

KEYSER MARSTON ASSOCIATES
ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

MEMORANDUM

To: Gail Goldberg AICP, Director of Planning
City of Los Angeles

Cecilia V. Estolano, Chief Executive Officer
Community Redevelopment Agency
of the City of Los Angeles

From: Cal Hollis

Date: October 27, 2006

Subject: Downtown Housing—Relative Affordability
of Downtown Core and Industrial Units

ADVISORS IN:
REAL ESTATE
REDEVELOPMENT
AFFORDABLE HOUSING
ECONOMIC DEVELOPMENT

SAN FRANCISCO
A. JERRY KEYSER
TIMOTHY C. KELLY
KATE EARLE FUNK
DEBBIE M. KERN
ROBERT J. WETMORE

LOS ANGELES
CALVIN E. HOLLIS, II
KATHLEEN H. HEAD
JAMES A. RABE
PAUL C. ANDERSON
GREGORY D. SOO-HOO
KEVIN ENGSTROM
JULIA ROMEY

SAN DIEGO
GERALD M. TRIMBLE
PAUL C. MARRA

Pursuant to the request of the Industrial Land Use Policy Team, Keyser Marston Associates, Inc. (KMA) evaluated the recent history of residential sales in the Downtown Area generally bordered by the 110 Pasadena Freeway, the 101 Hollywood Freeway, and the 10 Santa Monica Freeway. In the course of the Team's work, there was an inquiry as to whether or not the conversion of industrial land to residential uses in the Downtown Area is resulting in more affordable housing units being developed. To address this question, KMA divided the Downtown Area into two sub-areas to the east (Industrial Area) and west (Core Area) of San Pedro Street. By reviewing the Industrial Area and Core Area sales comparables since January 1, 2003, it is determined that the Industrial Area sales prices measured on a per square foot basis are substantially equivalent to those within the Core.

As shown in Table 1, the Industrial Area has an average sales price of \$598,000 and a median price of \$545,000 and the Core Area has an average sales price of \$651,000 and a median price of \$653,000. The Industrial Area average sales prices are therefore 8% lower than the Core. There were more units sold in the Core, and the units were on average 100 square feet larger than Industrial Area units. As illustrated in Table 2, the average price per square foot of the Core Area is \$514, and the average price per square foot of the Industrial Area is only 2% lower, with an average price per square foot of \$503.

To: Gail Goldberg, City of Los Angeles
Cecilia V. Estolano, Community Redevelopment Agency
of the City of Los Angeles

October 27, 2006

Page 2

Subject: Downtown Housing—Relative Affordability
of Downtown Core and Industrial Units

The sales comparables in the Core as well as the Industrial Area are well above the affordable sales prices for the City of Los Angeles, as defined in the California Health and Safety Code. The maximum allowable purchase price as defined for “moderate income” units in the City is below \$200,000. The Industrial Area median sales price is more than double this maximum “affordable” purchase price.

We hope this information is helpful and are available to discuss the above at your convenience.

Attachments

TABLE 1

DOWNTOWN HOUSING COMPARABLES*
LOS ANGELES, CALIFORNIA

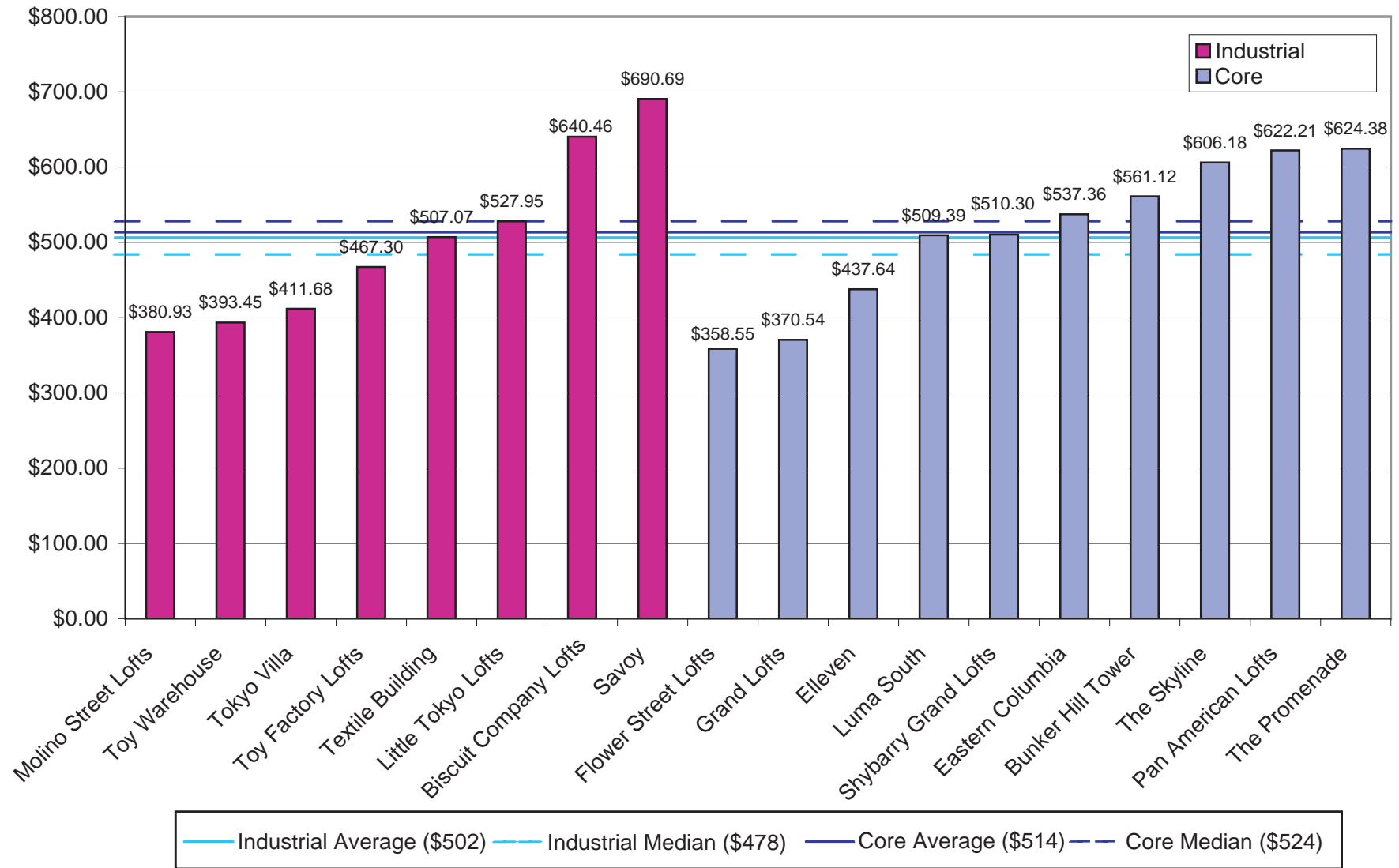
Project	Address	Weighted Average SF	Weighted Average Sales Price	Weighted Average \$/ SF	Units Sold
Industrial Area					
Biscuit Co Lofts	Industrial St & Mateo	1,297	\$866,944	\$640.46	36
Little Tokyo Lofts	420 S San Pedro	942	\$494,853	\$527.95	68
Molino Street Lofts	500 S Molino	1,553	\$594,527	\$380.93	91
Savoy	100 S Alameda	899	\$619,818	\$690.69	303
Textile Building	315 E 8th St	950	\$475,207	\$507.07	29
Tokyo Villa	222 S Central Ave	1,087	\$447,500	\$411.68	2
Toy Factory Lofts	1855 Industrial St	1,059	\$483,486	\$467.30	109
Toy Warehouse	215 S Santa Fe Ave	2,080	\$801,250	\$393.45	4
	Average	1,233	\$597,948	\$502.44	
	Median	1,073	\$544,690	\$487.19	
	Total				642
Core Area					
Bunker Hill Tower	800 W 1st St	1,214	\$667,111	\$561.12	9
Eastern Columbia	849 S Broadway	1,667	\$984,935	\$537.36	139
Elleven	1111 S Grand	1,670	\$739,009	\$437.64	174
Flower Street Lofts	1130 S Flower St	1,643	\$582,747	\$358.55	91
Grand Lofts	1100 S Grand	1,743	\$640,968	\$370.54	62
Luma South	11th & Hope	1,264	\$620,000	\$509.39	210
Pan American Lofts	249 S Broadway	732	\$467,143	\$622.21	14
The Promenade	121 S Hope St	1,109	\$677,000	\$624.38	5
Shybarry Grand Lofts	501 S Broadway	926	\$469,219	\$510.30	255
The Skyline	600 W 9th St	1,103	\$664,400	\$606.18	20
	Average	1,307	\$651,253	\$513.77	
	Median	1,239	\$652,684	\$523.83	
	Total				979

Source: Hanley-Wood, Zillow.com, DataQuick.com, Los Angeles County Assessor

* All sales dates after 1/2003.

TABLE 2

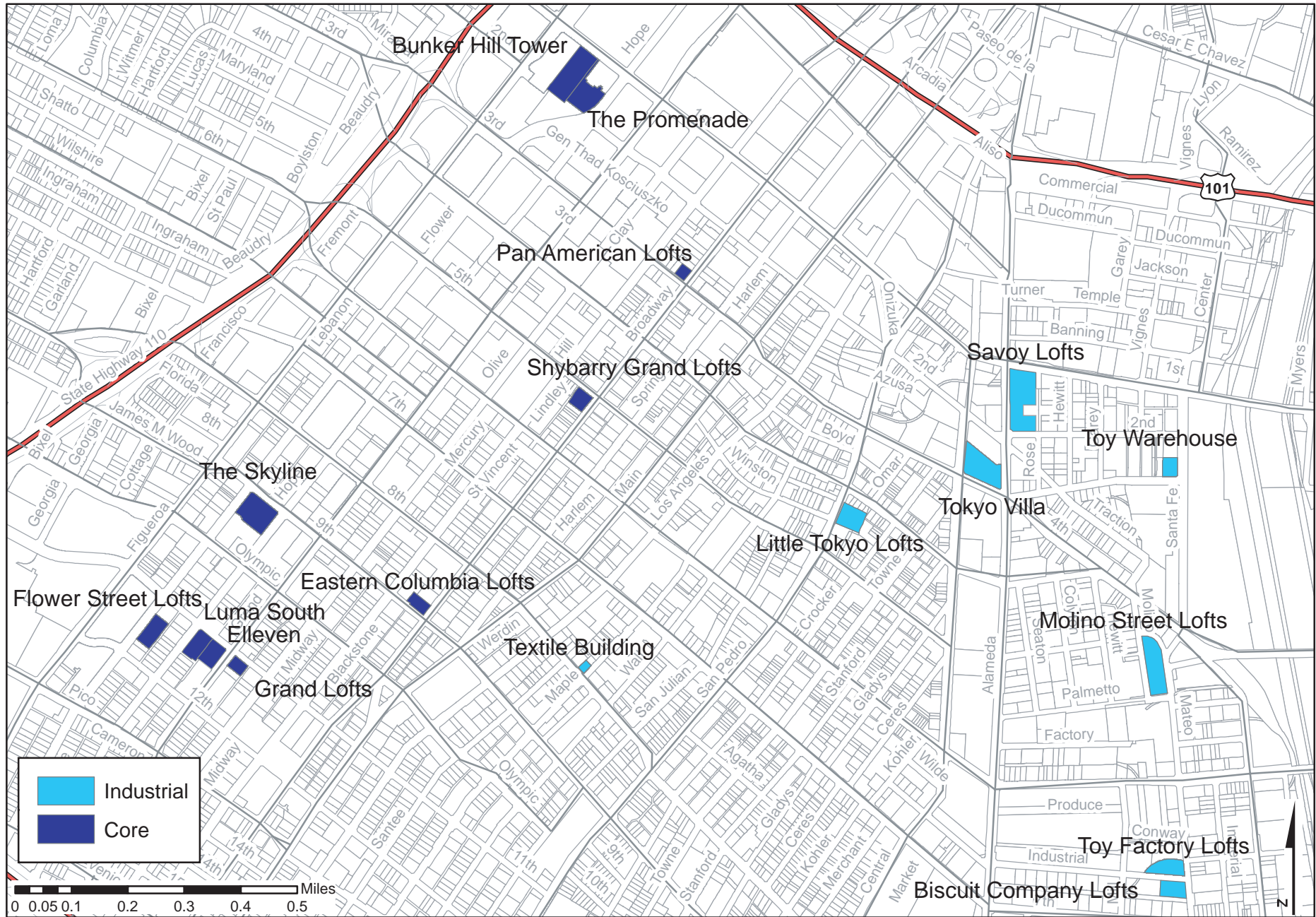
**CORE V. INDUSTRIAL - WEIGHTED \$/ SF
LOS ANGELES, CALIFORNIA**



Source: Hanley-Wood, Zillow.com, DataQuick, Los Angeles County Assessor
 Prepared by: Keyser Marston Associates, Inc.
 Filename: Downtown Housing Comps 2:Table 2:10/23/2006: NYM

MAP 1

DOWNTOWN HOUSING COMPARABLES LOS ANGELES, CALIFORNIA



For Illustrative Purposes Only
Prepared by: Keyser Marston Associates, Inc.
Filename: Downtown Map.mxd; 10-24-06; nym