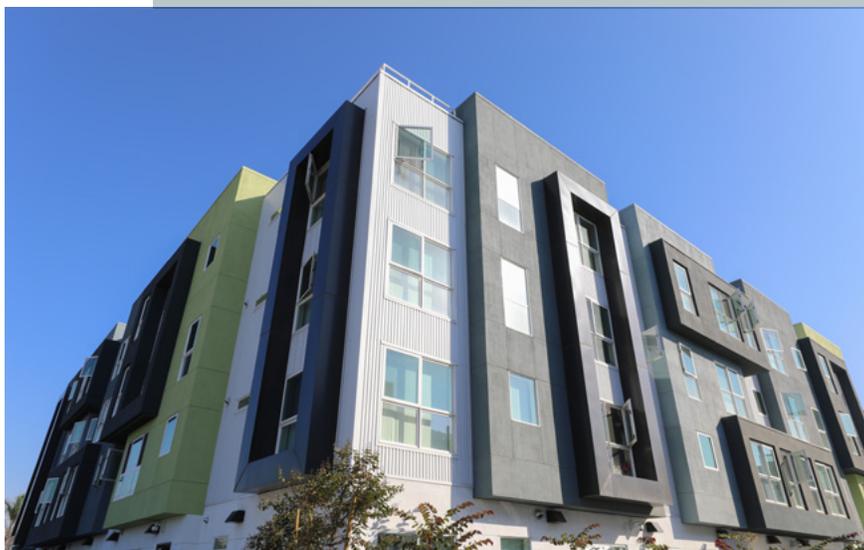


Photo: Mayor of Los Angeles

127th Street Apartments, completed in 2018, is an 85-unit covenanted affordable apartment community in Harbor Gateway for homeless or chronically-ill homeless individuals.

TRANSIT ORIENTED COMMUNITIES INCENTIVE PROGRAM HOUSING PROGRESS REPORT

JANUARY - MARCH 2019

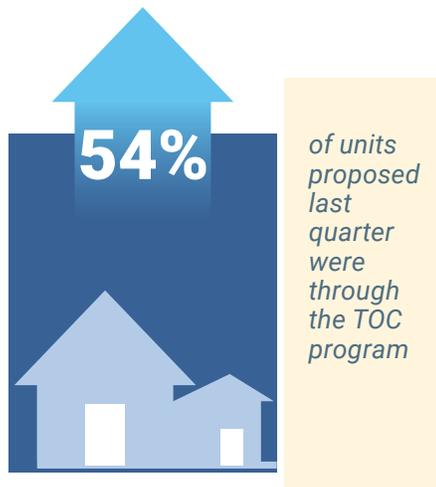
On September 22, 2017, the Department adopted the Transit Oriented Communities (TOC) Incentives program in accordance with Measure JJJ – a voter initiative approved in November 2016 to incentivize affordable housing near transit. The TOC program created a new tier-based system of incentives for certain 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		Quarterly % Change	2018 Year-End		Inception to Date*
Discretionary Cases	58		46		26%	155		228
Market Rate Units	2,401	76%	2,026	87%	19%	6,803	83%	9,628
Affordable Units	739	24%	295	13%	151%	1,381	17%	2,345
Total Discretionary Units	3,140	77%	2,321	73%	35%	8,184	76%	11,973
By-Right Building Permits**	28		25		12%	80		135
Market Rate Units	761	79%	736	87%	3%	2,202	84%	3,482
Affordable Units	201	21%	114	13%	76%	421	16%	948
Total By-Right Units	962	23%	850	27%	13%	2,623	24%	4,430
Grand Total Units	4,102	100%	3,171	100%	29%	10,807	100%	16,403

* Since October 2017

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



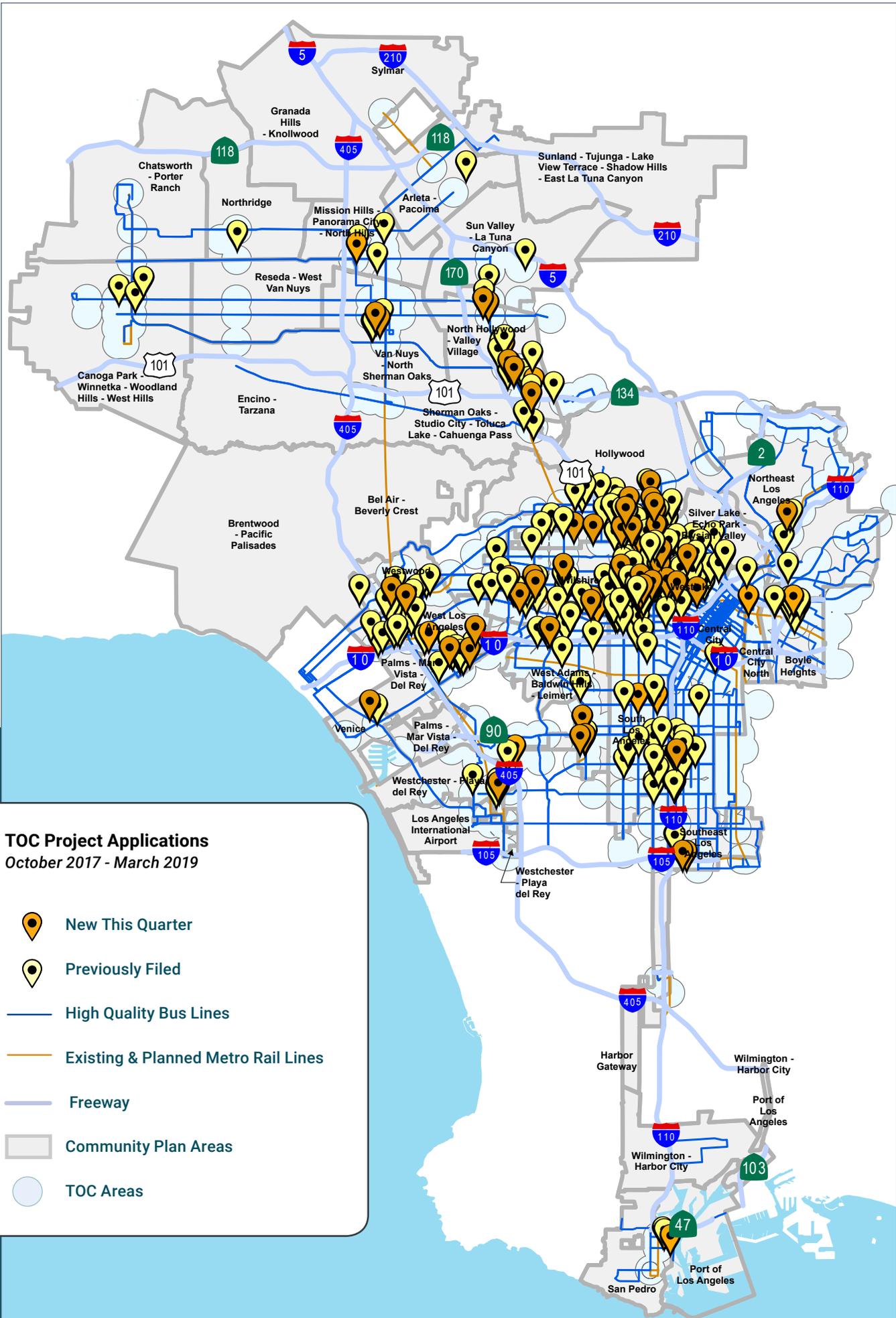
Trends this Quarter:

This quarter, the TOC Program accounted for a larger share of both total units and affordable units, representing a **54% share of all units** that were proposed through discretionary planning processes. Of the 985 proposed units of affordable housing, **75% used TOC incentives**. Since last quarter, the number of affordable units proposed through the discretionary TOC approval process **increased by over 150%**. With 58 discretionary TOC applications received in Q1 2019, breaking the previous quarterly record, we can expect these trends to continue. This is anticipated to result in close to 3,000 units of affordable housing being added to the City's development pipeline by the end of the year.

40% of restricted units will serve Extremely Low Income households



TOC projects are continuing to trend toward parts of the City well-served by transit and connected to job centers – Central Los Angeles, which includes **Wilshire Center, Koreatown, and Hollywood**, accounts for half of all TOC projects proposed. Westside neighborhoods including **Palms, Mar Vista, West Los Angeles, and Westchester** account for another 20%. But in this quarter, South Valley neighborhoods saw the greatest increase in their share of TOC projects, with eight new discretionary cases filed.



DENSITY BONUS INCENTIVE PROGRAM HOUSING PROGRESS REPORT

JANUARY - MARCH 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

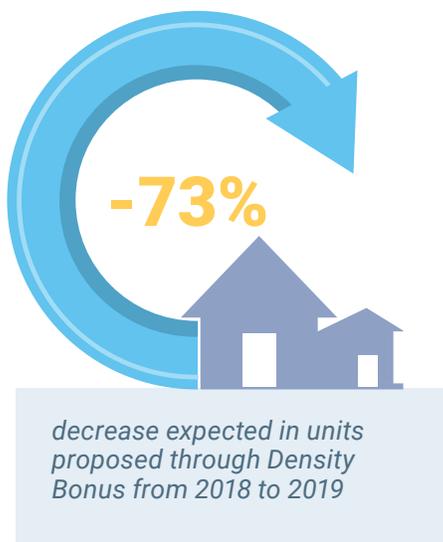
	This Quarter		Last Quarter		Quarterly % Change	2018 Year-End	
<i>Filed Cases</i>	3		9		-67%	46	
<i>Market Rate Units</i>	137	57%	175	51%	-22%	2,829	80%
<i>Affordable Units</i>	103	43%	170	49%	-39%	715	20%
Total Units	240	100%	345	100%	-30%	3,544	100%

Trends this Quarter:

The number of new density bonus entitlement applications declined again through the first quarter of 2019, continuing the downward trend that began in Q3 of 2018.

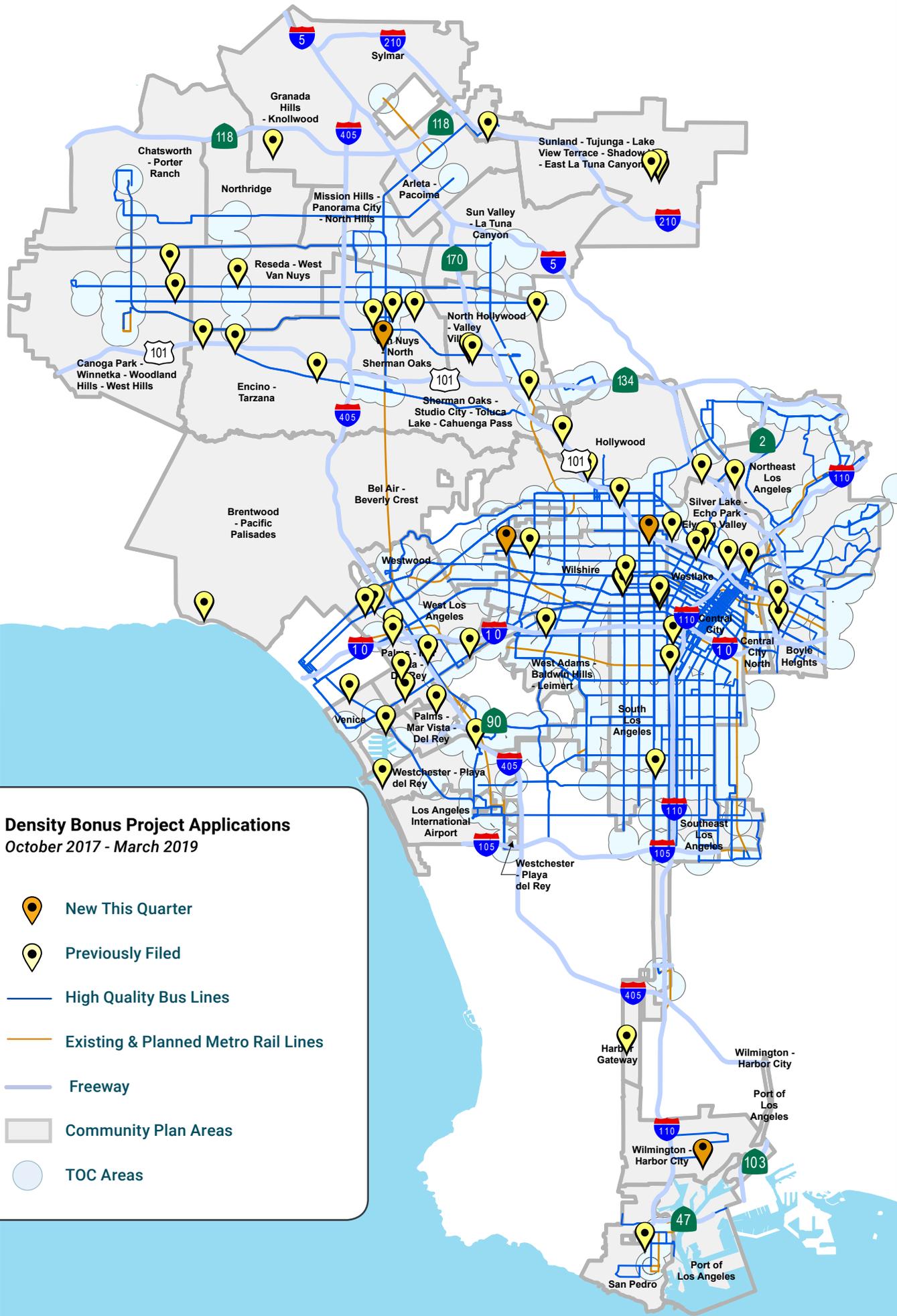
Overall, discretionary density bonus applications are down 67% this quarter, while discretionary TOC applications are up 26%. This trend continues to suggest that applicants have developed a growing preference for the incentive structures and approval processes offered by the TOC program over the Density Bonus program. However, areas not eligible for TOC can still use the Density Bonus.

If these trends continue, there will be approximately 1,000 total units including 400 affordable units proposed through the Density Bonus program by the end of the year, representing a 73% decrease in density bonus units year-over-year. Project approvals have also begun to slow, with 403 Density Bonus projects representing 7% of units entitled this quarter.



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 would incorporate recent updates to State law.



ACCESSORY DWELLING UNITS HOUSING PROGRESS REPORT

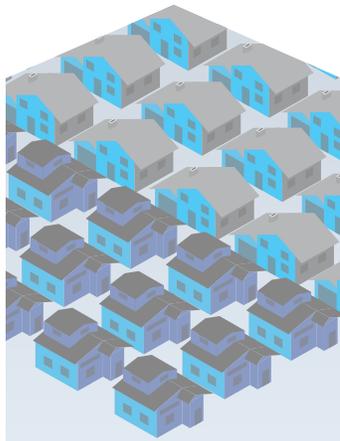
JANUARY - MARCH 2019

ADU PERMIT APPLICATIONS BY TYPE

Permits Filed	This Quarter		Last Quarter		Quarterly % Change	2018 Year-End		Since January 2017*	
	Count	%	Count	%		Count	%	Count	%
Addition	477	37%	525	37%	-9%	1,963	36%	3,750	36%
Conversion	546	43%	605	43%	-10%	2,427	45%	4,857	46%
New Construction	253	20%	279	20%	-9%	1,039	19%	1,916	18%
Total	1,276	100%	1,409	100%	-9%	5,429	100%	10,523	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.



500,000 single-family homes in the City of Los Angeles

10,523 ADU applications since January 2017

Trends this Quarter:

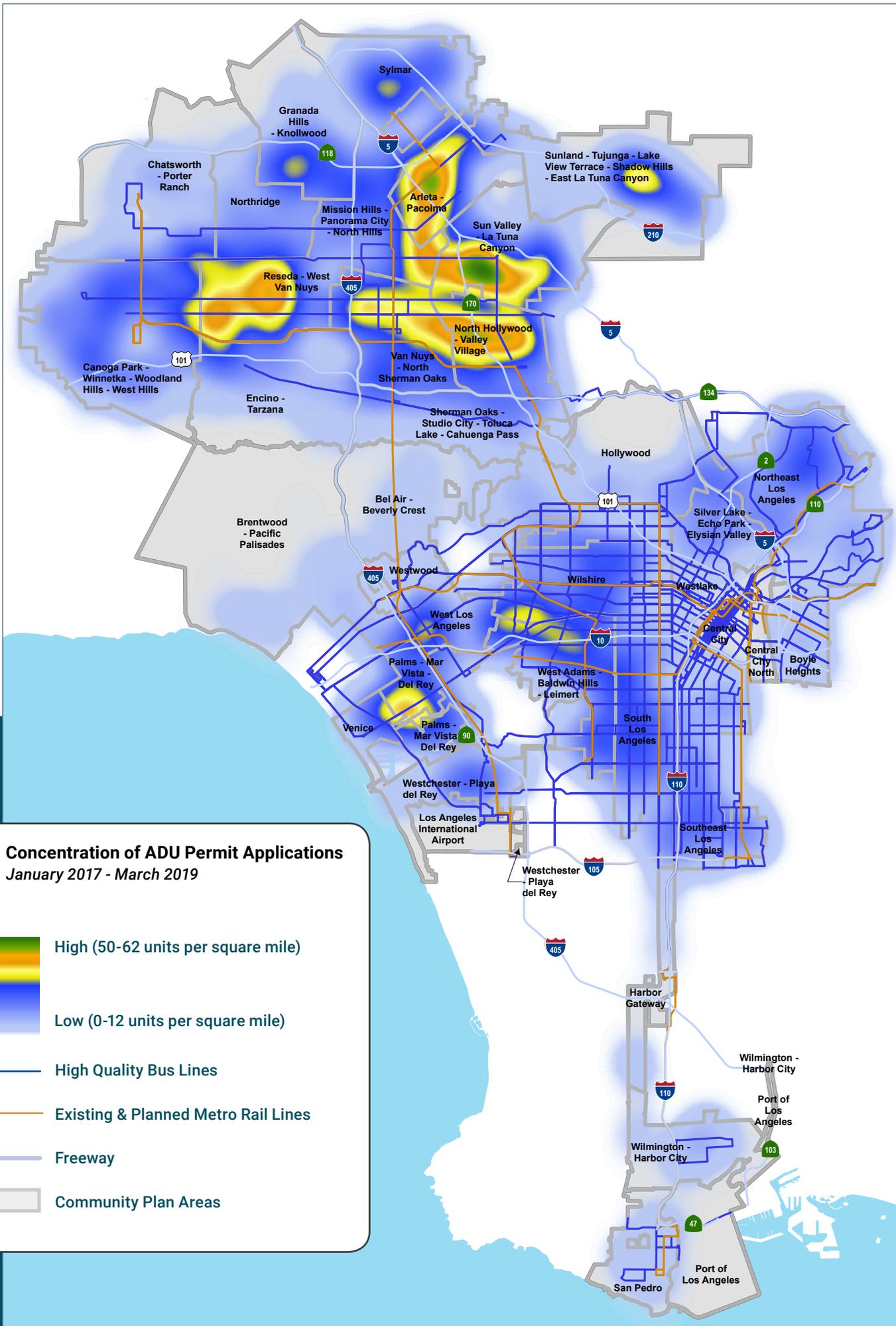
Striking numbers of new ADU applications have been submitted since the January 2017 change in State law - more than 10,500, as opposed to only a few hundred per year in the years prior. **New applications are projected to exceed 5,000** again in 2019, with the popularity of ADUs increasing in neighborhoods throughout the City. Additions to or conversions of existing structures represent 80% of new ADUs this quarter, by far the most popular method of creating these dwelling units.

ADU permit applications decreased slightly this quarter (by 9%), which is aligned with an overall decline in building permit applications. Permits continue to be approved at an average rate of 1,050 per quarter, and in the last quarter, 585 new units received a Certificate of Occupancy.

The Valley has emerged as the focus for ADU production, with high levels of applications in **Arleta-Pacoima, Sun Valley, North Hollywood, and Reseda-West Van Nuys**. More recently, additional high production areas have emerged in Valley neighborhoods including Sunland-Tujunga, Sylmar, and Granada Hills South. On the Westside, the highest number of ADUs is located in Mar Vista and the Pico-Robertson area, with emerging concentrations in Westwood and Mid-City.

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

JANUARY - MARCH 2019

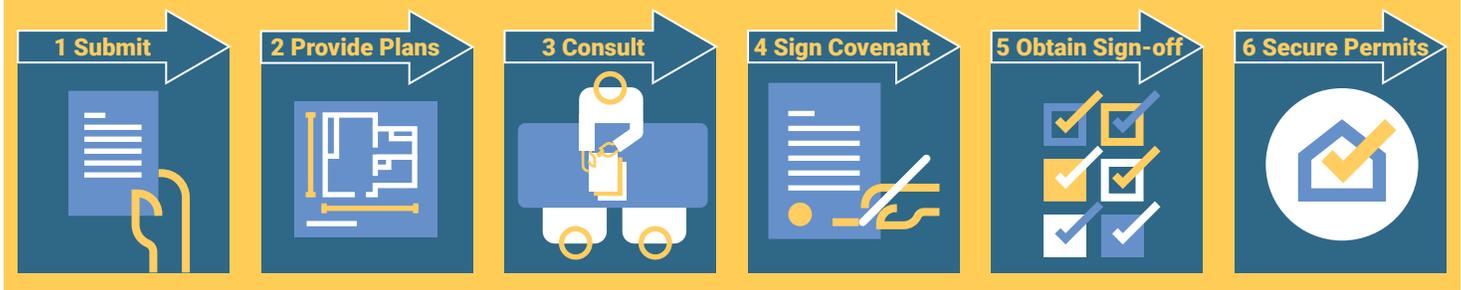
UDU APPLICATIONS BY STATUS

	This Quarter	Last Quarter	Quarterly % Change	2018 Year-End	Inception to Date*
<i>Applications Filed</i>	33	39	-15%	176	323
<i>Applications Approved</i>	35	33	6%	139	272
<i>Final City Planning Sign-Off</i>	8	11	-27%	33	45

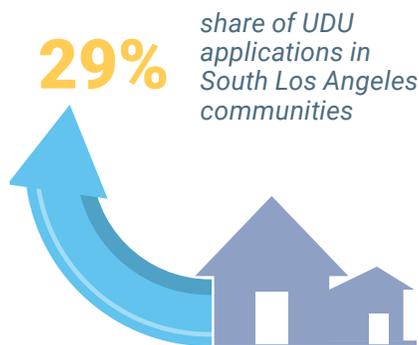
* The Unpermitted Dwelling Unit Ordinance became effective May 2017

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

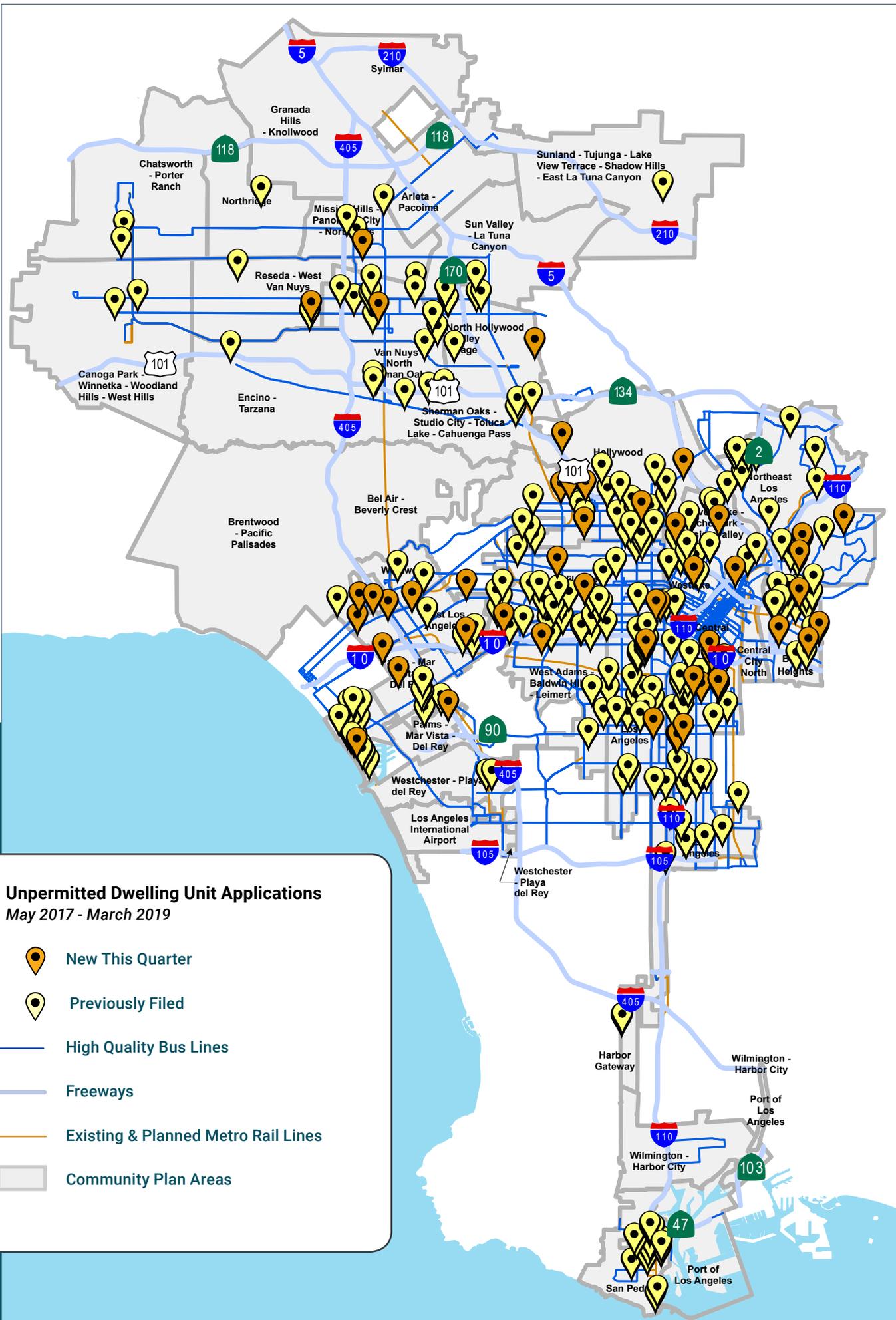


For more information: https://planning.lacity.org/UnpermittedDwellingUnits/UDU_TOC.html



Trends this Quarter:

The UDU program continues to make steady progress with 33 new applications submitted this quarter, and an average of 40 applications each quarter since its inception. Because only units that were built or occupied between 2011 and 2015 are eligible for this program, it can be expected that new applications will slow over time. The highest concentrations of applications are in communities in **South and Southeast Los Angeles, with Hollywood, Wilshire, and Venice** property owners also taking strong advantage of this program.



Unpermitted Dwelling Unit Applications
 May 2017 - March 2019

 New This Quarter

 Previously Filed

 High Quality Bus Lines

 Freeways

 Existing & Planned Metro Rail Lines

 Community Plan Areas

www.planning.lacity.org



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