



Building Industry Association
Los Angeles/Ventura Chapter

December 8, 2009

Honorable Ed Reyes
Chair, Planning and Land Use Management Committee
City of Los Angeles, City Hall
200 N Spring Street
Los Angeles, CA

On behalf of the 500 member companies and their employees who make up the Los Angeles/Ventura Chapter of the Building Industry Association of Southern California, I am writing to ask your support of two items under consideration on your December 8, 2009 agenda.

Item 09-1845

The second item on your agenda addresses minor definitional changes to the live/work ordinance. These changes solve financing problems for potential buyers of live/work units. As you well know, the live/work ordinance has been a landmark initiative by the City, and has assisted in increasing the availability in housing. Unfortunately, due to changes in the credit markets, the ability of builders to create these live/work units is threatened.

Due to new restrictions in the credit market, it is more difficult for potential buyers to obtain mortgage loans, and increasingly, loans are insured by the Federal Housing Administration (FHA). Unfortunately, FHA definitions and the definitions in the live/work ordinance do not align. The amendments before you today resolve the inconsistency and will open up the possibility of FHA-backed loans for live/work units. This will allow qualified homebuyers back into the market and into LA City to live and do business.

You may hear concerns about these ordinance changes that suggest that the amendments somehow limit the use of these units to have different ratios of live/work space than what is outlined here. This is not the case. The Planning Department has established mechanisms for different proportions of live/work to be approved. If one of these mechanisms is pursued, for example by a member of the arts community who wants a unit that is 50% commercial, then the consequence is merely that the purchaser of that unit will not qualify for a FHA-backed loan.

Currently, no live/work units can qualify for FHA-backed mortgages. With passage of these changes, the City will open up the option of FHA-backed financing for potential buyers. This does not restrict the ability of the units to have more commercial space should that be the design of the builder or buyer; these units simply would not have FHA-financing as an option.

We urge your prompt approval of this item.

"Building Homes ... Building Communities"

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