HOUSING PROGRESS REPORT

Accessory Dwelling Units
Unpermitted Dwelling Units
Transit Oriented Communities Incentives
Density Bonus

QUARTERLY REPORT: JULY – SEPTEMBER 2018
In July, the City Planning Department released the first issue of the Housing Progress Report, which focused largely on the housing outcomes of Measure JJJ and the Transit Oriented Communities (TOC) Incentive Program through June 30, 2018.

In an effort to increase data transparency and analysis around policy outcomes, the Department has expanded the report to also include Density Bonus, Accessory Dwelling Units (ADUs), and Unapproved Dwelling Units (UDUs). Collectively, these programs identify how the City is advancing a more diverse mix of housing types, including units set aside as affordable.

Moving forward, these quarterly reports will provide regular updates on housing and related development trends. They will inform future policy considerations — ensuring that zoning and planning regulations accommodate the City’s housing needs, while balancing those with the needs of its neighborhoods.

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.
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.

**ADU PERMIT APPLICATIONS SUBMITTED**

<table>
<thead>
<tr>
<th>BUILDING TYPE</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018 YTD</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Construction</td>
<td>151</td>
<td>124</td>
<td>622</td>
<td>748</td>
<td>1,645</td>
</tr>
<tr>
<td>Addition</td>
<td>76</td>
<td>71</td>
<td>1,309</td>
<td>1,396</td>
<td>2,852</td>
</tr>
<tr>
<td>Conversion</td>
<td>55</td>
<td>59</td>
<td>1,890</td>
<td>1,778</td>
<td>3,782</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>282</strong></td>
<td><strong>254</strong></td>
<td><strong>3,821</strong></td>
<td><strong>3,922</strong></td>
<td><strong>8,279</strong></td>
</tr>
</tbody>
</table>

**20%**

ADUs that are new ground-up construction. The majority are conversions of, or additions to existing buildings.

**5,000**

Record number of ADU permit applications expected to be submitted in 2018.

**15x**

Increase in ADU permit applications from 2016 to 2017, after change in State law.

**RECENT UPDATES TO STATE ADU LAWS**

State legislation that took effect on January 1, 2017 made it easier for homeowners to build, convert, or repurpose existing space for ADUs. For more information, see the "Building an ADU" Guidebook at lamayor.org/aduhandbook.
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 UNAPPROVED 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 Building and Safety 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.

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This property in Northeast Los Angeles is using the Unapproved Dwelling Unit program to legalize an existing third unit in the RD3 multi-family zone.
On September 22, 2017, the Department adopted the Transit Oriented Communities (TOC) Incentives 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.

### TOC AND DENSITY BONUS: COMPLIMENTARY INCENTIVE PROGRAMS

Density Bonus is a State-mandated program that allows developers to build more dwelling units than what is allowed by the zoning, in exchange for setting aside a percentage of those units as restricted affordable. Density Bonus projects can be built in multi-family zones across the City, while the TOC program only applies within a one-half mile radius of a Major Transit Stop. Working together, these two programs are the biggest drivers of mixed-income housing.

### HOUSING PROPOSED THROUGH TOC

<table>
<thead>
<tr>
<th>Level of Review</th>
<th># of Cases</th>
<th># of Housing Units Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Market Rate</td>
</tr>
<tr>
<td><strong>Discretionary Cases</strong></td>
<td>128</td>
<td>5,344</td>
</tr>
<tr>
<td><strong>By-Right Building Permits</strong></td>
<td>121</td>
<td>2,653</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>249</td>
<td>7,997</td>
</tr>
</tbody>
</table>

65% of housing units for which entitlements were filed in July-September were proposed through the TOC program.

249 projects have filed under the TOC program since it took effect in September 2017. Nearly half (49%) of those projects were by-right.

20% of units proposed through TOC are restricted affordable. Of the nearly 2,000 affordable units, 38% are reserved for Extremely Low Income households.
Measure S
In March 2017, Los Angeles voters considered a local ballot initiative that would have imposed a two-year moratorium on development projects seeking General Plan Amendments and/or Zone Changes for certain residential projects. The measure failed with more than two-thirds of Angelenos casting votes against it.

Affordable Housing Linkage Fee
The City Council adopted a fee on certain types of new market-rate residential and commercial development in December 2017. While the amount of the fee varies based on the type of use and location, the revenue collected helps provide local funding for affordable housing.

Measure JJJ Update
In November 2016, voters in the City of Los Angeles approved a ballot initiative requiring developers to provide affordable units or pay an in-lieu fee when requesting certain entitlements for qualifying residential projects. This applies to residential projects with 10 or more units seeking a General Plan Amendment and/or Zone Change.

Measure JJJ Units in Progress

<table>
<thead>
<tr>
<th># of Projects</th>
<th>Number of Housing Units Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Market Rate</td>
</tr>
<tr>
<td>2016 and Prior</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>1,234</td>
</tr>
<tr>
<td>2017</td>
<td>2,470</td>
</tr>
<tr>
<td>18</td>
<td>2,470</td>
</tr>
<tr>
<td>2018</td>
<td>961</td>
</tr>
<tr>
<td>5</td>
<td>961</td>
</tr>
<tr>
<td>TOTAL</td>
<td>4,645</td>
</tr>
</tbody>
</table>

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