



**City of Los Angeles**  
**Department of City Planning**

Based on 2017 Affordability Gaps Study prepared by BAE Urban Economics

In-Lieu Fee Study for Compliance with City of Los Angeles Measure JJJ

## 2022 Affordability Gaps Study

July 2022



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# EXECUTIVE SUMMARY

City of Los Angeles voters approved Measure JJJ in November 2016, which added provisions to the City’s municipal code to require developers of certain residential projects to either provide affordable units or pay an in-lieu fee. Per the requirements of Measure JJJ, this study identifies the affordability gaps for rental and for-sale units. This executive summary provides a brief overview of the methodology used for this study, which is described in further detail in the full report, and the rental and for-sale affordability gaps.

To determine the in-lieu fee schedule, the City commissioned consultants BAE Urban Economics to conduct the initial Affordability Gaps Study in 2017 using the methodology outlined in Measure JJJ. Measure JJJ requires the City to update the Affordability Gaps study every two years for the purpose of updating the in-lieu fee rates (LAMC Section 11.5.11(b)(3)(iii)). Due to the ongoing COVID-19 pandemic, the City was somewhat delayed in completing the update to the Affordability Gaps study that was scheduled to be published in Fall 2021. In July 2022, the City completed this 2022 Affordability Gaps Study based on the same methodology utilized in the 2017 BAE Study.

## Overview of Measure JJJ Affordable Housing Requirements

The affordable housing requirements in Measure JJJ apply to projects that receive a discretionary General Plan amendment, zone change, or height district change resulting in either an increase in residential density of more than 35 percent or development of a residential use where residential uses were not previously allowed. The measure requires that rental projects that receive more than a 35 percent increase in density provide at least five percent of the total number of units at rents affordable to extremely low-income households, plus either six percent of units to very low-income households or 15 percent of units to lower-income households. Rental projects receiving discretionary approvals to allow for residential uses where not previously allowed must provide at least five percent of units affordable to extremely low-income households, plus either 11 percent of units affordable to very low-income households or 20 percent of units to lower-income households. For-sale projects must provide at least 11 percent of units affordable to very low-income households, 20 percent affordable to low-income households, or 40 percent affordable to moderate-income households, regardless of whether a project triggers the requirements due to an increase in density or a zone change to a residential use.

### *Calculation of In-Lieu Fee*

Measure JJJ allows developers to meet the affordable housing requirements by building units on site, building units off-site, acquiring and preserving existing at-risk affordable properties, or paying an in-lieu fee. The in-lieu fee amount specified in Measure JJJ is equal to 1.1 times the number of affordable units that the developer would otherwise be required to provide, multiplied by the applicable “affordability gap,” as defined below.

Measure JJJ requires the City to update the Affordability Gaps study every two years for the purpose of updating the in-lieu fee rates.

## Rental Affordability Gaps Analysis

Measure JJJ defines the rental affordability gap as the difference between the total development cost by unit type (i.e., number of bedrooms) for recently completed local affordable housing

projects and the amount of permanent financing by unit type and affordability level that each unit can support based on the restricted rent. To calculate the average per-unit development costs, this study used data from the Los Angeles Housing Department (LAHD) on 1,488 units in 23 affordable developments that were completed in Los Angeles between 2018 and 2021 (inclusive). The supportable loan amount is a function of the amount of net operating income (rental income minus expenses and vacancy allowance) that is available to pay loan debt service and the financing terms.

**Table ES1** below shows the rental affordability gaps calculated in this study. These figures represent the per unit subsidy amounts that would be necessary to support development of affordable units, after accounting for the permanent loan that an apartment operator could support from rent payments.

**Table ES1: Rental Affordability Gaps, City of Los Angeles, 2022**

Unit Size	Income Level		
	Extremely Low	Very Low	Lower
Studio	\$574,645	\$530,240	\$508,038
1 Bedroom	\$599,881	\$564,895	\$523,686
2 Bedroom	\$663,785	\$606,765	\$578,170
3 Bedroom	\$735,727	\$672,315	\$640,693

Source: City of Los Angeles, 2022.

### For-Sale Affordability Gaps Analysis

For units that would be offered for sale, Measure JJJ defines the affordability gap as the difference between the median home sale price by unit type and the restricted affordable sale price. Measure JJJ requires separate affordability gap calculations for each of the City’s 37 Community Plan Areas (CPAs) to reflect the difference in median sale prices between each CPA.

This study calculated the median home sale price for single-family homes and condominiums by number of bedrooms for each of the 35 CPAs in Los Angeles that include residential units, using data from the Los Angeles County Assessor on sales that occurred between January 1<sup>st</sup> and October 31<sup>st</sup> of 2021.<sup>1</sup>

Due to the variation in the housing markets across the City, most CPAs had at least one category of market-rate for-sale units with zero or very few sale records. This analysis discarded all median values based on two sales or fewer, and interpolated the market sale prices for the unit types with fewer than three sale records, including those with no sale records. These sale price interpolations were based on the sale prices for similar units in the same CPA and the typical relationships between sale prices for various unit types across the City.

This study calculated the restricted sale prices for affordable for-sale units for households of various sizes with incomes corresponding to the for-sale affordability requirements in Measure

<sup>1</sup> Two CPAs, The Los Angeles World Airport and Port of Los Angeles, have no residential development.

JJJ. The affordable sale prices are a function of household income, which determines the amount that a household can afford to pay for mortgage payments (principal plus interest), property taxes, homeowner's insurance, and any homeowner association fees.

Per the requirements of Measure JJJ, this study calculates the for-sale affordability gaps by subtracting the restricted sale prices at each affordability level by unit size from the median sale price by CPA, unit size, and building type. This results in a total of 1,050 for-sale affordability gaps (35 CPAs x 5 unit sizes x 2 building types x 3 affordability levels).

**Table ES2** shows the range in single-family and condominium affordability gaps for each of the CPAs in the City. **Table 9** and **Table 10** of the full report show all 1,050 for-sale affordability gaps by CPA, number of bedrooms, and single-family/condominium building type. The affordability gap calculations found that market sale prices for some unit types in some CPAs were lower than the restricted sale prices, meaning that market rate sale prices for some unit types are affordable to lower- and moderate-income households in some CPAs. In these cases, it is unlikely that market rate developers will build new units of that type in those CPA until market conditions support higher market rate sale prices. As the Affordability Gaps Study is updated every two years, the market medians for these areas will be revised to reflect any future changes in market rate sales prices, and the updated affordability gap calculation could indicate a gap between the market sale price and the affordable sale price. However, because Measure JJJ requires that developers pay a fee for all applicable projects, the City requires developers to apply the next lowest income level with a positive affordability gap for the same unit type in any case where an affordability gap is negative or zero.

**Table ES2: Summary of For-Sale Affordability Gaps, City of Los Angeles, 2022**

Community Plan Area	Single-Family		Condominium	
	Minimum	Maximum	Minimum	Maximum
Arleta - Pacoima	\$66,200	\$357,087	\$0	\$329,270
Bel Air - Beverly Crest	\$474,560	\$2,887,892	\$145,979	\$1,877,524
Boyle Heights	\$60,960	\$370,366	\$0	\$211,443
Brentwood - Pacific Palisades	\$1,550,755	\$3,359,896	\$155,892	\$1,822,286
Canoga Park - Winnetka - Woodland Hills - West Hills	\$272,291	\$687,870	\$0	\$389,771
Central City	\$405,227	\$7,631,879	\$240,893	\$7,029,409
Central City North	\$380,289	\$1,370,907	\$252,601	\$704,818
Chatsworth - Porter Ranch	\$118,596	\$737,870	\$0	\$464,772
Encino - Tarzana	\$356,823	\$1,437,877	\$1,960	\$509,772
Granada Hills - Knollwood	\$195,443	\$598,869	\$61,894	\$362,665
Harbor Gateway	\$120,342	\$650,619	\$0	\$396,912
Hollywood	\$595,061	\$2,445,387	\$246,462	\$760,495
Los Angeles World Airport	N/A	N/A	N/A	N/A
Mission Hills - Panorama City - North Hills	\$125,582	\$477,867	\$0	\$407,771
North Hollywood - Valley Village	\$316,653	\$900,372	\$105,461	\$595,773
Northeast Los Angeles	\$307,222	\$857,871	\$139,957	\$522,493
Northridge	\$288,140	\$687,870	\$40,397	\$372,991
Palms - Mar Vista - Del Rey	\$583,175	\$2,207,791	\$278,213	\$1,085,019
Port of Los Angeles	N/A	N/A	N/A	N/A
Reseda - West Van Nuys	\$161,212	\$500,868	\$0	\$307,991
San Pedro	\$164,557	\$650,869	\$76,460	\$574,773
Sherman Oaks - Studio City - Toluca Lake - Cahuenga Pass	\$591,907	\$1,787,881	\$189,461	\$742,774
Silver Lake - Echo Park	\$420,746	\$1,311,876	\$316,252	\$834,528
South Los Angeles	\$92,049	\$498,618	\$21,460	\$405,492
Southeast Los Angeles	\$0	\$216,086	\$0	\$127,963
Sun Valley - La Tuna Canyon	\$130,472	\$592,869	\$86,484	\$474,772
Sunland - Tujunga - Lakeview Terrace - Shadow Hills - East La Tuna Canyon	\$143,047	\$587,869	\$20,642	\$422,271
Sylmar	\$108,117	\$412,867	\$0	\$495,772
Van Nuys - North Sherman Oaks	\$280,325	\$867,871	\$75,229	\$540,688
Venice	\$859,127	\$2,286,885	\$568,715	\$1,939,535
West Adams - Baldwin Hills - Leimert	\$269,147	\$761,091	\$131,817	\$645,494
West Los Angeles	\$873,099	\$2,187,885	\$353,963	\$1,159,779
Westchester - Playa Del Rey	\$572,695	\$1,442,877	\$189,892	\$1,859,786
Westlake	\$160,513	\$1,062,873	\$102,711	\$669,739
Westwood	\$1,089,670	\$2,842,891	\$195,392	\$1,847,743
Wilmington - Harbor City	\$73,186	\$381,867	\$36,806	\$444,772
Wilshire	\$595,400	\$1,887,882	\$113,391	\$901,776

Source: City of Los Angeles, 2022.

## Implementation

Per the requirements of Measure JJJ, in-lieu fee payments for projects subject to the Measure JJJ affordability requirements would be equal to 1.1 times the number of affordable units that a developer would provide to meet the affordability requirements with units on site, multiplied by the applicable affordability gap. Measure JJJ requires affordable units to be comparable to market-rate units in terms of the number of bedrooms and other factors, and therefore this study assumes that the unit mix used to calculate in-lieu fee payments would mirror the unit mix in the project.

Measure JJJ provides multiple options for developers to meet affordability requirements by providing units on site, but does not specify which of these options would be used as the basis for in-lieu fee calculations. This study assumes that developers will select the in-lieu fee calculation that leads to the lowest fee rate, unless the City adopts policies to require that fee calculations will be based on higher rates.

### ***Rental In-Lieu Fee Calculations***

The in-lieu fee payment for rental developments subject to the Measure JJJ affordability requirements would be consistent across projects for each unit size. **Table ES3** shows the in-lieu fee schedule for projects that are subject to the affordability requirements due to discretionary approvals for a General Plan amendment, zone change, or height district change resulting in an increase in density of more than 35 percent.

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**Table ES3: Rental In-Lieu Fee Schedule: Projects Resulting in Density Increase of >35%, City of Los Angeles, 2022.**

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<b>Unit Size</b>	<b>In-Lieu Fee Per Unit in Project</b>
Studio	\$66,601
1 Bedroom	\$70,277
2 Bedroom	\$76,555
3 Bedroom	\$84,838

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Source: City of Los Angeles, 2022.

These fee rates represent fees in-lieu of providing five percent of units affordable to extremely low-income households and six percent of units affordable to very low-income households. This results in a lower fee amount than a fee in-lieu of providing five percent of units affordable to extremely low-income households and 15 percent of units affordable to lower-income households.

**Table ES4** shows the in-lieu fee schedule for projects that are subject to the affordability requirements due to discretionary approvals for a General Plan amendment, zone change, or height district change to allow residential uses where not previously allowed.

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**Table ES4: Rental In-Lieu Fee Schedule: Projects Resulting in Residential Use Where Not Previously Allowed, City of Los Angeles, 2022.**

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<b>Unit Size</b>	<b>In-Lieu Fee Per Unit in Project</b>
Studio	\$95,765
1 Bedroom	\$101,346
2 Bedroom	\$109,927
3 Bedroom	\$121,815

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Source: City of Los Angeles, 2022.

These fee rates represent fees in-lieu of providing five percent of units affordable to extremely low-income households and 11 percent of units affordable to very low-income households. This results in a lower fee amount than a fee in-lieu of providing five percent of units affordable to extremely low-income households and 20 percent of units affordable to lower-income households.

***For-Sale In-Lieu Fee Calculations***

The for-sale in-lieu fees vary substantially based on CPA, number of bedrooms, and whether the fee rate reflects a fee in lieu of providing 11 percent of units affordable to very low-income households, 20 percent affordable to lower-income households, or 40 percent affordable to moderate-income households. Depending on the unit mix in a particular project, the lowest and highest for-sale in-lieu fees could be based on any of the three on-site affordability options for for-sale units. Overall, fee rates could vary from a few thousand dollars per market-rate unit to over \$500,000 or more per market-rate unit. The Measure JJJ in-lieu fee formula for for-sale units requires project-by-project in-lieu fee calculations to determine the appropriate fee amounts.

# INTRODUCTION

In November 2016, the City of Los Angeles electorate approved Los Angeles Measure JJJ, which adds affordable housing requirements and construction labor standards for new residential development projects with ten units or more seeking zoning changes or General Plan Amendments, along with other provisions. Measure JJJ provides an in-lieu fee option for developers that choose not to provide affordable units directly, and stipulates the basis for calculating the in-lieu fee amount.

## **Study Purpose**

Measure JJJ required that the City produce a study that identified the Affordability Gaps for rental and for-sale units, which are the basis for the calculation of in-lieu fees, within 90 days of the enactment of the ordinance. In 2017, the City of Los Angeles commissioned consultants BAE Urban Economics to conduct the initial Affordability Gaps Study using the methodology outlined in Measure JJJ. Measure JJJ requires the City to update the Affordability Gaps study every two years for the purpose of updating the in-lieu fee rates (LAMC Section 11.5.11(b)(3)(iii)). The City completed the 2019 Affordability Gaps Study using the same methodology. This 2022 Affordability Gaps Study is based on the same methodology utilized in the 2017 BAE Study.

This 2022 Affordability Gaps Study and resulting Measure JJJ in-lieu fee schedule supersede those that were published in 2019 and 2017.

# OVERVIEW OF MEASURE JJJ AFFORDABLE HOUSING REQUIREMENTS

This section provides an overview of the affordable housing requirements in Measure JJJ as they relate to the Affordability Gaps study. Measure JJJ includes a number of provisions in addition to those described below, including requirements for construction contractors to conform to local hire and prevailing wage standards.

## Affordable Housing Requirements

Measure JJJ institutes affordable housing requirements for projects that receive a discretionary General Plan amendment, zone change, or height district change resulting in either an increase in residential density of more than 35 percent or development of a residential use where residential uses were not previously allowed. Projects with increases in residential density of less than 35 percent are covered by the California Density Bonus Law, which provides for density bonuses up to 35 percent for projects that provide affordable housing. **Table 1** summarizes the Measure JJJ affordability requirements, which are described in further detail below. Since these requirements apply only to those projects seeking these specific discretionary approvals, developers essentially “opt-in” to these requirements in exchange for entitlements for additional residential density.

**Table 1: Measure JJJ Affordable Housing Requirements**

	<b>Rental Projects</b>	<b>For-Sale Projects</b>
<b>Increase in Residential Density &gt;35%</b>	5% extremely low income and 6% very low income - or - 5% extremely low income and 15% lower income	11% very low income - or - 20% lower income - or - 40% moderate income
<b>Residential Use Where Not Previously Allowed</b>	5% extremely low income and 11% very low income - or - 5% extremely low income and 20% lower income	11% very low income - or - 20% lower income - or - 40% moderate income

### Rental Affordability Requirements

Under the provisions of Measure JJJ, rental projects that receive discretionary approvals for General Plan amendments, zone changes, or height district changes resulting in an increase in density of more than 35 percent must provide at least five percent of the total number of units in the project at rents affordable to extremely low-income households, plus either six percent of units to very low-income households or 15 percent of units to lower-income households. Projects that receive discretionary approvals to allow residential uses in an area where not previously allowed must provide at least five percent of units affordable to extremely low-income households, plus

either 11 percent of units affordable to very low-income households or 20 percent of units to lower-income households.<sup>2</sup>

### ***For-Sale Affordability Requirements***

Measure JJJ requires for-sale projects that receive discretionary approvals for more than 35 percent added density or for residential uses where not previously permitted to provide at least 11 percent of units affordable to very low-income households, 20 percent affordable to low-income households, or 40 percent affordable to moderate-income households.<sup>3</sup>

### ***Alternatives to On-Site Affordable Units***

For projects subject to the affordable housing requirements, Measure JJJ provides three alternatives to providing affordable units on site. Developers may satisfy the affordability requirements off site by either constructing new affordable units or acquiring a property with at-risk affordable units and transferring ownership of the property to a non-profit entity, Community Land Trust, or tenant ownership that will preserve the affordability of the units. Both off-site options are subject to specific requirements, including requirements for additional units if the off-site units are more than one-half mile from the site of the project that triggers the affordability requirements. Alternatively, developers may elect to pay an in-lieu fee that accrues to the City's Affordable Housing Trust Fund.

## **Calculation of In-Lieu Fee**

Measure JJJ identifies the manner in which the City will calculate the in-lieu fee for projects that elect to pay the fee rather than providing units on or off site. For both rental and for-sale projects, the in-lieu fee is equal to 1.1 times the number of affordable units that the developer would otherwise be required to provide, multiplied by the applicable "affordability gap." According to Measure JJJ, the affordability gap for rental units is the difference between the total affordable unit development cost and the amount of permanent financing that the restricted rents would support. The affordability gap for for-sale units is equal to the difference between the median home sale price and the restricted affordable sale price. The rental and ownership affordability gap calculations are described in further detail in the applicable sections below. Measure JJJ requires the City to update the Affordability Gaps study and resulting in-lieu fees every two years.

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<sup>2</sup> Extremely low-income units target households earning up to 30 percent of the Area Median Income (AMI), very low-income units target households earning up to 50 percent of AMI, and lower-income units target households earning up to 80 percent of AMI. Per the City's policy for density bonus units, the rent limit for lower-income units is set at the rate affordable to households earning 60 percent of AMI, though households earning up to 80 percent of AMI can qualify for lower-income units.

<sup>3</sup> Very low-income units target households earning up to 50 percent of the Area Median Income (AMI), lower-income units target households earning up to 80 percent of AMI, and moderate-income units target households earning up to 120 percent of AMI.

# RENTAL AFFORDABILITY GAPS ANALYSIS

The City calculated the affordability gaps for rental units in accordance with the provisions set forth in Measure JJJ. As mentioned previously, Measure JJJ defines the rental affordability gap as the difference between the total development cost by unit type for recently completed affordable housing projects and the amount of permanent financing by unit type and affordability level that each unit can support based on the restricted rent.

## Methodology

Following is a detailed description of the methodology used to calculate the rental housing affordability gaps, and the associated in-lieu fees.

### ***Affordable Unit Development Cost***

Measure JJJ stipulates that the rental affordability gaps will be calculated using total development costs for recently completed projects funded by the City's Affordable Housing Trust Fund (AHTF), by unit type (i.e., number of bedrooms) and affordability level.

### **Projects Analyzed**

As in prior affordability gaps studies, the Department of City Planning again worked with the Housing Department (LAHD) to collect data on recently constructed affordable housing developments. The projects recently funded by the AHTF do not represent the complete spectrum of apartment unit bedroom sizes or affordability levels and therefore generate an insufficient sample size to calculate the rental affordability gaps. Consequently, data from these projects do not provide information on development costs for projects that include larger units (i.e., units with two or more bedrooms) or projects that serve families or seniors. In addition, because costs can vary substantially between projects, the development costs among the relatively small sample of projects funded by the AHTF may not be representative of typical development costs, even for those unit types included in the sample.

Given the limitations of the data regarding projects that were funded through the AHTF, this study analyzed a larger sample of affordable housing projects built in Los Angeles in 2018 through 2021 (inclusive). In addition to the data on projects funded by the AHTF, this study also incorporated data on local projects completed with the following other sources of funding: (1) HOME funds, (2) Community Development Block Grant funds (CDBG), (3) Low Income Housing Tax Credits, (4) Community Redevelopment funds, and (5) Proposition HHH, among others. To more accurately reflect affordable development costs relevant to Measure JJJ requirements, highly leveraged projects, such as affordable developments located on City-owned land or projects with special funding sources that required additional parking or green features, were excluded from the sample.

**Table 2** provides a summary of the development cost data from the projects analyzed in this study. These data represent 23 projects with a total of 1,488 units, including 483 studios, 578 one-bedroom units, 239 two-bedroom units, and 188 three-bedroom units. The projects included a mix of family, senior, and permanent supportive housing. Across all projects analyzed, total development costs averaged \$484 per square foot and \$554,570 per unit.

**Table 2: Summary of Affordable Housing Development Cost Data, City of Los Angeles, 2018-2021**

Project #	Total Sq. Ft.	Number of Units				Total	Total Dev. Cost (a)	Cost per SF	Avg. Cost per Unit
		Studio	1 bdrm	2 bdrm	3 bdrm				
1	169,104	-	80	16	29	125	\$70,124,917	\$415	\$560,999
2	75,442	24	13	15	23	75	\$33,656,398	\$446	\$448,752
3	58,484	42	42	1	-	85	\$38,559,288	\$659	\$453,639
4	28,084	7	11	-	8	26	\$20,053,640	\$714	\$771,294
5	49,220	33	31	1	-	65	\$34,564,487	\$702	\$531,761
6	54,238	49	-	1	-	50	\$23,682,716	\$437	\$473,654
7	151,851	-	25	38	38	101	\$50,179,969	\$330	\$496,831
8	80,828	-	38	12	-	50	\$32,521,895	\$402	\$650,438
9	109,961	-	22	8	19	49	\$35,117,156	\$319	\$716,677
10	60,055	-	11	17	13	41	\$27,094,449	\$451	\$660,840
11	86,110	-	6	43	21	70	\$42,404,069	\$492	\$605,772
12	134,073	-	7	39	24	70	\$42,032,067	\$314	\$600,458
13	96,125	12	20	24	6	62	\$39,924,109	\$415	\$643,937
14	22,190	-	24	1	-	25	\$13,626,768	\$614	\$545,071
15	90,129	-	51	13	-	64	\$37,472,824	\$416	\$585,513
16	34,630	12	7	3	7	29	\$20,362,279	\$588	\$702,148
17	52,677	24	45	1	-	70	\$30,910,860	\$587	\$441,584
18	47,784	15	28	1	-	44	\$24,146,175	\$505	\$548,777
19	31,190	47	9	1	-	57	\$31,362,346	\$1,006	\$550,217
20	113,211	60	60	2	-	122	\$65,192,954	\$576	\$534,368
21	64,728	98	-	1	-	99	\$61,295,898	\$947	\$619,150
22	19,200	32	-	1	-	33	\$12,599,031	\$656	\$381,789
23	75,161	28	48	-	-	76	\$38,316,225	\$510	\$504,161
<b>Total/Overall</b>									
<b>Average</b>	<b>1,704,475</b>	<b>483</b>	<b>578</b>	<b>239</b>	<b>188</b>	<b>1,488</b>	<b>\$825,200,521</b>	<b>\$484</b>	<b>\$554,570</b>

Note:

(a) All development costs adjusted to 2021 costs based on the Turner Building Cost index.

Source: City of Los Angeles LAHD, 2022.

### Approach to Estimating Construction Costs for Rental Units by Number of Bedrooms

The affordable housing development cost data include total development costs for each project in its entirety rather than for individual units. Since most of the affordable housing projects analyzed in this study, including all projects with units that have two or more bedrooms, include a mix of unit sizes, the development cost data do not allow for a direct calculation of the average development cost by unit type across projects. Consequently, the City calculated the average development cost per unit by number of bedrooms using the following methodology:

1. Calculated the average cost per unit across all properties in which 80 percent of units or more are studio units.<sup>4</sup> In total, four projects with a total of 239 units meet this threshold.

<sup>4</sup> Note: In prior studies, the methodology has used a threshold of 85% of units of the same type; however, due to the limited sample size, this study considered any project with at least 80% of the same unit type in determining average per-unit costs.

In total, 3.8 percent of units in these four projects are one-bedroom units, and 1.7 percent are two-bedroom units. For the purposes of this study, the average per unit development cost among these projects was assumed to represent the average development cost for a studio unit. Although these four projects included a limited number of units with one or two bedrooms, inclusion of these units provided a wider data set than would be possible using only projects comprised entirely of studios. This calculation resulted in an estimated average studio unit development cost of approximately \$539,498 per unit.

2. Repeated Step 1 for properties in which 80 percent of units or more are one-bedroom units. Two projects with a total of 89 units met this threshold. The projects that met the 80 percent threshold for one-bedroom units included 14 two-bedroom units. The analysis assumes any cost differentials for two-bedroom units relative to one-bedroom units generally balance out across this sample. This calculation resulted in an estimated average per unit development cost of approximately \$574,153 per one-bedroom unit.
3. As in prior studies, none of the recently-developed projects are sufficiently weighted toward any one of the larger unit types to isolate the costs for an individual unit size with two or more bedrooms. Therefore, the study benchmarks the per-unit cost of two-, three- and four-bedroom units to the average one-bedroom unit development cost. This benchmarking was accomplished by finding the ratio of estimated cost differential of each unit type compared to a one-bedroom unit, based on the per-unit development costs that were identified in the initial 2017 Study. This resulted in the following price ratios: average development cost of a two-bedroom is 12.8% higher than a one-bedroom unit, while three-bedroom and four-bedroom units are 27% and 33.5% higher, respectively, than a one-bedroom unit. The cost differential between a one-bedroom unit and a two-bedroom unit includes the cost for the addition of the second bedroom and, in some cases, may include the addition of a second bathroom. Three-bedroom units are more likely than two-bedroom units to include a second bathroom, and may also have a larger kitchen and living area to accommodate a larger household. Consequently, this study assumes a smaller cost differential between one- and two-bedroom units than between two- and three-bedroom units. The estimated cost differential for a four-bedroom unit is smaller than the cost differential to increase the unit size to a two- or three-bedroom unit, assuming the addition of a fourth bedroom, but no change to the number of bathrooms or other unit features as compared to a three-bedroom unit.
4. Applied the price ratios found in Step 3 to the average one-bedroom unit development cost found in Step 2. The resulting estimated development cost averages approximately \$647,644 for a two-bedroom unit, \$729,174 for a three-bedroom unit, and \$766,494 for a four-bedroom unit.

Although Measure JJJ calls for a calculation of development costs by affordability level and number of bedrooms, this study does not differentiate development costs based on affordability levels. Given the wide variation in development costs across projects, the development cost data do not provide sufficient information to cross-tabulate development costs by unit sizes and affordability levels. Moreover, while unit size can have a significant impact on development costs, affordability levels may have little to no effect on development costs. For example, projects that

are 100 percent affordable will have the same general development costs for all units of a particular number of bedrooms, despite potentially targeting households at various income levels.

### ***Supportable Financing Amount***

The second variable that factors into the Affordability Gaps calculation is the amount of permanent financing that the restricted rents for affordable units can support. This represents the amount that an affordable housing developer/operator can borrow to finance an affordable development, based on the loan payments that the operator can make using rent income. The permanent loan amount that an affordable housing operator can qualify for is based on net operating income (NOI) – i.e., rental income less operating expenses and vacancy allowance – and the financing terms that apply to the loan.

The restricted affordable rents determine the rental income from an affordable unit. This analysis calculates rental income based on the restricted rental rate for extremely low-, very low-, and lower-income households, corresponding to the income levels for the on-site unit requirements stipulated in Measure JJJ, per the LAHD Rent Limits provided in Land Use Schedule VI (effective July 1, 2021). The Schedule VI rent limits for lower-income households are set to the rents affordable to households earning 60 percent of AMI.

Per the requirements of Measure JJJ, this study uses data from LAHD on recently completed affordable developments in Los Angeles to estimate operating expenses. Measure JJJ specifies that the operating cost assumptions should be based on projects funded by the AHTF. However, due to the relatively limited sample of recent projects that received funding from the AHTF (see discussion above), this analysis uses the larger project sample shown in **Table 2** to calculate average operating expenses. As shown in **Table 3**, the data indicate that operating costs for affordable units average \$6,897 per year.

Measure JJJ calls for the Affordability Gaps study to calculate the average operating cost by unit type and affordability level. The City analyzed the operating cost data and found no distinct correlation between operating costs and either unit size or affordability level, and therefore used the average per unit operating cost across all units for this analysis.

**Table 3: Affordable Housing Operating Expenses, City of Los Angeles, 2022**

Project #	Number of Units					Total	Annual Operating Cost (a)	Avg. Cost per Unit
	Studio	1 bdrm	2 bdrm	3 bdrm	4 bdrm			
1	-	80	16	29	-	125	\$939,859	\$7,519
2	24	13	15	23	-	75	\$490,524	\$6,540
3	42	42	1	-	-	85	\$556,337	\$6,545
4	7	11	-	8	-	26	\$191,619	\$7,370
5	33	31	1	-	-	65	\$521,895	\$8,029
6	49	-	1	-	-	50	\$383,665	\$7,673
7	-	25	38	38	-	101	\$611,306	\$6,053
8	-	38	12	-	-	50	\$261,648	\$5,233
9	-	22	8	19	-	49	\$287,751	\$5,872
10	-	11	17	13	-	41	\$313,148	\$7,638
11	-	6	43	21	-	70	\$438,854	\$6,269
12	-	7	39	24	-	70	\$455,339	\$6,505
13	12	20	24	6	-	62	\$403,725	\$6,512
14	-	24	1	-	-	25	\$204,242	\$8,170
15	-	51	13	-	-	64	\$414,947	\$6,484
16	12	7	3	7	-	29	\$170,051	\$5,864
17	24	45	1	-	-	70	\$500,798	\$7,154
18	15	28	1	-	-	44	\$374,383	\$8,509
19	47	9	1	-	-	57	\$424,392	\$7,445
20	60	60	2	-	-	122	\$839,544	\$6,882
21	98	-	1	-	-	99	\$691,880	\$6,989
22	32	-	1	-	-	33	\$305,785	\$9,266
23	28	48	-	-	-	76	\$480,360	\$6,321
<b>Total/Overall Average</b>	<b>483</b>	<b>578</b>	<b>239</b>	<b>188</b>	<b>0</b>	<b>1,488</b>	<b>\$10,262,052</b>	<b>\$6,897</b>

Note:

(a) LAHD providing operating cost data from the year of project construction. DCP adjusted all costs to 2021 dollars based on CPI.

Source: City of Los Angeles LAHD, 2022.

The City used conventional financing assumptions to determine the supportable loan amount by unit type and affordability level. As shown in **Table 4**, the supportable loan amounts range from \$0 per unit for extremely low-income units (i.e., operating expenses exceed NOI, leaving no NOI to support debt payments) to \$88,481 per unit for three-bedroom units serving lower-income households.

### **Affordability Gaps Calculations**

Per Measure JJJ, the rental affordability gap is calculated by subtracting the supportable permanent loan amount for each unit type from the unit development cost, as shown in **Table 4**. This represents the amount of subsidy funds needed to finance each unit. The supportable loan amount is a function of the amount of NOI that is available to pay loan debt service, the debt

service coverage ratio, and the loan term (number of years) and the loan interest rate. These assumptions are shown in the notes at the bottom of **Table 4**.

To the extent that affordable units generate negative NOI, this study adds an additional amount to the affordability gaps to account for this negative value. Since units with negative NOI reduce the total NOI at both the unit and project level, these units reduce the loan amount that a project can support overall, which increases the public funding sources needed to cover the financing gap for the project. For example, **Table 4** shows that the operating expenses for a two-bedroom unit serving an extremely low-income household exceed rental income by \$91 per month, while a two-bedroom unit serving a very low-income household generates \$231 per month in NOI after accounting for operating expenses. In a project composed of two-bedroom units serving extremely low- and very low-income households, each extremely low-income unit would require a subsidy equal to \$91 dollars per month to cover operating expenses, which would come from the \$231 in monthly NOI from a very low-income unit. The remaining NOI from each very low-income unit providing a cross-subsidy to an extremely low-income unit would therefore be reduced to \$140 per month (\$231 minus \$91). This cross-subsidy reduces the loan payment that these very low-income units can support by \$72.80 per month ( $\$91 \text{ NOI} / 1.25 \text{ debt coverage ratio}$ ), which reduces the loan amount that the very low-income unit can support by \$16,141. The affordability gap for a two-bedroom unit serving an extremely low-income household is therefore equal to the total unit development cost (\$647,644) plus the \$16,141 in cross-subsidy needed from other units in the development.

**Table 4: Rental Affordability Gaps Calculations, City of Los Angeles, 2022**

	Extremely Low	Very Low	Lower	Extremely Low	Very Low	Lower
	Studio			One-Bedroom Unit		
Maximum Affordable Monthly Rent per Unit (a)	\$396	\$660	\$792	\$452	\$660	\$905
Monthly Operating Expenses (b)	\$575	\$575	\$575	\$575	\$575	\$575
Vacancy (c)	5%	5%	5%	5%	5%	5%
Net Operating Income per Unit (d)	(\$199)	\$52	\$178	(\$145)	\$52	\$285
Monthly Supportable Debt Service per Unit (e)	\$0	\$42	\$142	\$0	\$42	\$228
<b>Loan Amount (f)</b>	<b>\$0</b>	<b>\$9,258</b>	<b>\$31,460</b>	<b>\$0</b>	<b>\$9,258</b>	<b>\$50,467</b>
Operating Subsidy from Units with Positive NOI (g)	\$199	\$0	\$0	\$145	\$0	\$0
Reduction in Project-Level Loan Payments (h)	\$159	\$0	\$0	\$116	\$0	\$0
<b>Foregone Loan Amount Due to Cross-Subsidy</b>	<b>\$35,147</b>	<b>\$0</b>	<b>\$0</b>	<b>\$25,728</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Development Costs Per Unit</b>	<b>\$539,498</b>	<b>\$539,498</b>	<b>\$539,498</b>	<b>\$574,153</b>	<b>\$574,153</b>	<b>\$574,153</b>
<b>Affordability Gap per Affordable Unit (j)</b>	<b>\$574,645</b>	<b>\$530,240</b>	<b>\$508,038</b>	<b>\$599,881</b>	<b>\$564,895</b>	<b>\$523,686</b>
	Two-Bedroom Unit			Three-Bedroom Unit		
Maximum Affordable Monthly Rent per Unit (a)	\$509	\$848	\$1,018	\$566	\$943	\$1,131
Monthly Operating Expenses (b)	\$575	\$575	\$575	\$575	\$575	\$575
Vacancy (c)	5%	5%	5%	5%	5%	5%
Net Operating Income per Unit (d)	(\$91)	\$231	\$392	(\$37)	\$321	\$500
Monthly Supportable Debt Service per Unit (e)	\$0	\$185	\$314	\$0	\$257	\$400
<b>Loan Amount (f)</b>	<b>\$0</b>	<b>\$40,880</b>	<b>\$69,474</b>	<b>\$0</b>	<b>\$56,859</b>	<b>\$88,481</b>
Operating Subsidy from Units with Positive NOI (g)	\$91	\$0	\$0	\$37	\$0	\$0
Reduction in Project-Level Loan Payments (h)	\$73	\$0	\$0	\$30	\$0	\$0
<b>Foregone Loan Amount Due to Cross-Subsidy</b>	<b>\$16,141</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,553</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Development Costs Per Unit</b>	<b>\$647,644</b>	<b>\$647,644</b>	<b>\$647,644</b>	<b>\$729,174</b>	<b>\$729,174</b>	<b>\$729,174</b>
<b>Affordability Gap per Affordable Unit (j)</b>	<b>\$663,785</b>	<b>\$606,765</b>	<b>\$578,170</b>	<b>\$735,727</b>	<b>\$672,315</b>	<b>\$640,693</b>
<b>Assumptions</b>						
Total Affordable Unit Development Costs (k)						
Studio	\$539,498					
1 Bedroom	\$574,153					
2 Bedroom	\$647,644					
3 Bedroom	\$729,174					
Financing Terms						
Debt Coverage Ratio	1.25					
Interest Rate	3.55%					
Term of Loan (years)	30					

Notes:

- (a) City of Los Angeles - 2021 Income and Rent Limits; Land Use Schedule VI.
- (b) Data from funding applications for recent projects.
- (c) Typical required assumption for loan underwriting.
- (d) Affordable monthly rent less operating expenses and vacancy.
- (e) Previous row divided by Debt Coverage Ratio; units with negative NOI cannot support any loan amount.
- (f) Based on financing terms.
- (g) NOI from other units needed to cover operating expenses.
- (h) Previous row divided by Debt Coverage Ratio.
- (i) Based on financing terms.
- (j) Total development costs less loan amount, plus foregone loan amount.
- (k) LAHD data from recent projects.

Sources: City of Los Angeles, 2022.

# Findings

**Table 5** below shows the rental affordability gaps. These are the per unit subsidy amounts that would be necessary to support development of affordable units, after accounting for the amount of conventional loan debt service that the apartment operator could support from estimated NOI. In the case of extremely low-income studio, one-bedroom, two-bedroom, and three-bedroom units, the affordability gaps include the additional subsidy needed to offset the net operating loss, due to per unit operating costs which exceed the restricted rent levels.

**Table 5: Rental Affordability Gaps, City of Los Angeles, 2022**

Unit Size	Income Level		
	Extremely Low	Very Low	Lower
Studio	\$574,645	\$530,240	\$508,038
1 Bedroom	\$599,881	\$564,895	\$523,686
2 Bedroom	\$663,785	\$606,765	\$578,170
3 Bedroom	\$735,727	\$672,315	\$640,693

Source: City of Los Angeles, 2022.

# FOR-SALE AFFORDABILITY GAPS ANALYSIS

As with the rental affordability gaps, the City calculated the affordability gaps for ownership units in accordance with the provisions set forth in Measure JJJ. Measure JJJ defines the ownership affordability gap as the difference between the median sale price by unit type and Community Plan Area (CPA) and the restricted sale price for ownership units by unit type and affordability level.

## Methodology

Following are detailed descriptions of the methodological steps, assumptions, and data inputs used to determine the affordability gaps for for-sale units.

### *Median Sale Price*

Measure JJJ stipulates that the Affordability Gaps study shall identify the “market median sales prices by unit type in the 37 Community Plan areas”, which factor into the ownership Affordability Gaps calculation prescribed in the measure. For the purposes of this study, the City analyzed current property records from the County Assessor on single-family home and condominium sales between January 1, 2021 and October 31, 2021. Using data on sales over a ten-month period provided a sample sufficiently large to calculate medians for most unit types in each CPA, with the exception of unit types that are uncommon in particular CPAs, while ensuring that the sale price data represent relatively current home sale prices.

The City used the information provided in the property records to categorize the sale records into unit types based on number of bedrooms (studios and one-, two-, three-, and four-bedroom units) and either single-family or condominium building type, and determined the CPA for each property using GIS software. Data were validated against sale records, and outliers with unusually high or low sale values (e.g., above \$25 million or below \$150,000) were removed from the dataset. The City then calculated the median sale price for each of the resulting 370 categories of market-rate ownership units (37 CPAs x 5 unit sizes by number of bedrooms x 2 building types) to the extent that the sale price data included a sufficient number of records to represent each unit category. **Table 6** and **Table 7** below show the resulting median home sale values.

Most CPAs lacked sale records for at least one category of market-rate ownership units, and therefore had no median sale price for that unit type, and other median sale prices were based on only one or two sale records. In general, the unit types that are not represented or represented by very few sales in a particular CPA are those that are absent or rare within that market. This analysis discarded all medians based on two sales or fewer on the basis that these medians are not based on a sufficiently large sample of sales to be representative of the market. This study then interpolated the market sale prices for the unit types with fewer than three sale records, including those with no sale records.

Unit categories with two or fewer sale records were interpolated using a methodology developed by BAE for the 2017 calculation. The interpolated values represent hypothetical values that are consistent with the existing residential market in each CPA and citywide trends. This study did not include a market analysis to determine market demand for particular unit types in any CPAs

or an analysis to determine development feasibility based on the interpolated sale prices. **Table 6** and **Table 7** below show the interpolated values along with the median sale prices.

Values were interpolated using price differentials. Whenever possible, this study determined the price of a condominium unit relative to the price of a single-family unit by unit size. The resulting percentages represent the condominium sale price differential by number of bedrooms for each CPA. This study used the median of all condominium sale price differentials across CPAs, by unit size, to represent the typical condominium price differential within a CPA for each unit size. The typical condominium price differentials were then applied to the median single-family home sale price, by unit size, to interpolate the condominium sale price by number of bedrooms. For example, the median sale price for two-bedroom single-family homes in the Boyle Heights CPA was \$557,505. Within the study sample, two-bedroom condominiums typically sell for 37.3% percent less than two-bedroom single-family homes across all CPAs, resulting in an interpolated two-bedroom condominium sale price of \$349,599 in the Boyle Heights CPA.

Where it was not possible to interpolate across condominium and single-family home data sets, this study calculated the percent sale price discount across unit sizes. For example, the price differential was calculated for a one-bedroom single-family unit relative to the sale price of a three-bedroom single-family unit for all CPAs with both one- and three-bedroom single-family home sales. The study used three-bedroom units as the baseline because three-bedroom units are the most common single-family unit size in the sale records. Based on the median sale price across CPAs, one-bedroom single-family homes typically sell for 24.8 percent less than three-bedroom single-family homes in the same CPA. This price differential is used to find the price of a one-bedroom single-family home in CPAs where there is not sufficient data. For example, when applied to the median sale price for a three-bedroom single-family home in the Northridge CPA (\$882,258), the study finds an interpolated one-bedroom single-family home price of \$663,588 in the Northridge CPA.

The study also calculated the percent sale price differential for a four-bedroom single-family unit relative to a three-bedroom single-family unit, for a studio and one-bedroom condominium unit relative to a two-bedroom condominium unit, and for a four-bedroom condominium unit relative to a three-bedroom condominium unit.

Note that sale values of studio condominium units were often higher than the sale values of 1-bedroom condo units in certain CPAs (e.g., Central City North, Hollywood, and Palms-Mar Vista-Del Rey). Although the square-footage of the units was not provided nor required for this analysis by the original BAE methodology, data checks showed that the size of studio condominium units was often larger than the size of one-bedroom condominium units.

**Appendix A** includes all cost differentials for condominiums.

**Table 6: Median Single-Family Home Sale Prices by CPA and Number of Bedrooms, City of Los Angeles, 2022**

Community Plan Area	Median Sale Price - Single-Family					
	Studio		One-Bedroom		Two-Bedroom	
	\$	#	\$	#	\$	#
Arleta - Pacoima	\$ 394,717	0	\$ 520,005	4	\$ 565,005	48
Bel Air - Beverly Crest	\$ 1,292,436	0	\$ 850,008	7	\$ 1,850,018	50
Boyle Heights	\$ 389,477	0	\$ 462,575	2	\$ 557,505	30
Brentwood - Pacific Palisades	\$ 1,879,272	1	\$ 2,257,592	1	\$ 2,690,026	55
Canoga Park - Winnetka - Woodland Hills - West Hills	\$ 600,808	0	\$ 753,007	3	\$ 860,008	87
Central City	\$ 733,744	0	\$ 871,667	0	\$ 1,050,295	0
Central City North	\$ 708,806	0	\$ 912,125	0	\$ 1,014,599	1
Chatsworth - Porter Ranch	\$ 447,113	0	\$ 620,527	1	\$ 640,006	23
Encino - Tarzana	\$ 685,340	0	\$ 977,801	2	\$ 981,009	47
Granada Hills - Knollwood	\$ 523,960	0	\$ 609,245	1	\$ 750,007	13
Harbor Gateway	\$ 448,859	0	\$ 526,508	2	\$ 642,506	29
Hollywood	\$ 969,327	0	\$ 970,509	22	\$ 1,387,513	228
Los Angeles World Airport	N/A	0	N/A	0	N/A	0
Mission Hills - Panorama City - North Hills	\$ 454,099	0	\$ 541,551	2	\$ 650,006	59
North Hollywood - Valley Village	\$ 645,170	0	\$ 811,008	3	\$ 923,509	130
Northeast Los Angeles	\$ 635,739	0	\$ 734,007	50	\$ 910,009	402
Northridge	\$ 618,273	0	\$ 663,588	1	\$ 885,008	9
Palms - Mar Vista - Del Rey	\$ 911,692	0	\$ 2,439,024	6	\$ 1,305,013	112
Port of Los Angeles	N/A	0	N/A	0	N/A	0
Reseda - West Van Nuys	\$ 489,729	0	\$ 570,005	3	\$ 701,007	80
San Pedro	\$ 503,002	0	\$ 540,005	5	\$ 720,007	105
Sherman Oaks - Studio City - Toluca Lake - Calhenga Pass	\$ 920,424	0	\$ 1,050,010	11	\$ 1,317,513	146
Silver Lake - Echo Park - Elysian Valley	\$ 749,263	0	\$ 877,008	20	\$ 1,072,510	122
South Los Angeles	\$ 420,566	0	\$ 580,005	15	\$ 602,006	249
Southeast Los Angeles	\$ 328,348	1	\$ 405,004	19	\$ 470,004	200
Sun Valley - La Tuna Canyon	\$ 458,989	0	\$ 737,507	4	\$ 657,006	69
Sunland - Tujunga - Lake View Terrace - Shadow Hills - East La Tuna Canyon	\$ 471,564	0	\$ 613,006	10	\$ 675,006	127
Sylmar	\$ 436,634	0	\$ 500,182	2	\$ 625,006	33
Van Nuys - North Sherman Oaks	\$ 608,842	0	\$ 703,264	2	\$ 871,508	132
Venice	\$ 1,187,644	0	\$ 1,795,017	9	\$ 1,700,017	65
West Adams - Baldwin Hills - Leimert	\$ 597,664	0	\$ 705,007	6	\$ 855,508	236
West Los Angeles	\$ 1,201,616	0	\$ 1,429,094	0	\$ 1,720,017	42
Westchester - Playa Del Rey	\$ 901,212	0	\$ 1,089,872	1	\$ 1,290,012	67
Westlake	\$ 489,030	0	\$ 646,853	0	\$ 700,007	4
Westwood	\$ 1,418,187	0	\$ 1,942,440	0	\$ 2,030,020	9
Wilmington - Harbor City	\$ 401,703	0	\$ 504,319	1	\$ 575,005	55
Wilshire	\$ 923,917	1	\$ 1,353,879	2	\$ 1,322,513	94

Note:

Figures in grey cells are interpolated values, based on the methodology described in this report

Sources: LA County Assessor Records, 2021; City of Los Angeles, 2022.

(Continued on the following page)

**Table 6: Median Single-Family Home Sale Prices by CPA and Number of Bedrooms, City of Los Angeles, 2022 (continued)**

Community Plan Area	Median Sale Price - Single-Family			
	Three-Bedroom		Four-Bedroom	
	\$	#	\$	#
Arleta - Pacoima	\$ 646,006	97	\$ 652,506	62
Bel Air - Beverly Crest	\$ 2,150,021	104	\$ 3,200,032	103
Boyle Heights	\$ 615,006	30	\$ 682,506	8
Brentwood - Pacific Palisades	\$ 3,001,530	165	\$ 3,672,036	169
Canoga Park - Winnetka - Woodland Hills - West Hills	\$ 855,008	615	\$ 1,000,010	547
Central City	\$ 6,584,491	0	\$ 7,944,019	0
Central City North	\$ 1,395,013	11	\$ 1,683,047	2
Chatsworth - Porter Ranch	\$ 825,008	219	\$ 1,050,010	288
Encino - Tarzana	\$ 1,300,013	164	\$ 1,750,017	201
Granada Hills - Knollwood	\$ 810,008	201	\$ 911,009	193
Harbor Gateway	\$ 700,007	73	\$ 962,759	48
Hollywood	\$ 1,890,018	398	\$ 2,757,527	208
Los Angeles World Airport	N/A	0	N/A	0
Mission Hills - Panorama City - North Hills	\$ 720,007	232	\$ 790,007	95
North Hollywood - Valley Village	\$ 975,009	275	\$ 1,212,512	75
Northeast Los Angeles	\$ 1,050,010	417	\$ 1,170,011	125
Northridge	\$ 882,258	156	\$ 1,000,010	147
Palms - Mar Vista - Del Rey	\$ 1,615,016	231	\$ 2,002,520	102
Port of Los Angeles	N/A	0	N/A	0
Reseda - West Van Nuys	\$ 766,007	349	\$ 813,008	125
San Pedro	\$ 885,008	129	\$ 963,009	63
Sherman Oaks - Studio City - Toluca Lake - Cahuenga Pass	\$ 1,702,517	290	\$ 2,100,021	164
Silver Lake - Echo Park - Elysian Valley	\$ 1,346,513	138	\$ 1,624,016	34
South Los Angeles	\$ 672,006	231	\$ 810,758	66
Southeast Los Angeles	\$ 505,005	169	\$ 518,505	52
Sun Valley - La Tuna Canyon	\$ 747,507	172	\$ 905,009	52
Sunland - Tujunga - Lake View Terrace - Shadow Hills - East La Tuna Canyon	\$ 815,008	209	\$ 900,009	94
Sylmar	\$ 665,006	124	\$ 725,007	93
Van Nuys - North Sherman Oaks	\$ 935,009	317	\$ 1,180,011	97
Venice	\$ 2,350,023	107	\$ 2,599,025	53
West Adams - Baldwin Hills - Leimert	\$ 1,050,010	270	\$ 1,025,010	61
West Los Angeles	\$ 1,900,019	133	\$ 2,500,025	61
Westchester - Playa Del Rey	\$ 1,449,014	177	\$ 1,755,017	100
Westlake	\$ 860,008	11	\$ 1,375,013	3
Westwood	\$ 2,582,526	34	\$ 3,155,031	24
Wilmington - Harbor City	\$ 670,506	84	\$ 694,007	30
Wilshire	\$ 1,800,018	262	\$ 2,200,022	113

Note:

Figures in grey cells are interpolated values, based on the methodology described in this report

Sources: LA County Assessor Records, 2021; City of Los Angeles, 2022.

**Table 7: Median Condominium Sale Prices by CPA and Number of Bedrooms, City of Los Angeles, 2022**

Community Plan Area	Median Sale Price - Condominium					
	Studio		One-Bedroom		Two-Bedroom	
	\$	#	\$	#	\$	#
Arleta - Pacoima	\$ 248,008	0	\$ 275,002	9	\$ 355,003	27
Bel Air - Beverly Crest	\$ 646,218	0	\$ 449,522	1	\$ 925,009	9
Boyle Heights	\$ 244,232	0	\$ 250,500	0	\$ 349,599	0
Brentwood - Pacific Palisades	\$ 412,504	6	\$ 630,006	46	\$ 1,003,760	172
Canoga Park - Winnetka - Woodland Hills - West Hills	\$ 198,001	5	\$ 347,003	71	\$ 475,004	197
Central City	\$ 497,505	64	\$ 592,505	162	\$ 765,007	79
Central City North	\$ 802,008	26	\$ 620,006	21	\$ 739,007	15
Chatsworth - Porter Ranch	\$ 342,320	0	\$ 257,502	30	\$ 490,004	113
Encino - Tarzana	\$ 265,002	3	\$ 305,503	88	\$ 504,505	230
Granada Hills - Knollwood	\$ 356,293	0	\$ 365,437	0	\$ 510,005	19
Harbor Gateway	\$ 289,925	0	\$ 297,365	0	\$ 415,004	4
Hollywood	\$ 754,507	28	\$ 550,005	117	\$ 759,757	184
Los Angeles World Airport	N/A	0	N/A	0	N/A	0
Mission Hills - Panorama City - North Hills	\$ 275,952	0	\$ 265,002	7	\$ 395,003	102
North Hollywood - Valley Village	\$ 401,703	1	\$ 409,004	31	\$ 575,005	146
Northeast Los Angeles	\$ 448,004	17	\$ 452,004	14	\$ 535,005	129
Northridge	\$ 335,334	0	\$ 343,940	0	\$ 480,004	33
Palms - Mar Vista - Del Rey	\$ 925,009	13	\$ 581,756	56	\$ 927,509	182
Port of Los Angeles	N/A	0	N/A	0	N/A	0
Reseda - West Van Nuys	\$ 306,691	0	\$ 297,503	12	\$ 439,004	68
San Pedro	\$ 488,004	9	\$ 380,003	27	\$ 487,004	119
Sherman Oaks - Studio City - Toluca Lake - Cahuenga Pass	\$ 482,043	0	\$ 493,004	45	\$ 690,006	300
Silver Lake - Echo Park - Elysian Valley	\$ 572,864	0	\$ 680,006	5	\$ 820,008	23
South Los Angeles	\$ 302,022	0	\$ 325,003	7	\$ 377,504	2
Southeast Los Angeles	\$ 205,900	0	\$ 214,184	0	\$ 294,729	0
Sun Valley - La Tuna Canyon	\$ 363,279	0	\$ 390,027	0	\$ 520,005	23
Sunland - Tujunga - Lake View Terrace - Shadow Hills - East La Tuna Canyon	\$ 354,896	0	\$ 324,185	1	\$ 508,005	29
Sylmar	\$ 285,733	0	\$ 205,002	4	\$ 409,004	51
Van Nuys - North Sherman Oaks	\$ 331,841	1	\$ 425,004	25	\$ 475,004	175
Venice	\$ 2,070,020	12	\$ 872,258	28	\$ 1,405,014	85
West Adams - Baldwin Hills - Leimert	\$ 388,429	0	\$ 559,005	17	\$ 556,005	46
West Los Angeles	\$ 639,232	1	\$ 657,506	54	\$ 915,009	255
Westchester - Playa Del Rey	\$ 446,504	4	\$ 549,005	79	\$ 810,008	207
Westlake	\$ 450,004	5	\$ 406,254	44	\$ 602,506	30
Westwood	\$ 452,004	14	\$ 632,506	76	\$ 999,510	174
Wilmington - Harbor City	\$ 293,418	0	\$ 376,003	5	\$ 420,004	31
Wilshire	\$ 370,003	13	\$ 561,505	84	\$ 720,007	301

Note:

Figures in grey cells are interpolated values, based on the methodology described in this report

Sources: LA County Assessor Records, 2021; City of Los Angeles, 2022.

(Continued on the following page)

**Table 7: Median Condominium Sale Prices by CPA and Number of Bedrooms, City of Los Angeles, 2022 (continued)**

Community Plan Area	Median Sale Price - Condominium			
	Three-Bedroom		Four-Bedroom	
	\$	#	\$	#
Arleta - Pacoima	\$ 436,004	25	\$ 569,505	9
Bel Air - Beverly Crest	\$ 1,468,712	2	\$ 2,117,759	1
Boyle Heights	\$ 420,120	0	\$ 451,678	0
Brentwood - Pacific Palisades	\$ 1,350,013	58	\$ 2,062,521	14
Canoga Park - Winnetka - Woodland Hills - West Hills	\$ 602,506	88	\$ 630,006	10
Central City	\$ 5,000,050	3	\$ 7,269,644	0
Central City North	\$ 650,006	9	\$ 945,053	0
Chatsworth - Porter Ranch	\$ 600,006	126	\$ 705,007	36
Encino - Tarzana	\$ 635,006	81	\$ 750,007	6
Granada Hills - Knollwood	\$ 516,505	22	\$ 602,900	2
Harbor Gateway	\$ 509,005	12	\$ 637,147	2
Hollywood	\$ 977,509	40	\$ 1,000,010	5
Los Angeles World Airport	N/A	0	N/A	0
Mission Hills - Panorama City - North Hills	\$ 462,504	72	\$ 648,006	17
North Hollywood - Valley Village	\$ 718,507	61	\$ 836,008	6
Northeast Los Angeles	\$ 739,507	19	\$ 575,005	3
Northridge	\$ 590,005	33	\$ 555,255	6
Palms - Mar Vista - Del Rey	\$ 1,131,011	44	\$ 1,325,254	1
Port of Los Angeles	N/A	0	N/A	0
Reseda - West Van Nuys	\$ 525,005	64	\$ 511,505	12
San Pedro	\$ 652,506	49	\$ 815,008	11
Sherman Oaks - Studio City - Toluca Lake - Cahuenga Pass	\$ 880,008	89	\$ 983,009	3
Silver Lake - Echo Park - Elysian Valley	\$ 864,008	6	\$ 1,074,763	2
South Los Angeles	\$ 622,506	4	\$ 536,554	0
Southeast Los Angeles	\$ 344,977	0	\$ 343,143	0
Sun Valley - La Tuna Canyon	\$ 620,006	23	\$ 715,007	5
Sunland - Tujunga - Lake View Terrace - Shadow Hills - East La Tuna Canyon	\$ 570,005	31	\$ 662,506	4
Sylmar	\$ 527,505	112	\$ 736,007	27
Van Nuys - North Sherman Oaks	\$ 590,005	59	\$ 780,923	0
Venice	\$ 1,600,016	23	\$ 1,720,017	4
West Adams - Baldwin Hills - Leimert	\$ 862,508	12	\$ 678,345	1
West Los Angeles	\$ 1,199,011	93	\$ 1,400,014	9
Westchester - Playa Del Rey	\$ 1,335,013	62	\$ 2,100,021	13
Westlake	\$ 587,484	2	\$ 909,974	0
Westwood	\$ 1,425,014	38	\$ 2,087,978	2
Wilmington - Harbor City	\$ 530,005	31	\$ 685,007	8
Wilshire	\$ 886,758	110	\$ 1,142,011	4

Note:

Figures in grey cells are interpolated values, based on the methodology described in this report

Sources: LA County Assessor Records, 2021; City of Los Angeles, 2022.

### **Restricted Sale Price**

The restricted sale prices for affordable units were calculated for the Affordability Gaps study because LAHD does not calculate and publish standard restricted sale prices that would be analogous to the restricted rents in Land Use Schedule VI. Consistent with the income levels that would meet the on-site unit requirements stipulated in Measure JJJ, the City calculated the affordable sale price for very low-, lower-, and moderate-income households of various sizes.

**Appendix B** shows these calculations and the relevant assumptions. **Table 8** shows the

affordable sale prices for single-family homes and condominiums. Condominiums have lower sale prices to account for homeowner association fees, which reduce the homeowner income available for mortgage payments.

**Table 8: Restricted Affordable Sale Prices, City of Los Angeles, 2022**

Household Income Level	Affordable Sale Price				
	Studio	1-Bdrm	2-Bdrm	3-Bdrm	4-Bdrm
<b>Single-Family</b>					
Very Low	\$202,390	\$231,233	\$260,076	\$288,919	\$312,140
Lower	\$323,873	\$370,071	\$416,269	\$462,466	\$499,620
Moderate	\$328,517	\$375,448	\$422,380	\$469,311	\$506,953
<b>Condominium</b>					
Very Low	\$130,485	\$159,328	\$188,171	\$217,014	\$240,235
Lower	\$251,968	\$298,166	\$344,364	\$390,561	\$427,715
Moderate	\$256,612	\$303,543	\$350,474	\$397,405	\$435,048

Source: City of Los Angeles, 2022.

### **Affordability Gaps Calculation**

Per the requirements of Measure JJJ, this study calculates the for-sale affordability gaps by subtracting the restricted sale prices at each affordability level by unit size from the median sale price by CPA, unit size, and building type. This results in a total of 1050 for-sale affordability gaps (35 CPAs x 5 unit sizes x 2 building types x 3 affordability levels).<sup>5</sup>

## **Findings**

The following tables show for-sale affordability gaps. In cases where **Table 9** or **Table 10** display a zero value, this means that the market sale price for the unit type with a zero value is equal to or lower than the restricted sale price in that CPA. Generally, this occurs in instances where the CPA has market sales prices that are relatively low, and therefore affordable to some lower- and moderate-income households. In these cases, it should not necessarily be interpreted that it is financially feasible for developers to build affordable units without subsidy. Rather, it likely means that it will be uncommon for market rate developers to build new housing in such areas, until such time as market conditions would support higher market rate sale prices. In such cases, the two-year update of the Affordability Gaps Analysis would be revised to reflect the increased market rate sales prices, and the updated affordability gaps calculation would likely indicate the need for subsidy, assuming that household income levels did not keep pace with the sub-market price increases.

<sup>5</sup> Two of the 37 CPAs (Los Angeles World Airport and Port of Los Angeles) have no residential development and therefore no affordability gaps.

In implementation, Measure JJJ requires that developers pay a fee for all applicable projects. In the event that a developer chooses to pay the in-lieu fee for a development located in a CPA with a for-sale affordability gap with a zero value, developers would be required to apply the next lowest income level<sup>6</sup> with a positive affordability gap for the same unit type in any case where an affordability gap is negative or zero. For example, in the Southeast Los Angeles CPA, the median sale price for a one-bedroom condominium is \$205,900, yet the restricted affordable sale price for a lower income one-bedroom condominium is \$298,166. Because the affordability gap for a lower-income one-bedroom condominium in this CPA is less than zero, the developer would pay the affordability gap for a very low income one-bedroom condominium in the Southeast Los Angeles CPA (\$54,856).

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<sup>6</sup> Note: Prior iterations of this study stated that developers should apply the next highest income level; however, as shown in Table 9 and Table 10, instances where an affordability gap is negative or zero tend to occur at the highest income levels. This has been revised to provide additional clarity that a developer should apply the next available affordability gap with a positive value for the CPA and unit size type.

**Table 9: For-Sale Affordability Gaps, Single-Family Homes, City of Los Angeles, 2022**

Community Plan Area	Studio			One-Bedroom			Two-Bedroom		
	Very Low	Lower	Moderate	Very Low	Lower	Moderate	Very Low	Lower	Moderate
Arleta - Pacoima	\$192,327	\$70,844	\$66,200	\$288,772	\$149,934	\$144,557	\$304,929	\$148,736	\$142,625
Bel Air - Beverly Crest	\$1,090,046	\$968,563	\$963,919	\$618,775	\$479,937	\$474,560	\$1,589,942	\$1,433,749	\$1,427,638
Boyle Heights	\$187,087	\$65,604	\$60,960	\$231,342	\$92,504	\$87,127	\$297,429	\$141,236	\$135,125
Brentwood - Pacific Palisades	\$1,676,882	\$1,555,399	\$1,550,755	\$2,026,359	\$1,887,521	\$1,882,144	\$2,429,950	\$2,273,757	\$2,267,646
Canoga Park - Winnetka - Woodland Hills - West Hills	\$398,418	\$276,935	\$272,291	\$521,774	\$382,936	\$377,559	\$599,932	\$443,739	\$437,628
Central City	\$531,354	\$409,871	\$405,227	\$640,434	\$501,596	\$496,219	\$790,219	\$634,026	\$627,915
Central City North	\$506,416	\$384,933	\$380,289	\$680,892	\$542,054	\$536,677	\$754,523	\$598,330	\$592,219
Chatsworth - Porter Ranch	\$244,723	\$123,240	\$118,596	\$389,294	\$250,456	\$245,079	\$379,930	\$223,737	\$217,626
Encino - Tarzana	\$482,950	\$361,467	\$356,823	\$746,568	\$607,730	\$602,353	\$720,933	\$564,740	\$558,629
Granada Hills - Knollwood	\$321,570	\$200,087	\$195,443	\$378,012	\$239,174	\$233,797	\$489,931	\$333,738	\$327,627
Harbor Gateway	\$246,469	\$124,986	\$120,342	\$295,275	\$156,437	\$151,060	\$382,430	\$226,237	\$220,126
Hollywood	\$766,937	\$645,454	\$640,810	\$739,276	\$600,438	\$595,061	\$1,127,437	\$971,244	\$965,133
Los Angeles World Airport	N/A								
Mission Hills - Panorama City - North Hills	\$251,709	\$130,226	\$125,582	\$310,318	\$171,480	\$166,103	\$389,930	\$233,737	\$227,626
North Hollywood - Valley Village	\$442,780	\$321,297	\$316,653	\$579,775	\$440,937	\$435,560	\$663,433	\$507,240	\$501,129
Northeast Los Angeles	\$433,349	\$311,866	\$307,222	\$502,774	\$363,936	\$358,559	\$649,933	\$493,740	\$487,629
Northridge	\$415,883	\$294,400	\$289,756	\$432,355	\$293,517	\$288,140	\$624,932	\$468,739	\$462,628
Palms - Mar Vista - Del Rey	\$709,302	\$587,819	\$583,175	\$2,207,791	\$2,068,953	\$2,063,576	\$1,044,937	\$888,744	\$882,633
Port of Los Angeles	N/A								
Reseda - West Van Nuys	\$287,339	\$165,856	\$161,212	\$338,772	\$199,934	\$194,557	\$440,931	\$284,738	\$278,627
San Pedro	\$300,612	\$179,129	\$174,485	\$308,772	\$169,934	\$164,557	\$459,931	\$303,738	\$297,627
Sherman Oaks - Studio City - Toluca Lake - Cahuenga Pass	\$718,034	\$596,551	\$591,907	\$818,777	\$679,939	\$674,562	\$1,057,437	\$901,244	\$895,133
Silver Lake - Echo Park	\$546,873	\$425,390	\$420,746	\$645,775	\$506,937	\$501,560	\$812,434	\$656,241	\$650,130
South Los Angeles	\$218,176	\$96,693	\$92,049	\$348,772	\$209,934	\$204,557	\$341,930	\$185,737	\$179,626
Southeast Los Angeles	\$125,958	\$4,475	\$0	\$173,771	\$34,933	\$29,556	\$209,928	\$53,735	\$47,624
Sun Valley - La Tuna Canyon	\$256,599	\$135,116	\$130,472	\$506,274	\$367,436	\$362,059	\$396,930	\$240,737	\$234,626
Sunland - Tujunga - Lakeview Terrace - Shadow Hills - East La Tuna Canyon	\$269,174	\$147,691	\$143,047	\$381,773	\$242,935	\$237,558	\$414,930	\$258,737	\$252,626
Sylmar	\$234,244	\$112,761	\$108,117	\$268,949	\$130,111	\$124,734	\$364,930	\$208,737	\$202,626
Van Nuys - North Sherman Oaks	\$406,452	\$284,969	\$280,325	\$472,031	\$333,193	\$327,816	\$611,432	\$455,239	\$449,128
Venice	\$985,254	\$863,771	\$859,127	\$1,563,784	\$1,424,946	\$1,419,569	\$1,439,941	\$1,283,748	\$1,277,637
West Adams - Baldwin Hills - Leimert	\$395,274	\$273,791	\$269,147	\$473,774	\$334,936	\$329,559	\$595,432	\$439,239	\$433,128
West Los Angeles	\$999,226	\$877,743	\$873,099	\$1,197,861	\$1,059,023	\$1,053,646	\$1,459,941	\$1,303,748	\$1,297,637
Westchester - Playa Del Rey	\$698,822	\$577,339	\$572,695	\$858,639	\$719,801	\$714,424	\$1,029,936	\$873,743	\$867,632
Westlake	\$286,640	\$165,157	\$160,513	\$415,620	\$276,782	\$271,405	\$439,931	\$283,738	\$277,627
Westwood	\$1,215,797	\$1,094,314	\$1,089,670	\$1,711,207	\$1,572,369	\$1,566,992	\$1,769,944	\$1,613,751	\$1,607,640
Wilmington - Harbor City	\$199,313	\$77,830	\$73,186	\$273,086	\$134,248	\$128,871	\$314,929	\$158,736	\$152,625
Wilshire	\$721,527	\$600,044	\$595,400	\$1,122,646	\$983,808	\$978,431	\$1,062,437	\$906,244	\$900,133

Source: City of Los Angeles, 2022.

(Continued on the following page)

**Table 9: For-Sale Affordability Gaps, Single-Family Homes, City of Los Angeles, 2022 (continued)**

Community Plan Area	Three-Bedroom			Four-Bedroom		
	Very Low	Lower	Moderate	Very Low	Lower	Moderate
Arleta - Pacoima	\$357,087	\$183,540	\$176,695	\$340,366	\$152,886	\$145,553
Bel Air - Beverly Crest	\$1,861,102	\$1,687,555	\$1,680,710	\$2,887,892	\$2,700,412	\$2,693,079
Boyle Heights	\$326,087	\$152,540	\$145,695	\$370,366	\$182,886	\$175,553
Brentwood - Pacific Palisades	\$2,712,611	\$2,539,064	\$2,532,219	\$3,359,896	\$3,172,416	\$3,165,083
Canoga Park - Winnetka - Woodland Hills - West Hills	\$566,089	\$392,542	\$385,697	\$687,870	\$500,390	\$493,057
Central City	\$6,295,572	\$6,122,025	\$6,115,180	\$7,631,879	\$7,444,399	\$7,437,066
Central City North	\$1,106,094	\$932,547	\$925,702	\$1,370,907	\$1,183,427	\$1,176,094
Chatsworth - Porter Ranch	\$536,089	\$362,542	\$355,697	\$737,870	\$550,390	\$543,057
Encino - Tarzana	\$1,011,094	\$837,547	\$830,702	\$1,437,877	\$1,250,397	\$1,243,064
Granada Hills - Knollwood	\$521,089	\$347,542	\$340,697	\$598,869	\$411,389	\$404,056
Harbor Gateway	\$411,088	\$237,541	\$230,696	\$650,619	\$463,139	\$455,806
Hollywood	\$1,601,099	\$1,427,552	\$1,420,707	\$2,445,387	\$2,257,907	\$2,250,574
Los Angeles World Airport	N/A	N/A	N/A	N/A	N/A	N/A
Mission Hills - Panorama City - North Hills	\$431,088	\$257,541	\$250,696	\$477,867	\$290,387	\$283,054
North Hollywood - Valley Village	\$686,090	\$512,543	\$505,698	\$900,372	\$712,892	\$705,559
Northeast Los Angeles	\$761,091	\$587,544	\$580,699	\$857,871	\$670,391	\$663,058
Northridge	\$593,339	\$419,792	\$412,947	\$687,870	\$500,390	\$493,057
Palms - Mar Vista - Del Rey	\$1,326,097	\$1,152,550	\$1,145,705	\$1,690,380	\$1,502,900	\$1,495,567
Port of Los Angeles	N/A	N/A	N/A	N/A	N/A	N/A
Reseda - West Van Nuys	\$477,088	\$303,541	\$296,696	\$500,868	\$313,388	\$306,055
San Pedro	\$596,089	\$422,542	\$415,697	\$650,869	\$463,389	\$456,056
Sherman Oaks - Studio City - Toluca Lake - Cahuenga Pass	\$1,413,598	\$1,240,051	\$1,233,206	\$1,787,881	\$1,600,401	\$1,593,068
Silver Lake - Echo Park	\$1,057,594	\$884,047	\$877,202	\$1,311,876	\$1,124,396	\$1,117,063
South Los Angeles	\$383,087	\$209,540	\$202,695	\$498,618	\$311,138	\$303,805
Southeast Los Angeles	\$216,086	\$42,539	\$35,694	\$206,365	\$18,885	\$11,552
Sun Valley - La Tuna Canyon	\$458,588	\$285,041	\$278,196	\$592,869	\$405,389	\$398,056
Sunland - Tujunga - Lakeview Terrace - Shadow Hills - East La Tuna Canyon	\$526,089	\$352,542	\$345,697	\$587,869	\$400,389	\$393,056
Sylmar	\$376,087	\$202,540	\$195,695	\$412,867	\$225,387	\$218,054
Van Nuys - North Sherman Oaks	\$646,090	\$472,543	\$465,698	\$867,871	\$680,391	\$673,058
Venice	\$2,061,104	\$1,887,557	\$1,880,712	\$2,286,885	\$2,099,405	\$2,092,072
West Adams - Baldwin Hills - Leimert	\$761,091	\$587,544	\$580,699	\$712,870	\$525,390	\$518,057
West Los Angeles	\$1,611,100	\$1,437,553	\$1,430,708	\$2,187,885	\$2,000,405	\$1,993,072
Westchester - Playa Del Rey	\$1,160,095	\$986,548	\$979,703	\$1,442,877	\$1,255,397	\$1,248,064
Westlake	\$571,089	\$397,542	\$390,697	\$1,062,873	\$875,393	\$868,060
Westwood	\$2,293,607	\$2,120,060	\$2,113,215	\$2,842,891	\$2,655,411	\$2,648,078
Wilmington - Harbor City	\$381,587	\$208,040	\$201,195	\$381,867	\$194,387	\$187,054
Wilshire	\$1,511,099	\$1,337,552	\$1,330,707	\$1,887,882	\$1,700,402	\$1,693,069

Source: City of Los Angeles, 2022.

**Table 10: For-Sale Affordability Gaps, Condominiums, City of Los Angeles, 2022**

Community Plan Area	Studio			One-Bedroom			Two-Bedroom		
	Very Low	Lower	Moderate	Very Low	Lower	Moderate	Very Low	Lower	Moderate
Arleta - Pacoima	\$117,523	\$0	\$0	\$115,674	\$0	\$0	\$166,832	\$10,639	\$4,529
Bel Air - Beverly Crest	\$515,733	\$394,250	\$389,606	\$290,194	\$151,356	\$145,979	\$736,838	\$580,645	\$574,535
Boyle Heights	\$113,747	\$0	\$0	\$91,172	\$0	\$0	\$161,428	\$5,235	\$0
Brentwood - Pacific Palisades	\$282,019	\$160,536	\$155,892	\$470,678	\$331,840	\$326,463	\$815,589	\$659,396	\$653,286
Canoga Park - Winnetka - Woodland Hills - West Hills	\$67,516	\$0	\$0	\$187,675	\$48,837	\$43,460	\$286,833	\$130,640	\$124,530
Central City	\$367,020	\$245,537	\$240,893	\$433,177	\$294,339	\$288,962	\$576,836	\$420,643	\$414,533
Central City North	\$671,523	\$550,040	\$545,396	\$460,678	\$321,840	\$316,463	\$550,836	\$394,643	\$388,533
Chatsworth - Porter Ranch	\$211,835	\$90,352	\$85,708	\$98,174	\$0	\$0	\$301,833	\$145,640	\$139,530
Encino - Tarzana	\$134,517	\$13,034	\$8,390	\$146,175	\$7,337	\$1,960	\$316,334	\$160,141	\$154,031
Granada Hills - Knollwood	\$225,808	\$104,325	\$99,681	\$206,109	\$67,271	\$61,894	\$321,834	\$165,641	\$159,531
Harbor Gateway	\$159,440	\$37,957	\$33,313	\$138,037	\$0	\$0	\$226,833	\$70,640	\$64,530
Hollywood	\$624,022	\$502,539	\$497,895	\$390,677	\$251,839	\$246,462	\$571,586	\$415,393	\$409,283
Los Angeles World Airport	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mission Hills - Panorama City - North Hills	\$145,467	\$23,984	\$19,340	\$105,674	\$0	\$0	\$206,832	\$50,639	\$44,529
North Hollywood - Valley Village	\$271,218	\$149,735	\$145,091	\$249,676	\$110,838	\$105,461	\$386,834	\$230,641	\$224,531
Northeast Los Angeles	\$317,519	\$196,036	\$191,392	\$292,676	\$153,838	\$148,461	\$346,834	\$190,641	\$184,531
Northridge	\$204,849	\$83,366	\$78,722	\$184,612	\$45,774	\$40,397	\$291,833	\$135,640	\$129,530
Palms - Mar Vista - Del Rey	\$794,524	\$673,041	\$668,397	\$422,428	\$283,590	\$278,213	\$739,338	\$583,145	\$577,035
Port of Los Angeles	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Reseda - West Van Nuys	\$176,206	\$54,723	\$50,079	\$138,175	\$0	\$0	\$250,833	\$94,640	\$88,530
San Pedro	\$357,519	\$236,036	\$231,392	\$220,675	\$81,837	\$76,460	\$298,833	\$142,640	\$136,530
Sherman Oaks - Studio City - Toluca Lake - Cahuenga Pass	\$351,558	\$230,075	\$225,431	\$333,676	\$194,838	\$189,461	\$501,835	\$345,642	\$339,532
Silver Lake - Echo Park	\$442,379	\$320,896	\$316,252	\$520,678	\$381,840	\$376,463	\$631,837	\$475,644	\$469,534
South Los Angeles	\$171,537	\$50,054	\$45,410	\$165,675	\$26,837	\$21,460	\$189,333	\$33,140	\$27,030
Southeast Los Angeles	\$75,415	\$0	\$0	\$54,856	\$0	\$0	\$106,558	\$0	\$0
Sun Valley - La Tuna Canyon	\$232,794	\$111,311	\$106,667	\$230,699	\$91,861	\$86,484	\$331,834	\$175,641	\$169,531
Sunland - Tujunga - Lakeview Terrace - Shadow Hills - East La Tuna Canyon	\$224,411	\$102,928	\$98,284	\$164,857	\$26,019	\$20,642	\$319,834	\$163,641	\$157,531
Sylmar	\$155,248	\$33,765	\$29,121	\$45,674	\$0	\$0	\$220,833	\$64,640	\$58,530
Van Nuys - North Sherman Oaks	\$201,356	\$79,873	\$75,229	\$265,676	\$126,838	\$121,461	\$286,833	\$130,640	\$124,530
Venice	\$1,939,535	\$1,818,052	\$1,813,408	\$712,930	\$574,092	\$568,715	\$1,216,843	\$1,060,650	\$1,054,540
West Adams - Baldwin Hills - Leimert	\$257,944	\$136,461	\$131,817	\$399,677	\$260,839	\$255,462	\$367,834	\$211,641	\$205,531
West Los Angeles	\$508,747	\$387,264	\$382,620	\$498,178	\$359,340	\$353,963	\$726,838	\$570,645	\$564,535
Westchester - Playa Del Rey	\$316,019	\$194,536	\$189,892	\$389,677	\$250,839	\$245,462	\$621,837	\$465,644	\$459,534
Westlake	\$319,519	\$198,036	\$193,392	\$246,926	\$108,088	\$102,711	\$414,335	\$258,142	\$252,032
Westwood	\$321,519	\$200,036	\$195,392	\$473,178	\$334,340	\$328,963	\$811,339	\$655,146	\$649,036
Wilmington - Harbor City	\$162,933	\$41,450	\$36,806	\$216,675	\$77,837	\$72,460	\$231,833	\$75,640	\$69,530
Wilshire	\$239,518	\$118,035	\$113,391	\$402,177	\$263,339	\$257,962	\$531,836	\$375,643	\$369,533

Source: City of Los Angeles, 2022.

(Continued on the following page)

**Table 10: For-Sale Affordability Gaps, Condominiums, City of Los Angeles, 2022 (continued)**

Community Plan Area	Three-Bedroom			Four-Bedroom		
	Very Low	Lower	Moderate	Very Low	Lower	Moderate
Arleta - Pacoima	\$218,990	\$45,443	\$38,599	\$329,270	\$141,790	\$134,457
Bel Air - Beverly Crest	\$1,251,698	\$1,078,151	\$1,071,307	\$1,877,524	\$1,690,044	\$1,682,711
Boyle Heights	\$203,106	\$29,559	\$22,715	\$211,443	\$23,963	\$16,630
Brentwood - Pacific Palisades	\$1,132,999	\$959,452	\$952,608	\$1,822,286	\$1,634,806	\$1,627,473
Canoga Park - Winnetka - Woodland Hills - West Hills	\$385,492	\$211,945	\$205,101	\$389,771	\$202,291	\$194,958
Central City	\$4,783,036	\$4,609,489	\$4,602,645	\$7,029,409	\$6,841,929	\$6,834,596
Central City North	\$432,992	\$259,445	\$252,601	\$704,818	\$517,338	\$510,005
Chatsworth - Porter Ranch	\$382,992	\$209,445	\$202,601	\$464,772	\$277,292	\$269,959
Encino - Tarzana	\$417,992	\$244,445	\$237,601	\$509,772	\$322,292	\$314,959
Granada Hills - Knollwood	\$299,491	\$125,944	\$119,100	\$362,665	\$175,185	\$167,852
Harbor Gateway	\$291,991	\$118,444	\$111,600	\$396,912	\$209,432	\$202,099
Hollywood	\$760,495	\$586,948	\$580,104	\$759,775	\$572,295	\$564,962
Los Angeles World Airport	N/A	N/A	N/A	N/A	N/A	N/A
Mission Hills - Panorama City - North Hills	\$245,490	\$71,943	\$65,099	\$407,771	\$220,291	\$212,958
North Hollywood - Valley Village	\$501,493	\$327,946	\$321,102	\$595,773	\$408,293	\$400,960
Northeast Los Angeles	\$522,493	\$348,946	\$342,102	\$334,770	\$147,290	\$139,957
Northridge	\$372,991	\$199,444	\$192,600	\$315,020	\$127,540	\$120,207
Palms - Mar Vista - Del Rey	\$913,997	\$740,450	\$733,606	\$1,085,019	\$897,539	\$890,206
Port of Los Angeles	N/A	N/A	N/A	N/A	N/A	N/A
Reseda - West Van Nuys	\$307,991	\$134,444	\$127,600	\$271,270	\$83,790	\$76,457
San Pedro	\$435,492	\$261,945	\$255,101	\$574,773	\$387,293	\$379,960
Sherman Oaks - Studio City - Toluca Lake - Cahuenga Pass	\$662,994	\$489,447	\$482,603	\$742,774	\$555,294	\$547,961
Silver Lake - Echo Park	\$646,994	\$473,447	\$466,603	\$834,528	\$647,048	\$639,715
South Los Angeles	\$405,492	\$231,945	\$225,101	\$296,319	\$108,839	\$101,506
Southeast Los Angeles	\$127,963	\$0	\$0	\$102,908	\$0	\$0
Sun Valley - La Tuna Canyon	\$402,992	\$229,445	\$222,601	\$474,772	\$287,292	\$279,959
Sunland - Tujunga - Lakeview Terrace - Shadow Hills - East La Tuna Canyon	\$352,991	\$179,444	\$172,600	\$422,271	\$234,791	\$227,458
Sylmar	\$310,491	\$136,944	\$130,100	\$495,772	\$308,292	\$300,959
Van Nuys - North Sherman Oaks	\$372,991	\$199,444	\$192,600	\$540,688	\$353,208	\$345,875
Venice	\$1,383,002	\$1,209,455	\$1,202,611	\$1,479,782	\$1,292,302	\$1,284,969
West Adams - Baldwin Hills - Leimert	\$645,494	\$471,947	\$465,103	\$438,110	\$250,630	\$243,297
West Los Angeles	\$981,997	\$808,450	\$801,606	\$1,159,779	\$972,299	\$964,966
Westchester - Playa Del Rey	\$1,117,999	\$944,452	\$937,608	\$1,859,786	\$1,672,306	\$1,664,973
Westlake	\$370,470	\$196,923	\$190,079	\$669,739	\$482,259	\$474,926
Westwood	\$1,208,000	\$1,034,453	\$1,027,609	\$1,847,743	\$1,660,263	\$1,652,930
Wilmington - Harbor City	\$312,991	\$139,444	\$132,600	\$444,772	\$257,292	\$249,959
Wilshire	\$669,744	\$496,197	\$489,353	\$901,776	\$714,296	\$706,963

Source: City of Los Angeles, 2022.

# IMPLEMENTATION

This section provides information on the manner in which the affordability gaps identified in this study would apply to the calculation of an in-lieu fee, in accordance with Measure JJJ. For projects that meet the Measure JJJ affordable housing requirements through payment of an in-lieu fee, Measure JJJ stipulates that the fee amount is equal to 1.1 times the number of affordable units that the developer would provide if the project were to provide units on-site, multiplied by the applicable affordability gap. This formula requires project-specific in-lieu fee calculations to account for the unit mix by number of bedrooms, whether the Measure JJJ affordability requirements are due to an increase in density or a zone change to residential use (for rental developments), the building type (for for-sale developments), and the CPA (for for-sale developments).

## Rental In-Lieu Fee Calculations

Measure JJJ applies lower affordability requirements to projects that receive discretionary approvals for a General Plan amendment, zone change, or height district change resulting in an increase in density over 35 percent than for discretionary approvals that result in a change to a residential use where not previously permitted. This section shows the in-lieu fee calculations for sample projects that receive each type of discretionary approval.

### *Over 35 Percent Added Density*

**Table 11** shows the in-lieu fee calculations for a sample rental project that receives discretionary approvals for a General Plan amendment, zone change, or height district change resulting in an increase in density of more than 35 percent. Per Measure JJJ, in order to meet affordability requirements through units on site, projects receiving these types of approvals must provide at least five percent of the total number of units in the project at rents affordable to extremely low-income households, plus either six percent of units to very low-income households or 15 percent of units to lower-income households.

For a 100-unit project, these requirements translate to either: five extremely low-income units and six very low-income units (option 1 in **Table 11**), or five extremely low-income units and 15 lower-income units (option 2 in **Table 11**). Measure JJJ requires that affordable units are “comparable to the market-rate units in the Project... in terms of unit type, number of bedrooms per unit,” and other factors. Therefore, the figures in **Table 11** apply the affordability requirements to each unit type individually to determine the number of units at each affordability level by number of bedrooms. Per the requirements of Measure JJJ, the table multiplies the number of units at each affordability level and unit size by 1.1, then by the applicable affordability gap based on affordability level and number of bedrooms.

**Table 11: In-Lieu Fee Calculation for Sample 100-Unit Rental Project with Over 35 Percent Added Density, City of Los Angeles, 2022**

	Studio	One-Bedroom	Two-Bedroom	Three-Bedroom	Project Total
Units in Project	10	30	40	20	100
<b>Affordable Units if Provided on Site (a)</b>					
<b>Option 1</b>					
Extremely Low -Income	0.50	1.50	2.00	1.00	5.00
Very Low -Income	0.60	1.80	2.40	1.20	6.00
Low er-Income	0.00	0.00	0.00	0.00	0.00
<b>Option 2</b>					
Extremely Low -Income	0.50	1.50	2.00	1.00	5.00
Very Low -Income	0.00	0.00	0.00	0.00	0.00
Low er-Income	1.50	4.50	6.00	3.00	15.00
<b>Affordable Units if Provided on Site x 1.1</b>					
<b>Option 1</b>					
Extremely Low -Income	0.55	1.65	2.20	1.10	5.50
Very Low -Income	0.66	1.98	2.64	1.32	6.60
Low er-Income	0.00	0.00	0.00	0.00	0.00
<b>Option 2</b>					
Extremely Low -Income	0.55	1.65	2.20	1.10	5.50
Very Low -Income	0.00	0.00	0.00	0.00	0.00
Low er-Income	1.65	4.95	6.60	3.30	16.50
<b>In-Lieu Fee Payment (b)</b>					
<b>Option 1</b>					
Extremely Low -Income	\$316,055	\$989,803	\$1,460,327	\$809,300	\$3,575,484
Very Low -Income	\$349,958	\$1,118,492	\$1,601,859	\$887,456	\$3,957,765
Low er-Income	\$0	\$0	\$0	\$0	\$0
<b>Total In-Lieu Fee</b>	<b>\$666,013</b>	<b>\$2,108,295</b>	<b>\$3,062,185</b>	<b>\$1,696,756</b>	<b>\$7,533,249</b>
<i>Fee Per Market-Rate Unit</i>	<i>\$66,601</i>	<i>\$70,277</i>	<i>\$76,555</i>	<i>\$84,838</i>	<i>\$75,332</i>
<b>Option 2</b>					
Extremely Low -Income	\$316,055	\$989,803	\$1,460,327	\$809,300	\$3,575,484
Very Low -Income	\$0	\$0	\$0	\$0	\$0
Low er-Income	\$838,262	\$2,592,244	\$3,815,925	\$2,114,288	\$9,360,719
<b>Total In-Lieu Fee</b>	<b>\$1,154,317</b>	<b>\$3,582,047</b>	<b>\$5,276,252</b>	<b>\$2,923,588</b>	<b>\$12,936,204</b>
<i>Fee Per Market-Rate Unit</i>	<i>\$115,432</i>	<i>\$119,402</i>	<i>\$131,906</i>	<i>\$146,179</i>	<i>\$129,362</i>
<b>Measure JJJ Requirements</b>					
<b>% Affordable Units if Provided on Site</b>	<b>ELI</b>	<b>VLI</b>	<b>LI</b>		
Option 1	5%	6%	0%		
Option 2	5%	0%	15%		
<b>Affordability Gaps</b>					
	<b>Studio</b>	<b>1BR</b>	<b>2BR</b>	<b>3BR</b>	
Extremely Low -Income	\$574,645	\$599,881	\$663,785	\$735,727	
Very Low -Income	\$530,240	\$564,895	\$606,765	\$672,315	
Low er-Income	\$508,038	\$523,686	\$578,170	\$640,693	

Notes:

Table shows in-lieu fee calculations for rental projects that receive discretionary approvals for General Plan amendments, zone changes, or height district changes resulting in an increase in density of more than 35 percent.

(a) On-site affordability requirement calls for five percent of units affordable to extremely low -income households, plus either six percent affordable to very low -income households (shown here as Option1) or 15 percent affordable to low er-income households (shown here as Option 2).

(b) In-lieu fee payment is equal to 1.1 times the on-site unit requirement, multiplied by the affordability gap.

Source: City of Los Angeles, 2022.

For option 1, which represents a fee in-lieu of providing five percent of units affordable to extremely low-income households and six percent of units affordable to very low-income households, the resulting in-lieu fees per unit are:

- \$66,601 per studio unit
- \$70,277 per one-bedroom unit
- \$76,555 per two-bedroom unit
- \$84,838 per three-bedroom unit

These fee rates by number of bedrooms would apply to all rental developments that receive discretionary approvals for General Plan amendments, zone changes, or height district changes resulting in an increase in density of more than 35 percent. The average fee per unit across an entire project would vary based on the unit mix by number of bedrooms.

Option 2, which represents a fee in-lieu of providing five percent of units affordable to extremely low-income households and 15 percent of units affordable to lower-income households, results in a higher in-lieu fee payment. Measure JJJ does not specify which of the two on-site affordability options will be used to calculate the in-lieu fees. Consequently, developers that choose to pay the in-lieu fee are likely to base the fee calculation on the five percent at extremely low-income/six percent at very low-income option, which leads to a lower fee amount, unless the City adopts additional policies to require that in-lieu fee calculations will be based on the higher fee rate.

### ***Change to Residential Use***

**Table 12** shows the in-lieu fee calculations for a sample rental project that receives discretionary approvals to allow residential uses in an area where not previously allowed. Per Measure JJJ, in order to meet affordability requirements through units on site, projects receiving these types of approvals must provide at least five percent of units affordable to extremely low-income households, plus either 11 percent of units affordable to very low-income households or 20 percent of units affordable to lower-income households.

For a 100-unit project, these requirements translate to either: five extremely low-income units and 11 very low-income units (option 1 in **Table 12**), or five extremely low-income units and 20 lower-income units (option 2 in **Table 12**). As with the figures in **Table 11**, the figures in **Table 12** apply the affordability requirements to each unit type individually to calculate the required number of units at each affordability level by number of bedrooms. The figures in **Table 12** multiply the number of units at each affordability level and unit size by 1.1, then by the applicable affordability gap based on affordability level and number of bedrooms.

**Table 12: In-Lieu Fee Calculation for Sample 100-Unit Rental Project with a Change to Residential Use, City of Los Angeles, 2022**

	<b>Studio</b>	<b>One-Bedroom</b>	<b>Two-Bedroom</b>	<b>Three-Bedroom</b>	<b>Project Total</b>
Units in Project	10	30	40	20	100
<b>Affordable Units if Provided on Site (a)</b>					
<b>Option 1</b>					
Extremely Low -Income	0.50	1.50	2.00	1.00	5.00
Very Low -Income	1.10	3.30	4.40	2.20	11.00
Low er-Income	0.00	0.00	0.00	0.00	0.00
<b>Option 2</b>					
Extremely Low -Income	0.50	1.50	2.00	1.00	5.00
Very Low -Income	0.00	0.00	0.00	0.00	0.00
Low er-Income	2.00	6.00	8.00	4.00	20.00
<b>Affordable Units if Provided on Site x 1.1</b>					
<b>Option 1</b>					
Extremely Low -Income	0.55	1.65	2.20	1.10	5.50
Very Low -Income	1.21	3.63	4.84	2.42	12.10
Low er-Income	0.00	0.00	0.00	0.00	0.00
<b>Option 2</b>					
Extremely Low -Income	0.55	1.65	2.20	1.10	5.50
Very Low -Income	0.00	0.00	0.00	0.00	0.00
Low er-Income	2.20	6.60	8.80	4.40	22.00
<b>In-Lieu Fee Payment (b)</b>					
<b>Option 1</b>					
Extremely Low -Income	\$316,055	\$989,803	\$1,460,327	\$809,300	\$3,575,484
Very Low -Income	\$641,590	\$2,050,568	\$2,936,741	\$1,627,003	\$7,255,903
Low er-Income	\$0	\$0	\$0	\$0	\$0
<b>Total In-Lieu Fee</b>	<b>\$957,645</b>	<b>\$3,040,372</b>	<b>\$4,397,067</b>	<b>\$2,436,303</b>	<b>\$10,831,387</b>
<i>Fee Per Market-Rate Unit</i>	<i>\$95,765</i>	<i>\$101,346</i>	<i>\$109,927</i>	<i>\$121,815</i>	<i>\$108,314</i>
<b>Option 2</b>					
Extremely Low -Income	\$316,055	\$989,803	\$1,460,327	\$809,300	\$3,575,484
Very Low -Income	\$0	\$0	\$0	\$0	\$0
Low er-Income	<u>\$1,117,683</u>	<u>\$3,456,325</u>	<u>\$5,087,900</u>	<u>\$2,819,051</u>	<u>\$12,480,959</u>
<b>Total In-Lieu Fee</b>	<b>\$1,433,737</b>	<b>\$4,446,128</b>	<b>\$6,548,227</b>	<b>\$3,628,351</b>	<b>\$16,056,444</b>
<i>Fee Per Market-Rate Unit</i>	<i>\$143,374</i>	<i>\$148,204</i>	<i>\$163,706</i>	<i>\$181,418</i>	<i>\$160,564</i>
<b>Measure JJJ Requirements</b>					
<b>% Affordable Units if Provided on Site</b>	<b>ELI</b>	<b>VLI</b>	<b>LI</b>		
Option 1	5%	11%	0%		
Option 2	5%	0%	20%		
<b>Affordability Gaps</b>					
	<b>Studio</b>	<b>1BR</b>	<b>2BR</b>	<b>3BR</b>	
Extremely Low -Income	\$574,645	\$599,881	\$663,785	\$735,727	
Very Low -Income	\$530,240	\$564,895	\$606,765	\$672,315	
Low er-Income	\$508,038	\$523,686	\$578,170	\$640,693	

Notes:

Table shows in-lieu fee calculations for rental projects that receive discretionary approvals to allow residential uses in an area where not previously allowed.

(a) On-site affordability requirement calls for five percent of units affordable to extremely low -income households, plus either 11 percent affordable to very low -income households (shown here as Option 1) or 20 percent affordable to low er-income households (shown here as Option 2).

(b) In-lieu fee payment is equal to 1.1 times the on-site unit requirement, multiplied by the affordability gap.

Source: City of Los Angeles, 2022.

The on-site requirements for rental projects receiving approvals for a change to a residential use are higher than the on-site requirements for projects receiving approvals for an increase in density over 35 percent, resulting in higher in-lieu fee amounts. For option 1, which represents a fee in-lieu of providing five percent of units affordable to extremely low-income households and 11 percent of units affordable to very low-income households, the resulting per-unit in-lieu fees are:

- \$95,765 per studio unit
- \$101,346 per one-bedroom unit
- \$109,927 per two-bedroom unit
- \$121,815 per three-bedroom unit

These fee rates by number of bedrooms would apply to all rental developments that receive discretionary approvals for General Plan amendments, zone changes, or height district changes resulting in residential uses where not previously allowed, while the average fee per unit for an entire project would vary based on the unit mix.

Option 2, which represents a fee in-lieu of providing five percent of units affordable to extremely low-income households and 20 percent of units affordable to lower-income households, results in a higher in-lieu fee payment. As with the in-lieu fee calculations for projects receiving approvals for more than 35 percent additional density, Measure JJJ does not specify which of the two on-site affordability options will be used to calculate the in-lieu fees for projects receiving approvals for a change to a residential use. As a result, developers that choose to pay the in-lieu fee are likely to base the fee calculation on the five percent at extremely low-income/11 percent at very low-income option, unless the City adopts additional policies to require that in-lieu fee calculations will be based on the higher rate.

## For-Sale In-Lieu Fee Calculations

For-sale developments that are subject to Measure JJJ affordability requirements have three options for meeting the requirements on site; developers can provide 11 percent of units affordable to very low-income households, 20 percent affordable to lower-income households, or 40 percent affordable to moderate-income households. The requirements are the same for projects that are subject to the affordability requirements due an increase in density and for projects that are subject to the requirements due to a change to a residential use.

**Table 13** and **Table 14** below show the in-lieu fee calculations for sample for-sale projects per the requirements of Measure JJJ. **Table 13** shows the calculations for sample developments in the Brentwood - Pacific Palisades CPA, which has some of the highest affordability gaps in the City, and **Table 14** shows the calculations for sample developments in the Arleta - Pacoima CPA, which has some of the lowest affordability gaps in the City. Each table shows the calculations for a sample single-family development and a condominium development with the same mix of units by number of bedrooms.

For a 100-unit project, the Measure JJJ requirements translate to either 11 very low-income units (option 1 in **Table 13** and **Table 14**), 20 lower-income units (option 2 in **Table 13** and **Table 14**), or 40 moderate-income units (option 3 in **Table 13** and **Table 14**). Since Measure JJJ requires that affordable units are comparable to the market-rate units in a project in terms of unit type, the figures in **Table 13** and **Table 14** apply the affordability requirements to each unit type individually to determine the number of units at each affordability level by number of bedrooms. Per the

requirements of Measure JJJ, the table multiplies the number of units at each affordability level and unit size by 1.1, then by the applicable affordability gap based on affordability level and number of bedrooms.

The in-lieu fee for the sample 100-unit projects in the Brentwood - Pacific Palisades CPA (shown in **Table 13**) would range from \$30.7 million to \$104.2 million for a single-family development, or \$11.6 million to \$35 million for a condominium development. The lower end of each range represents the fees in-lieu of providing 11 percent of units affordable to very low-income households, while the higher end of each range represents the fees in-lieu of providing 40 percent of units affordable to moderate-income households. Since Measure JJJ does not specify which of the three on-site affordability options will be used to calculate the in-lieu fees, a developer of the sample projects in **Table 13** would likely calculate the fee based on 11 percent of units affordable to very low-income households, unless the City adopts additional policies to require that in-lieu fee calculations will be based on one of the higher rates.

The in-lieu fees for for-sale units in the Arleta - Pacoima CPA are substantially lower than the in-lieu fees for the Brentwood - Pacific Palisades CPA, which corresponds to the lower median sale prices and affordability gaps in the Arleta - Pacoima CPA. The in-lieu fee for the sample 100-unit projects in the Arleta - Pacoima CPA shown in **Table 14** would range from \$3.5 million to \$6.7 million for a single-family development and \$1.2 million to \$2.3 million for a condominium development. The lower end of each range represents the fees in-lieu of providing 20 percent of units affordable to lower-income households, while the higher end of each range represents the fees in-lieu of providing 40 percent of units affordable to moderate-income households. A developer of the sample projects in **Table 14** would likely calculate the fee based on the lower-income affordability option, as it results in the lowest in-lieu fee payment option.

**Table 13: In-Lieu Fee Calculation for Sample 100-Unit For-Sale Project in the Brentwood – Pacific Palisades CPA, City of Los Angeles, 2022**

	Studio	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom	Project Total
Units in Project	5	15	30	40	10	100
<b>Affordable Units if Provided on Site (a)</b>						
Option 1 - Very Low -Income Units	0.55	1.65	3.30	4.40	1.10	11.00
Option 2 - Low er-Income Units	1.00	3.00	6.00	8.00	2.00	20.00
Option 3 - Moderate-Income Unit	2.00	6.00	12.00	16.00	4.00	40.00
<b>Affordable Units if Provided on Site x 1.1</b>						
Option 1 - Very Low -Income Units	0.61	1.82	3.63	4.84	1.21	12.10
Option 2 - Low er-Income Units	1.10	3.30	6.60	8.80	2.20	22.00
Option 3 - Moderate-Income Unit	2.20	6.60	13.20	17.60	4.40	44.00
<b>In-Lieu Fee Payment (b)</b>						
<b>Single-Family Development</b>						
Option 1 - Very Low -Income Units	\$1,014,513	\$3,677,842	\$8,820,719	\$13,129,037	\$4,065,474	<b>\$30,707,586</b>
<i>Fee Per Market-Rate Unit</i>	<i>\$202,903</i>	<i>\$245,189</i>	<i>\$294,024</i>	<i>\$328,226</i>	<i>\$406,547</i>	<i>\$307,076</i>
Option 2 - Low er-Income Units	\$1,710,939	\$6,228,821	\$15,006,796	\$22,343,763	\$6,979,315	<b>\$52,269,634</b>
<i>Fee Per Market-Rate Unit</i>	<i>\$342,188</i>	<i>\$415,255</i>	<i>\$500,227</i>	<i>\$558,594</i>	<i>\$697,932</i>	<i>\$522,696</i>
Option 3 - Moderate-Income Unit	\$3,411,660	\$12,422,153	\$29,932,927	\$44,567,054	\$13,926,365	<b>\$104,260,161</b>
<i>Fee Per Market-Rate Unit</i>	<i>\$682,332</i>	<i>\$828,144</i>	<i>\$997,764</i>	<i>\$1,114,176</i>	<i>\$1,392,637</i>	<i>\$1,042,602</i>
<b>Condominium Development</b>						
Option 1 - Very Low -Income Units	\$170,621	\$854,281	\$2,960,588	\$5,483,715	\$2,204,966	<b>\$11,674,171</b>
<i>Fee Per Market-Rate Unit</i>	<i>\$34,124</i>	<i>\$56,952</i>	<i>\$98,686</i>	<i>\$137,093</i>	<i>\$220,497</i>	<i>\$116,742</i>
Option 2 - Low er-Income Units	\$176,590	\$1,095,072	\$4,352,014	\$8,443,178	\$3,596,573	<b>\$17,663,426</b>
<i>Fee Per Market-Rate Unit</i>	<i>\$35,318</i>	<i>\$73,005</i>	<i>\$145,067</i>	<i>\$211,079</i>	<i>\$359,657</i>	<i>\$176,634</i>
Option 3 - Moderate-Income Unit	\$342,962	\$2,154,656	\$8,623,375	\$16,765,901	\$7,160,881	<b>\$35,047,775</b>
<i>Fee Per Market-Rate Unit</i>	<i>\$68,592</i>	<i>\$143,644</i>	<i>\$287,446</i>	<i>\$419,148</i>	<i>\$716,088</i>	<i>\$350,478</i>
<b>Measure JJJ Requirements</b>						
<b>% Affordable Units if Provided on Site</b>	<b>VLI</b>	<b>LI</b>	<b>MI</b>			
Option 1	11%	0%	0%			
Option 2	0%	20%	0%			
Option 3	0%	0%	40%			
<b>Affordability Gaps - Use Figures from Tables 9 and 10 of the Affordability Gaps</b>						
Single-Family	<b>Studio</b>	<b>1BR</b>	<b>2BR</b>	<b>3BR</b>	<b>4BR</b>	
Very Low -Income Units	\$1,676,882	\$2,026,359	\$2,429,950	\$2,712,611	\$3,359,896	
Low er-Income Units	\$1,555,399	\$1,887,521	\$2,273,757	\$2,539,064	\$3,172,416	
Moderate-Income Unit	\$1,550,755	\$1,882,144	\$2,267,646	\$2,532,219	\$3,165,083	
Condominium						
Very Low -Income Units	\$282,019	\$470,678	\$815,589	\$1,132,999	\$1,822,286	
Low er-Income Units	\$160,536	\$331,840	\$659,396	\$959,452	\$1,634,806	
Moderate-Income Unit	\$155,892	\$326,463	\$653,286	\$952,608	\$1,627,473	

**Notes:**

Table shows in-lieu fee calculations for for-sale projects that receive discretionary approvals for General Plan amendments, zone (a) On-site affordability requirement calls for 11 percent of units affordable to very low -income households (shown here as Option 1), 20 percent affordable to low er-income households (shown here as Option 2) or 40 percent affordable to moderate-income households (shown here as Option 3).

(b) In-lieu fee payment is equal to 1.1 times the on-site unit requirement, multiplied by the affordability gap.

(c) If any affordability gap has a zero value in the Affordability Gaps Study, use the affordability gap value for the next lowest income level for the same unit type.

**Table 14: In-Lieu Fee Calculation for Sample 100-Unit For-Sale Project in the Arleta – Pacoima CPA, City of Los Angeles, 2022**

	Studio	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom	Project Total
Units in Project	5	15	30	40	10	100
<b>Affordable Units if Provided on Site (a)</b>						
Option 1 - Very Low-Income Units	0.55	1.65	3.30	4.40	1.10	11.00
Option 2 - Low er-Income Units	1.00	3.00	6.00	8.00	2.00	20.00
Option 3 - Moderate-Income Unit	2.00	6.00	12.00	16.00	4.00	40.00
<b>Affordable Units if Provided on Site x 1.1</b>						
Option 1 - Very Low-Income Units	0.61	1.82	3.63	4.84	1.21	12.10
Option 2 - Low er-Income Units	1.10	3.30	6.60	8.80	2.20	22.00
Option 3 - Moderate-Income Unit	2.20	6.60	13.20	17.60	4.40	44.00
<b>In-Lieu Fee Payment (b)</b>						
<b>Single-Family Development</b>						
Option 1 - Very Low -Income Units	\$116,358	\$524,121	\$1,106,892	\$1,728,301	\$411,843	<b>\$3,887,515</b>
<i>Fee Per Market-Rate Unit</i>	\$23,272	\$34,941	\$36,896	\$43,208	\$41,184	\$38,875
Option 2 - Low er-Income Units	\$77,928	\$494,782	\$981,658	\$1,615,152	\$336,349	<b>\$3,505,869</b>
<i>Fee Per Market-Rate Unit</i>	\$15,586	\$32,985	\$32,722	\$40,379	\$33,635	\$35,059
Option 3 - Moderate-Income Unit	\$145,639	\$954,076	\$1,882,650	\$3,109,832	\$640,433	<b>\$6,732,631</b>
<i>Fee Per Market-Rate Unit</i>	\$29,128	\$63,605	\$62,755	\$77,746	\$64,043	\$67,326
<b>Condominium Development</b>						
Option 1 - Very Low -Income Units	\$71,101	\$209,948	\$605,600	\$1,059,912	\$398,417	<b>\$2,344,978</b>
<i>Fee Per Market-Rate Unit</i>	\$14,220	\$13,997	\$20,187	\$26,498	\$39,842	\$23,450
Option 2 - Low er-Income Units	\$129,275	\$381,724	\$70,217	\$399,898	\$311,938	<b>\$1,293,053</b>
<i>Fee Per Market-Rate Unit</i>	\$25,855	\$25,448	\$2,341	\$9,997	\$31,194	\$12,931
Option 3 - Moderate-Income Unit	\$258,550	\$763,448	\$59,783	\$679,342	\$591,611	<b>\$2,352,734</b>
<i>Fee Per Market-Rate Unit</i>	\$51,710	\$50,897	\$1,993	\$16,984	\$59,161	\$23,527
<b>Measure JJJ Requirements</b>						
<b>% Affordable Units if Provided on Site</b>	<b>VLI</b>	<b>LI</b>	<b>MI</b>			
Option 1	11%	0%	0%			
Option 2	0%	20%	0%			
Option 3	0%	0%	40%			
<b>Tables 9 and 10 of the Affordability Gaps Study (c)</b>						
<b>Single-Family</b>						
	<b>Studio</b>	<b>1BR</b>	<b>2BR</b>	<b>3BR</b>	<b>4BR</b>	
Very Low -Income Units	\$192,327	\$288,772	\$304,929	\$357,087	\$340,366	
Low er-Income Units	\$70,844	\$149,934	\$148,736	\$183,540	\$152,886	
Moderate-Income Unit	\$66,200	\$144,557	\$142,625	\$176,695	\$145,553	
<b>Condominium</b>						
Very Low -Income Units	\$117,523	\$115,674	\$166,832	\$218,990	\$329,270	
Low er-Income Units	\$117,523	\$115,674	\$10,639	\$45,443	\$141,790	
Moderate-Income Unit	\$117,523	\$115,674	\$4,529	\$38,599	\$134,457	

**Notes:**

Table shows in-lieu fee calculations for for-sale projects that receive discretionary approvals for General Plan amendments, zone changes, or height district changes resulting in an increase in density of more than 35 percent or discretionary approvals (a) On-site affordability requirement calls for 11 percent of units affordable to very low -income households (shown here as Option 1), 20 percent affordable to low er-income households (shown here as Option 2) or 40 percent affordable to moderate-income households (shown here as Option 3).

(b) In-lieu fee payment is equal to 1.1 times the on-site unit requirement, multiplied by the affordability gap.

(c) If any affordability gap has a zero value in the Affordability Gaps Study, use the affordability gap value for the next low est income level for the same unit type.

The lowest in-lieu fees for the developments in **Table 13** are the fees that represent a fee payment in lieu of providing 11 percent of units to very low-income households, whereas the lowest fees for the developments in **Table 14** are the fees that represent a fee payment in lieu of providing 20 percent of units to lower-income households. A different unit mix could result in lower fee rates based on the in-lieu fees associated with one of the other on-site affordability options in a given CPA. This means that the fee rates for each unit size could vary between projects in the same CPA, depending on the on-site affordability options that the fee calculations represent. As a result, the for-sale in-lieu fees must be calculated on a project-by-project basis.

# APPENDIX A: CONDOMINIUM COST DIFFERENTIALS

**Table A.1: Sale Price Differential for a Condominium, as Compared to a Single-Family Home, City of Los Angeles, 2022**

Community Plan Area	% Discount for a Condo (compared to a SFR)				
	Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom
	%	%	%	%	%
Arleta - Pacoima	N/A	-47%	-37%	-33%	-13%
Bel Air - Beverly Crest	N/A	N/A	-50%	N/A	N/A
Boyle Heights	N/A	N/A	N/A	N/A	N/A
Brentwood - Pacific Palisades	N/A	N/A	-63%	-55%	-44%
Canoga Park - Winnetka - Woodland Hills - West Hills	N/A	-54%	-45%	-30%	-37%
Central City	N/A	N/A	N/A	N/A	N/A
Central City North	N/A	N/A	N/A	-53%	N/A
Chatsworth - Porter Ranch	N/A	N/A	-23%	-27%	-33%
Encino - Tarzana	N/A	N/A	-49%	-51%	-57%
Granada Hills - Knollwood	N/A	N/A	-32%	-36%	N/A
Harbor Gateway	N/A	N/A	-35%	-27%	N/A
Hollywood	N/A	-43%	-45%	-48%	-64%
Los Angeles World Airport	N/A	N/A	N/A	N/A	N/A
Mission Hills - Panorama City - North Hills	N/A	N/A	-39%	-36%	-18%
North Hollywood - Valley Village	N/A	-50%	-38%	-26%	-31%
Northeast Los Angeles	N/A	-38%	-41%	-30%	-51%
Northridge	N/A	N/A	-46%	-33%	-44%
Palms - Mar Vista - Del Rey	N/A	-76%	-29%	-30%	N/A
Port of Los Angeles	N/A	N/A	N/A	N/A	N/A
Reseda - West Van Nuys	N/A	-48%	-37%	-31%	-37%
San Pedro	N/A	-30%	-32%	-26%	-15%
Sherman Oaks - Studio City - Toluca Lake - Cahuenga Pass	N/A	-53%	-48%	-48%	-53%
Silver Lake - Echo Park - Elysian Valley	N/A	-22%	-24%	-36%	N/A
South Los Angeles	N/A	-44%	N/A	-7%	N/A
Southeast Los Angeles	N/A	N/A	N/A	N/A	N/A
Sun Valley - La Tuna Canyon	N/A	N/A	-21%	-17%	-21%
Sunland - Tujunga - Lake View Terrace - Shadow Hills - East La Tuna Canyon	N/A	N/A	-25%	-30%	-26%
Sylmar	N/A	N/A	-35%	-21%	2%
Van Nuys - North Sherman Oaks	N/A	N/A	-45%	-37%	N/A
Venice	N/A	-51%	-17%	-32%	-34%
West Adams - Baldwin Hills - Leimert	N/A	-21%	-35%	-18%	N/A
West Los Angeles	N/A	N/A	-47%	-37%	-44%
Westchester - Playa Del Rey	N/A	N/A	-37%	-8%	20%
Westlake	N/A	N/A	-14%	N/A	N/A
Westwood	N/A	N/A	-51%	-45%	N/A
Wilmington - Harbor City	N/A	N/A	-27%	-21%	-1%
Wilshire	N/A	N/A	-46%	-51%	-48%
<b>MEDIAN</b>	<b>N/A</b>	<b>-47.1%</b>	<b>-37.3%</b>	<b>-31.7%</b>	<b>-33.8%</b>

Note:

Sources: LA County Assessor Records, 2021; City of Los Angeles, 2022.

# APPENDIX B: AFFORDABLE SALE PRICE CALCULATIONS

**Table B.1: Affordable Housing Mortgage Calculator for Single-Family Units, City of Los Angeles, 2022**

	Household Income (a)	Sale Price*	Down Payment (b)	Total Mortgage (b)	Monthly Payment	Monthly Property Tax (c)	Mortgage Insurance (d)	Homeowner's Insurance (e)	Homeowner's Association Fee (f)	Total Monthly PITI (g)
<b>1-Person HH</b>										
Very Low Income	\$41,400	\$202,390	\$7,084	\$195,307	\$836	\$192	\$130	\$49	\$0	\$1,208
Lower Income	\$66,520	\$323,873	\$11,336	\$312,538	\$1,338	\$308	\$208	\$78	\$0	\$1,940
Moderate Income	\$67,200	\$328,517	\$11,498	\$317,019	\$1,357	\$312	\$211	\$79	\$0	\$1,960
<b>2-Person HH</b>										
Very Low Income	\$47,300	\$231,233	\$8,093	\$223,140	\$955	\$220	\$149	\$56	\$0	\$1,380
Lower Income	\$75,700	\$370,071	\$12,952	\$357,118	\$1,529	\$352	\$238	\$89	\$0	\$2,208
Moderate Income	\$76,800	\$375,448	\$13,141	\$362,308	\$1,551	\$357	\$242	\$91	\$0	\$2,240
<b>3-Person HH</b>										
Very Low Income	\$53,200	\$260,076	\$9,103	\$250,974	\$1,074	\$247	\$167	\$63	\$0	\$1,552
Lower Income	\$85,150	\$416,269	\$14,569	\$401,699	\$1,720	\$395	\$268	\$101	\$0	\$2,484
Moderate Income	\$86,400	\$422,380	\$14,783	\$407,596	\$1,745	\$401	\$272	\$102	\$0	\$2,520
<b>4-Person HH</b>										
Very Low Income	\$59,100	\$288,919	\$10,112	\$278,807	\$1,194	\$274	\$186	\$70	\$0	\$1,724
Lower Income	\$94,600	\$462,466	\$16,186	\$446,280	\$1,911	\$439	\$298	\$112	\$0	\$2,759
Moderate Income	\$96,000	\$469,311	\$16,426	\$452,885	\$1,939	\$446	\$302	\$113	\$0	\$2,800
<b>5-Person HH</b>										
Very Low Income	\$63,850	\$312,140	\$10,925	\$301,216	\$1,290	\$297	\$201	\$75	\$0	\$1,862
Lower Income	\$102,200	\$499,620	\$17,487	\$482,134	\$2,064	\$475	\$321	\$121	\$0	\$2,981
Moderate Income	\$103,700	\$506,953	\$17,743	\$489,210	\$2,094	\$482	\$326	\$123	\$0	\$3,025

Notes:

(a) Income limits from Los Angeles HCID 2021 Land Use Schedule VI.

(b) Mortgage terms:

Annual Interest Rate (fixed)

3.12% Freddie Mac historical monthly Primary Mortgage Market Survey data tables, 2021.

Term of mortgage (years)

30

Percent of sale price as down payment

3.5% Typical FHA loan down payment

(c) Initial property tax (annual)

1.14% Los Angeles County Assessor's Office

(d) Mortgage Insurance as percent of loan amount

0.80% Current FHA rate based on mortgage terms and sale price

(e) Annual homeowner's insurance rate as percent of sale price

0.29% CA Dept. of Insurance website, based on average of all quotes.

(f) Homeowners Association Fee (monthly)

\$0 Assumes no HOA for single-family homes.

(g) Percent of household income available for principal, interest, taxes, and insurance (PITI)

35%

Sources: City of Los Angeles, 2022; Freddie Mac; Los Angeles County Assessor's Office, 2021; CA Dept. of Insurance, 2021; Los Angeles Housing Department.

**Table B.2: Affordable Housing Mortgage Calculator for Condominiums, City of Los Angeles, 2022**

	Household Income (a)	Sale Price*	Down Payment (b)	Total Mortgage (b)	Monthly Payment	Monthly Property Tax (c)	Mortgage Insurance (d)	Homeowner's Insurance (e)	Homeowner's Association Fee (f)	Total Monthly PITI (g)
<b>1-Person HH</b>										
Very Low Income	\$41,400	\$130,485	\$4,567	\$125,918	\$539	\$124	\$84	\$32	\$429	\$1,208
Lower Income	\$66,520	\$251,968	\$8,819	\$243,149	\$1,041	\$239	\$162	\$61	\$429	\$1,940
Moderate Income	\$67,200	\$256,612	\$8,981	\$247,631	\$1,060	\$244	\$165	\$62	\$429	\$1,960
<b>2-Person HH</b>										
Very Low Income	\$47,300	\$159,328	\$5,576	\$153,752	\$658	\$151	\$103	\$39	\$429	\$1,380
Lower Income	\$75,700	\$298,166	\$10,436	\$287,730	\$1,232	\$283	\$192	\$72	\$429	\$2,208
Moderate Income	\$76,800	\$303,543	\$10,624	\$292,919	\$1,254	\$288	\$195	\$73	\$429	\$2,240
<b>3-Person HH</b>										
Very Low Income	\$53,200	\$188,171	\$6,586	\$181,585	\$777	\$179	\$121	\$45	\$429	\$1,552
Lower Income	\$85,150	\$344,364	\$12,053	\$332,311	\$1,423	\$327	\$222	\$83	\$429	\$2,484
Moderate Income	\$86,400	\$350,474	\$12,267	\$338,208	\$1,448	\$333	\$225	\$85	\$429	\$2,520
<b>4-Person HH</b>										
Very Low Income	\$59,100	\$217,014	\$7,595	\$209,419	\$897	\$206	\$140	\$52	\$429	\$1,724
Lower Income	\$94,600	\$390,561	\$13,670	\$376,892	\$1,613	\$371	\$251	\$94	\$429	\$2,759
Moderate Income	\$96,000	\$397,405	\$13,909	\$383,496	\$1,642	\$378	\$256	\$96	\$429	\$2,800
<b>5-Person HH</b>										
Very Low Income	\$63,850	\$240,235	\$8,408	\$231,827	\$992	\$228	\$155	\$58	\$429	\$1,862
Lower Income	\$102,200	\$427,715	\$14,970	\$412,745	\$1,767	\$406	\$275	\$103	\$429	\$2,981
Moderate Income	\$103,700	\$435,048	\$15,227	\$419,821	\$1,797	\$413	\$280	\$105	\$429	\$3,025

Notes:

(a) Income limits from Los Angeles HCID 2021 Land Use Schedule VI.

(b) Mortgage terms:

Annual Interest Rate (fixed)

3.12% Freddie Mac historical monthly Primary Mortgage Market Survey data tables,

Term of mortgage (years)

30

Percent of sale price as down payment

3.5% Typical FHA loan down payment

(c) Initial property tax (annual)

1.14% Los Angeles County Assessor's Office

(d) Mortgage Insurance as percent of loan amount

0.80% Current FHA rate based on mortgage terms and sale price

(e) Annual homeowner's insurance rate as percent of sale price

0.29% Based on an average quoted insurance premiums provided by the California Department of Insurance for new homes in Sample City.

(f) Homeowners Association Fee (monthly)

\$429 Median taken from sample of condominiums sold between January - October

(g) Percent of household income available for principal, interest, taxes, and insurance (PITI)

35%

Sources: City of Los Angeles, 2022; Freddie Mac; Los Angeles County Assessor's Office, 2021; CA Dept. of Insurance, 2021; Zillow, 2021; Los Angeles Housing Department