EXHIBIT 4

CHAPTER III - NEEDS ASSEMENT

Shortcuts to Major Topics:

MAJOR HOUSING ISSUES
ANALYSIS OF AT-RISK HOUSING
SPECIAL HOUSING NEEDS
PROJECTIONS: POPULATION, HOUSING and EMPLOYMENT
LAND FOR RESIDENTIAL DEVELOPMENT
ANALYSIS OF POSSIBLE CONSTRAINTS ON ZONING CAPACITY
GEOGRAPHIC ANALYSIS OF ZONING CAPACITY

ENDNOTES

MAJOR HOUSING ISSUES

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The City of Los Angeles has been facing a housing problem for a number of years as it is one of the most expensive housing markets in the United States. Factors exacerbating the present housing situation include increased population, increased average household size, lack of significant developable land, and reduced level of building activity. A mismatch presently exists between the number of available housing units, the size of the population, and between income levels and housing costs, although the recession in the early 1990s served to level off increases in rental costs.

Other factors which negatively impacted the housing in this City include the recession-related depreciation of housing values and loss of dwelling units due to the 1994 Northridge earthquake. In addition, the federal government has reduced funding levels for provision of affordable housing to very low-, low-, and moderate-income households.

Pursuant to State Housing Element law, this chapter identifies housing needs and affordability issues, providing context and background for their examination. Data on population, employment, and household characteristics, as well as age and housing conditions, are carefully documented to further detail the extent of the local housing situation. This chapter identifies "affordable housing" as our primary housing problem, as well as detailing the housing needs of certain special needs groups within the population.

Also included in this chapter is a discussion of the potential loss of federal, state, and locally assisted housing. "At risk" housing is defined as assisted housing at risk of reversion to market rents.

ANALYSIS OF AT-RISK HOUSING

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HOUSING ELEMENT REQUIREMENTS

Housing Element law requires that jurisdictions 1) evaluate the potential for existing rent-restricted low income housing units to convert to market rate housing and 2) propose programs to preserve or replace those units. State legislation was passed in 1989 in response to the potential loss of numerous affordable rental units that received assistance from federal, State, and local programs. State law requires each city and county to provide an analysis of and programs for preserving assisted rental housing developments in a ten-year period.

The preservation analysis and list of programs must be updated every 5 years, at the same time that the locality's housing element is updated, and the analysis must project activities into the next 10 years. For this update of the Housing Element, the City's 10-year analysis period is divided into two 5-year periods, December 31, 2000 to June 30, 2005 and July 1, 2005 to June 30, 2010.

Consistent with State requirements, the City of Los Angeles Housing Element preservation and program analysis includes the following:

1. An inventory of restricted low income housing developments in the City and their potential for conversion;
2. An analysis of the costs of preserving or replacing the units at-risk;
3. An analysis of the organizational and financial resources available for preserving or replacing at-risk units;
4. Local programs for preserving at-risk units, and
5. Quantified objectives for the number of at-risk units to be preserved.

Background

Beginning in the 1960s, the federal government provided numerous incentives to private developers to construct affordable housing. These incentives included low interest loans, mortgage insurance, and rent subsidies administered by the Department of Housing and Urban Development (HUD) and U.S. Department of Agriculture Farmers Home Administration (FmHA). Owners who secured these subsidies entered into contracts with HUD or FmHA to build or operate multifamily rental housing developments that reserved units for lower income households.

Several federal programs allowed owners the option of terminating their participation by prepaying their mortgage prior to loan maturity or rental contract expirations. Still other programs allowed owners not to renew project subsidy contracts upon expiration of the initial contract term. When an owner elects to terminate subsidies, whether by prepaying an insured mortgage or opting out of project-based rental assistance, the accompanying use restrictions are terminated. When owners exercise this option, rent-restricted units in most cases convert to market-rate. As a result, lower income tenants may become displaced due to an inability to pay higher rents, with no assurance of securing permanently affordable housing elsewhere. Though existing tenants have recourse through the City's Rent Stabilization Ordinance to prevent excessive rent hikes once the affordability requirements expire, the unit is ultimately rent decontrolled and the affordability lost once the tenant leaves the unit. Without active efforts to preserve or replace these units, the inventory of affordable housing stock will decline.

Nationwide, the potential impact of this loss is enormous. The U.S. General Accounting Office issued a report in June 1986 which predicted that 1.8 million units, or approximately 90 percent, of all federally subsidized rental housing in the country could be lost by the end of the century.

Statewide, the impact is large. In 1985, the California Department of Housing and Community Development (HCD) assembled an inventory of low income rental housing units that are eligible to convert to market rate housing over the next 20 years. A subsequent report published by the State Office of Research in 1987 concluded that as many as 117,000 assisted rental units could convert by the year 2008; over two-thirds of these units, or 68 percent, have restrictions that could terminate as early as 1995. Over 11 percent, 12,343 of these units are located within the City of Los Angeles.

The potential for loss of affordable units is compounded further by the consideration of low-income units produced by state and local financing and subsidy programs (which are not always considered to be at-risk projects) or other federal subsidy programs such as Community Development Block Grants. State and local programs used in the City of Los Angeles include the Low Income Housing Tax Credit program, Affordable Housing Incentives Program (density bonus), California Housing Finance Agency-issued bonds, city-issued municipal bonds, City of Los Angeles Community Redevelopment Agency revenues, and locally monitored land use restrictions (e.g., specific plans, zone amendments). Like their federal counterparts, these programs have affordable regulatory agreements or other use restrictions for terms of limited duration.

Inventory of Affordable Housing Units

The Affordable Housing Inventory is a comprehensive list of all multifamily housing developments located within the City of Los Angeles. This database contains information regarding every affordable housing development in the City of Los Angeles with any data regarding affordability restrictions due to development incentives or financing from government sources. Among other items, the database records the date of construction completion, the length of the affordability restriction, the total number of units in the project, the number of units that are affordability restricted, the type of construction (new or rehabilitation), and any target household guidelines. The database does not include demolitions of affordable units as the information is not available. This data is used to determine which affordable housing units are at-risk of reverting to market rents and the costs of replacing those units.

The City of Los Angeles has 53,365 affordable housing units in 2,020 developments. The majority of these units were funded through the federal Housing Administration (FHA) Section 221(d)(3) and 236 programs and the local Community Redevelopment Agency housing program. Table A provides a summary of the total number of affordable housing projects and restricted affordable housing units within the City of Los Angeles by primary financing or incentive program. The following discussion provides information on the programs under which these units were developed, as well as an analysis of the number of affordable units at-risk of reversion to market rates within the planning period of this document.

EXHIBIT 25
INVENTORY OF AFFORDABLE HOUSING UNITS

Primary Program	Projects	Units
202/811	31	1,732
207	2	543
221(D)(3)	48	3,606
221(D)(4)	26	1,487
231	1	26
236(J)(1)	260	10,875
City Bond-Financed	252	4,366
CDBG	131	3,424
CHFA	11	594
CRA	478	11,815
Density Bonus	144	1,505
HOME	279	2,766
Land Use	94	905
Section 8 - New Construction	42	5,125
Section 8 - Other	165	4,371
Unassigned	56	225
Total	2,020	53,365

Source: Los Angeles Housing Department, Affordable Housing Database, March 14, 2001

PROGRAMS FOR AFFORDABLE HOUSING FINANCING AND INCENTIVES

As described earlier, financing and incentive programs at the federal, State, and local level have encouraged the development of affordable housing in the City of Los Angeles since the 1960s. However, nearly all of these programs have either been discontinued or drastically reduced in scope. This section describes current and historic programs and the total number of units produced under those programs. Since many projects receive funding from multiple funding sources, this analysis identifies a primary funding source and evaluates project characteristics based on development restrictions specific to that funding source.

Federal

Federal programs that allow the termination of low-income use restrictions involve low- interest, FHA-insured loans and Section 8 rental assistance. Often, housing developments receive assistance from both programs. In these cases, the earliest termination date in either program is the earliest a project may lose its use restrictions. With the exception of the 202 program and limited FHA insurance, the programs described below are not available to new developments. These units typically have use restrictions of 30 years, as stated in the regulatory agreement.

The City of Los Angeles has 1,389 housing developments with 25,375 locally and state-assisted units developed using these financing and incentive programs.

LOW-INCOME HOUSING EXPIRATION ANALYSIS

Housing Element law requires an analysis of the units whose affordability restrictions are at-risk of expiring. This section identifies the number of units that have already expired, the number of units that will expire between December 31, 2000 and June 30, 2005, and the number of units that will expire

between July 1, 2005 and June 30, 2010.

Units Already Expired

Affordability restrictions for a total of 23,238 units have technically or officially expired. The majority of these, 14,830 units (63 percent), are located in buildings financed through the 221(D)(3), 221(D)(4), and 236(J)(1) programs. Expiration dates recorded for these projects reflect the earliest date on which property owners could prepay their mortgages, which in most cases would terminate all covenants to restrict units at affordable rates. Congress restored owners' right to prepay in 1996, and so most projects built under the 221(D)(3) and 236(J)(1) programs are now eligible to do so if they comply with federal and state notice requirements.

But, while the initial affordability period for these projects has expired, many of the units have not yet lost their affordability restrictions. Most property owners have not yet prepaid despite their ability to do so. For the moment the affordability and rent restrictions remain in place on these properties, though they continue to be at-risk of conversion to market rate.

Units to Expire in 0-5 Years

Between December 31, 2000 and June 30, 2005, 5,545 housing units will lose their affordability restrictions. These units are concentrated in buildings assisted with FHA insurance Section 221(D)(4), Section 8 rental subsidies, or local bonds. Most of the units expiring in this period are family units (3,388), with many also designated for seniors (1,917) and disabled persons (817).

Units to Expire in 5-10 Years

Between July 1, 2005 and June 30, 2010, 3,839 housing units will lose their affordability restrictions. Most of these units were financed through the CRA and the Section 8 program, with the remainder funded with local bonds. Most of the units that expire in this period are family units (1,053) and senior units (2,036). Many units designated for disabled persons also expire in this period (1,629).

EXHIBIT 26
EXPIRATION OF AFFORDABLE HOUSING UNIT RESTRICTIONS

Primary Program	Units Expiring before 31-Dec-2000	Units Expiring 31-Dec-2000 thru 30-Jun-2005	Units Expiring 1-Jul-2005 thru 30-Jun-2010	Units Expiring after 30-Jun-2010	No Expiration Data Available
202/811	638	345	222	527	0
207	543	0	0	0	0
221(D)(3)	3,585	21	0	0	0
221(D)(4)	949	458	0	0	80
231	26	0	0	0	0
236(J)(1)	10,296	75	0	344	160
Bond-Financed	1,330	679	624	1,545	188
CDBG	0	380	64	746	2,234
CHFA	0	0	0	555	39
CRA	2,494	379	1,481	6,682	779
Density Bonus	57	38	24	82	1,304
HOME	338	188	109	1,068	1,063
Land Use	163	38	0	28	676
Section 8 - New Construction	1,491	2,120	757	757	0
Section 8 - Other	1,197	821	558	490	1,305
Unassigned	131	3	0	75	16
Total	23,238	5,545	3,839	12,899	7,844

Source: Los Angeles Housing Department, Affordable Housing Database, March 14, 2001

Preservation and Replacement Analysis

State housing element law requires an analysis of the cost of preserving existing affordable units that revert to market rate compared to the cost of replacing these units (Appendices M, N, O, and P of this document).

Methodology

This analysis examines only those units expiring within the next 10 years, as well as 221(d)(3), 221(d)(4), and 236(j)(1) housing units whose owners may opt to prepay their mortgage at any time. A range of per unit costs were used for both the replacement and preservation costs analysis. The complex circumstances influencing each housing project dictate the financial resources needed to maintain the affordability status of those housing units or to replace those units lost with new affordable units. Consideration by housing finance staff in the Los Angeles Housing Department determined that rather than calculate an average cost to preserve or replace affordable housing units, a range of costs provides a better view of funding requirements. This approach shows the wide variability inherent in affordable housing finance and provides a more realistic view of the costs involved. The per unit costs presented below are based upon the costs of past LAHD-financed projects.

In this analysis, "preservation" refers to efforts that maintain the affordability restrictions currently in place."Replacement" refers to new affordable housing units, generated either through rehabilitation or new construction programs, that did not previously hold any affordability restrictions due to covenants placed by lenders. The following preservation and replacement per unit costs were used in this analysis.

To preserve an existing project, funding may be required only to subsidize rents and conduct modest rehabilitation, or the project may require substantial rehabilitation. Funds required to preserve the restrictions on existing affordable units may vary from $120,000 per unit to as high as $150,000 per unit. Funds required to replace existing affordable housing can also vary substantially. Depending upon land costs, presence of hazardous materials, and a wide range of other factors, new construction costs can range from $180,000 per unit. In this analysis, projected high and low preservation and replacement costs were calculated for every development in the Affordable Housing Database using the values discussed above. These per project costs were then totaled by program and by planning period.

December 31, 2000 through June 30, 2005

As demonstrated in Exhibit 26, the use restrictions on 5,545 affordable units will expire between December 31, 2000 and June 30, 2005. The largest portion of these units (38%) is assisted via the Section 8 New Construction / Substantial Rehabilitation program. (Experience to date has demonstrated that upon expiration of the initial contract term, many owners choose to renew their contracts in 12-month increments and reevaluate the decision to renew or opt out on an annual basis.) Bond-financed units account for the next largest portion of this stock (12%). The majority of the expiring bond projects have only 20% affordable units, and so the large market-rate component generally renders preservation of these projects financially infeasible.

Preservation costs for these units would range from $69 million to $491 million. On the other hand, replacement costs would range from $347 million to $756 million. Current projections of LAHD production activities indicate that approximately 4,000 affordable housing units will be added to the City's inventory over the next five years. Although this level of production will replace some of the affordable units that expire in the coming five years, the demand for affordable housing far exceeds both the current stock and any anticipated gains from new activities less lost units combined. Further, many of the programs that produced affordable housing in the past, particularly the most prolific programs, no longer exist or have no funds. Between City activities to preserve existing affordable housing and remaining programs that continue to add affordable housing to the existing stock, a slight increase in the total number of affordable housing units is expected between December 31, 2000 and June 30, 2005.

July 1, 2005 through June 30, 2010

Between July 1, 2005 and June 30, 2010, 3,839 affordable housing units will face potential expiration of use restrictions. 38% of the units in this planning period are restricted by CRA-imposed affordability covenants, 34% have project-based Section 8 assistance, and 16% are bond-financed.

Preservation costs for these units would range from $48 million to $340 million, and replacement costs would range from $240 million to $523 million. Projections have not been prepared to indicate the level of affordable housing production in this period. However, the number of units that expire between July 1, 2005 and June 30, 2010 are less than in the previous period. As such, the City should at least maintain the existing number of affordable units through replacement activities, though demand will still far exceed supply.

Expired 221 and 236 Projects

Most of the federally assisted 221(d)(3) and 236 projects in the City of Los Angeles now have the ability to prepay their mortgages. Further, nearly all of these projects have passed their 20th year, allowing them to prepay at any time and convert their affordable units to market rate. To date, however, only thirty three out of 334 assisted developments have chosen to prepay. Thus, these units remain affordable for the moment but lack long-term affordability protections. Should a large number of project owners decide to prepay in the near future, substantial funding would be required to preserve or replace these units. Estimates of preservation costs range from $136 million to $949 million, and replacement costs range from $688 million to $1.5 billion. Otherwise, these projects will not expire until well after June 30, 2010.

Organizational and Financial Resources

An extensive network of non-profit organizations is involved in the development of affordable housing in the City of Los Angeles. Several Los Angeles Housing Department programs and activities provide capacity development to support the activities of these organizations and others involved in the development of affordable housing. The following discussion describes these activities.

Non-Profit Housing Organizations Available to Acquire At-Risk Housing

An experienced and sophisticated group of non-profit housing developers are active in the City of Los Angeles. More than 135 housing developers are currently active in the Los Angeles area, developing and managing affordable housing. Many of these organizations focus their efforts within target neighborhoods while others work city-wide. These groups have produced, using a wide range of funding sources, thousands of units through new construction and rehabilitation efforts over the last five years.

The organizations and agencies listed below have expressed an interest in being considered for acquisition and management of at-risk properties within the City of Los Angeles through the Right of First Refusal Program coordinated by the State Department of Housing and Community Development. Additional organizations have expressed an interest in participating.

- Skid Row Housing Trust
- Korean Youth and Community Center
- Concerned Citizens of South Central Los Angeles
- FAME Housing Corporation
- Los Angeles Community Design Center
- Esperanza Community Development Corporation
- Pico Union Housing Corporation
- A Community of Friends
- Frank DeSantis Community Development Corporation
- Southern California Housing Development Corporation

Source: State of California Department of Housing and Community Development and the California Housing Partnership Corporation.

Los Angeles Activities that Support Non-Profit Housing Developers

One of the major goals of HUD's HOME Program is to encourage the development of local community based not-for-profit housing development organizations. The purpose is to encourage locally designed and community sensitive projects, using the talents and expertise of neighborhood-based entities. Since 1993, LAHD has been a supporter of this concept and has certified 45 local organizations throughout the City as Community Housing Development Organizations (CHDOs). CHDOs may pursue projects in multi-family rental housing development and home ownership.

To assist CHDOs, LAHD has set aside Operating Expense Grants to cover part of the reasonable and appropriate costs associated with the operation of a CHDO. Costs could include salaries, employee compensation and benefits, employee training and education, staff travel, rental of office space, equipment rental and/or purchase, office supplies, and insurance. The maximum allowable grant is $50,000 per CHDO in any fiscal year and the CHDO may not receive more than 50% of their organization's total operating expense budget from the operating grant. LAHD has assisted 22 CHDOs with a total of 28 yearly grants.

CHDOs are also eligible for preacquisition loans ($25,000 maximum) to defer costs associated with predevelopment activities. These loans are unsecured and do not have to be repaid by the CHDO if the project proves infeasible. A total of 23 preacquisition loans have been made to 16 CHDOs.

In addition, the City funds training programs designed to build capacity among non-profit housing developers. In FY 1997-1998, the City contracted with the Southern California Association of Non-Profit Housing to provide the following programs: a six-part training session on the prospects of future funding and development opportunities; training courses on topics such as tax credit applications, property management, and construction management; evaluation of the impact of welfare reform on affordable housing developments; preparation of a survey of banking products available to non-profit developers; and forums on changes in federal, state, and local funding resources. The City will continue to fund these types of capacity-building activities.

Neighborhood Knowledge Los Angeles

The City of Los Angeles, in conjunction with federal and local agencies, has supported the development of Neighborhood Knowledge Los Angeles (NKLA), an internet database search tool that allows local non-profit developers to identify affordable housing projects at-risk of converting to market rents, as well as distressed and disinvested housing. NKLA provides access to detailed information regarding housing developments with affordable rent restrictions, dates of conversion to market rates, and number of units in the project. This allows interested organizations to quickly locate affordable housing units at-risk of converting to market rates that they may be able to acquire and preserve at affordable rents. Information on distressed and disinvested housing allows non-profit developers to identify potential acquisition and rehabilitation projects. Non-profit organizations are provided free, unlimited access to this resource.

Financing Resources

There has been a substantial reduction in the amount of funds available for housing programs. Beginning in FY 1992, the federal Department of Housing and Urban Development (HUD) made available preservation funds for expiring 221 and 236 projects through a program called the Low-Income Housing Preservation and Resident Homeownership Act (LIHPRHA). This program was discontinued, however, and as of 1997 funds are no longer available. The California Housing Finance Agency (CHFA) is not very active in Los Angeles. Further, the CRA tax increment, historically a substantial resource for housing production and rehabilitation, has been fully committed and is no longer generating additional revenue.

Funding is still available from several other sources, though, including the Community Development Block Grant (CDBG), HOME, and tax-exempt bonding authority.

Community Development Block Grant

Historically, the City of Los Angeles has received approximately $130 million annually in CDBG funds for housing and community development activities. Barring any substantial fluctuations in HUD appropriations that may occur as the federal budget is balanced by 2002 or additional cities qualify for CDBG allocations, it is reasonable to expect a similar amount of funding over the next five years.

CDBG funds are typically allocated to programs that fund the development of new affordable housing, single-family and multi-family rehabilitation, and minor home repairs. It is expected that the funding priorities for housing will remain consistent over this period, but that non-housing priorities will emerge, such as economic development, to reduce the total amount of CDBG funding directed toward housing. As a result, CDBG resources are an unlikely source of funds for major preservation activities.

HOME

The City of Los Angeles receives approximately $33 million annually in HOME funds for housing and community development activities. Barring any substantial fluctuations in HUD appropriations that may occur as the federal budget is balanced by 2002 or additional cities qualify for these allocations, it is reasonable to expect a similar amount of funding over the next five years. HOME funds will be available to any preservation project that meets program guidelines.

Low Income Housing Tax Credits

Low Income Housing Tax Credits (Tax Credits) present a unique problem in that program guidelines and priorities are set by the State of California rather than the City of Los Angeles. As a result, the City can only guide a project developer in creating a project that will be more successful in receiving an allocation of Tax Credits rather than determine that a project will absolutely receive funds. This process has been complicated further by the California Tax Credit Allocation Committee (CTCAC) use of a lottery tie-breaker. Whereas the City tries to work with preservation projects to make sure they meet tax credits thresholds, there is no systematic method to ensure they will receive tax credits based on a point system. The State makes the final determination of Tax Credit awards.

Mortgage Revenue Bonds

Since 1982, the City of Los Angeles has issued tax-exempt revenue bonds for the development of multi-family rental housing. Part of the City's preservation strategy is to refinance such projects with tax-exempt bond proceeds (bond refunding) in exchange for extended and strengthened affordability controls. Mortgage revenue bonds can also be a resource for acquiring and preserving at-risk units that were not originally financed with bond proceeds.

As bond refunding is an elective activity to which the owner must agree, it is difficult to project how much financing and bond authority the City would need to preserve these at-risk developments. Mortgage revenue bonds continue to be a viable finance source in the City of Los Angeles. However, the total amount available statewide under the private activity cap is limited and increasingly in demand by jurisdictions throughout the state.

State Bond Financing (upon availability)

The availability of financing at the state level, typically funded through voter-approved general obligation bond issuances, will be considered a source for local preservation activities. Historically, such bond proceeds are administered by the State of California Department of Housing and Community Development and have been used to fund primarily new construction and rehabilitation housing projects.

The City of Los Angeles does not anticipate funds for the coming year. A state bond issue is under discussion in the legislature, but approval is unlikely. Legislative efforts in 1997 to replenish the program with surplus funds were not ultimately successful.

New Resources

The Los Angeles Housing Department will continue to actively seek new resources for housing development and rehabilitation, such as 501(c)(3) bonds and additional appropriations for the City's newly created Affordable Housing Trust fund. As opportunities arise, the City will evaluate the potential for alternative resources to meet the City's needs and prioritize preservation projects where feasible.

Local Programs to Preserve Low-Income Housing

The following City of Los Angeles programs will be undertaken over the ten-year analysis period of the Housing Element. Consistent with Housing Element policy, the City shall support continued affordability of units subject to termination of federal mortgage or rent subsidies and expiring bond projects.

- **P-18 Expiring Affordability Requirements**

  This program addresses developments that are required to meet rent and mortgage restrictions for a limited period of time and then revert to market rate.
  To preserve affordability, the program will refinance and refund units for owners that are willing to maintain long-term affordability standards.

  Responsible Agency: LAHD
  Financing Source: Bond proceeds
  Time Frame: Ongoing

  Preservation programs of this nature are only effective where property owners would benefit from financial assistance offered through local agency programs. For example, some local low-income housing bond programs involved a balloon payment at the end of the 10th year. Many owners opt to refinance their projects and end the affordability restrictions rather than meet the balloon payment. In the case of projects where the owner has no financial incentive

to take additional debt or refinance their property, or all debt on the property has been repaid, local agencies have no leverage to maintain the affordable housing units at their low rates. According to the State Housing and Community Development Department, there are no identified policy or program approaches that would preserve low-income housing units once the debt service has been eliminated. The City of Los Angeles will continue to monitor this situation and evaluate any program that provides the potential to permanently preserve affordable housing.

- **P-23 The Rent Stabilization Ordinance**

  The Rent Stabilization Ordinance (RSO) limits the amount a landlord may raise rents on multi-family housing units constructed before 1979.

  Responsible Agency: LAHD
  Financing Source: RSO Registration Fees
  Timeframe: Ongoing

  All multi-family housing units constructed before October 1, 1978 are restricted under the RSO, even units constructed under federal housing finance or incentive programs. As a result, rents in any expiring at-risk housing unit will remain until the renter leaves the unit, at which time the unit's rent will be decontrolled. Though this is not a permanent preservation strategy, it prevents the eviction of thousands of households who could not otherwise pay higher rents, although it does not replace the loss of the Section 8 subsidy.

Preservation Objectives

The City of Los Angeles' goal is to preserve all of the at-risk affordable housing stock. However, the City recognizes that some property owners may refuse to participate in a public agency-sponsored preservation program.

Units That Expired Before December 31, 2000

No funding is available to preserve existing affordable housing units that have already expired or will expire in the near future. CRA tax increment funds have been drastically restricted and diminished, and all current CRA funds have been committed. No additional funds from this source are anticipated in the near future. Further, the City has prioritized CDBG funds for economic development activities, reducing the amount of funding available for housing activities.

For the moment, most projects in the federal 221(d)(3) and 236 programs (comprising 14,337 affordable housing units) have retained their subsidized mortgages and thus kept rent and income restrictions in place. But because owners have the ability to prepay at any time, the Los Angeles Housing Department will continue to monitor these projects and provide assistance to property owners or tenant groups to maintain the affordability of these units. Should financing become available to preserve the affordability in these projects long-term, efforts will be made to contact property owners and encourage use of these funds. Again, no funding is currently available to refinance these projects.

All at-risk units are a priority with remaining housing finance programs.

There are no options available to extend the affordability of units developed through the AHIP or land use incentive programs. As a result, all affordable units developed under these programs will revert to market rents when the affordability restrictions expire.

Units That Expire Between December 31, 2000 and June 30, 2010

Of the 9,384 at-risk units that expire between December 31, 2000 and June 30, 2010, 6,504 are funded through programs that could encourage property owners to maintain affordable rents through refinancing products and 38 units were built with funding or land use restrictions that offer no leverage or incentive for property owners to extend the affordability through refinancing unless rehabilitation financing is needed. The 657 units are anticipated to become market rate units.

However, the City needs to make a good faith effort to contact all owners and property managers, to assess their need for, and interest in, City funding for rehabilitation and related purposes, which could extend the life of the properties and the affordability restrictions at the same time. Some market

research is needed to determine whether existing programs could meet those needs in a way that would be appealing to such property owners, or whether new loan products should be developed. These types of properties usually have only a small percentage of restricted units -- 20% or less -- so acquisition by affordable housing developers for permanent preservation is not a realistic scenario, given anticipated high sales prices resulting from the property's overall rental income.

Should funding become available, preservation projects that are feasible and truly at risk will have a high priority for City funding.

SPECIAL HOUSING NEEDS

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As indicated, the City's major housing need is to retain existing and develop new "affordable" housing units. But there are a number of groups of residents that have what the state defines as special housing needs. In addition to affordability, these special needs can be physical needs and/or social needs related to the demographics of the special needs group. These State Housing Element law-designated "special needs" groups include the elderly, disabled (mental and physical), homeless, female-headed households, large families, farmworkers, and persons living with AIDS. A more specific discussion of the needs of those groups with needs that go beyond a decent, sanitary, and safe place to live which is affordable follows.

ELDERLY

In order to maintain a satisfactory quality of life, residents of this City should have housing which suits their varying needs at every stage of their lives. As people age, they often find themselves facing additional housing problems they may not have had to cope with before. Therefore, the elderly are defined as a Special Needs Group.

There are many varying definitions of when a person is considered "elderly." Some programs define seniors or "elderly" at age fifty-five. The eligibility age for Social Security (except for those with disabilities) is sixty-two. Some programs define "elderly" or "senior" eligibility at sixty years. Because the statistics used to characterize the demographics of this special needs group come from various sources, some sets of numbers may not be directly comparable with others.

The 1990 Census indicated that there were 31 million persons that were aged 65 and older (or 12% of the population) in the U.S. There is a trend toward an increased proportion of elderly citizens in the U.S. population due to the aging of the "Baby Boom" generation, lower birth rates in recent years, and extended life expectancies. (1) It is expected that persons aged 65 years and older will comprise more than 14% of the U.S. population by 2010, and 22% by 2030 (or 65 million).(2)

According to the 1990 census, 13.5% of the City of Los Angeles' population of 3,485,398, or 470,900 people, were aged sixty years or older. Of those, 345,960 residents were sixty-five years or older, or 10%, slightly less than the national average. In 1995, the City Department on Aging projected an elderly population (60 and older) of 504,328 persons in the year 2000. There would be a need for 15,588 dwelling units to house the additional elderly population of 33,428 expected by the year 2000 (using the average of 1.58 persons per dwelling unit recommended by the Los Angeles Housing Department). This estimate does not consider the size and type of dwelling unit.

In order to satisfy the needs of shifting populations and provide information to agencies serving the elderly in the City of Los Angeles, the Department on Aging conducted an analysis of projected service needs based on geographical areas. The study found that large numbers of elderly live in the Southwest Valley and Northwest Valley subareas of the City (See Area Aging Table, Exhibits 27 and 28). The 1990 Census supported that finding showing that (for those persons 60 years of age and older) the largest increase of population has taken place in the Northeast, Northwest and Southwest Valley subareas of the City, with smaller increases in Northeast and South Los Angeles. A decrease in elderly population was shown in Central Los Angeles and the Southeast Valley.

While the State of California is the national leader in the number of elderly, the City is experiencing an exodus of elderly from central city areas. The reasons for this undoubtedly include lack of affordable housing and convenient transportation, high crime rates as well as mortality factors and replacement by younger families. Surrounding counties have experienced an increase in the elderly population, while the rate of growth in L.A. County is decreasing. In addition to the need for affordable housing because of fixed incomes, etc. the elderly have other physical and social needs.

The Department on Aging analysis found that, on a citywide basis, the greatest needs of the elderly are for transportation, affordable housing, case management (social service referrals), financial assistance / employment, long term care for the home-bound, and day care. (3) The elderly often have

no immediate family, lack mobility either through physical impairments or lack of transportation alternatives, and are therefore isolated. In 1990 there were 68,800 elderly persons in the City with a mobility limitation. (4) They also need physical amenities such as hand holds in the shower area, lower counters, lower shelves, and special lighting. This group is also very sensitive about security.

As a special needs group, the elderly are in some respects unique. An article in American Demographics states that in 1990 the elderly owned approximately 131,044 dwelling units (or 10%) of the City's 1,299,963 total housing units; and rented 99,256 units. Although L. A. County has been identified as a high-cost, low-ownership area with a 48.2% overall ownership rate, the elderly own almost 10% of all dwellings in the City. (5) This is a high rate of ownership for a population comprising about 14% of the total population in the City. Those elderly who own their own homes (and frequently have paid-up mortgages) are among the most likely City residents to have affordable housing.

However, the situation for a renter in the City is very different, given an average rent of $544 per month and the generally low incomes of the elderly.

According to the 1990 Census there were 34,640 persons of 65 years and older below the poverty level, and 295,230 above the poverty level in this City. The poverty level in 1990 was $6,280 for one person and $8,420 for 2 persons. Seventy-seven percent of all elderly renters receive less than half the median income ($30,925), or about $15,000 per year.(6) The median income for Social Security recipients nationally is $13,959.(7)

Social Security is the main source of income for elderly households. Less than half (45%) received pensions other than Social Security, and only 20% have earnings. Non-married women make up a greater percentage of the total elderly population as they age. The median household income drops dramatically for the elderly population, with the oldest age group having the highest poverty rate. Non-married men and non-married women and minorities have the highest poverty rates (8) which range from 16% to 48% of this population.

Unless they are disabled, the elderly are ineligible for Social Security until they reach at least age 62. Social Security (Old Age Insurance), even when supplemented by a pension and savings, simply does not cover the cost of living in Los Angeles for most elderly residents. In order to fill that gap between income and housing costs many elderly continue to work or apply for Supplemental Security Income (SSI/SSP). It is reported that in 1991, 77,011 individuals or 22% of the elderly population received aid through this program. The age of eligibility for SSI is 65.(9)

Women are particularly impacted because they live longer and have lower average incomes ($9,092). Women receive an average of $758 per month from Social Security benefits, which is notably less than the average amount received by men ($978 per month) due to their historically lower wages or housewife status.

Census data show that the vast majority of older Americans (95%) live in their homes within the community, as opposed to only 5% living in an institutional setting. Repeatedly, research such as the 1990 AARP survey shows that most older Americans want to remain in their homes in their community, and to age in place.(10) Households with members over age 65 are three and one-half times less likely to relocate than those under 65. (11)

A large proportion of the elderly population live alone. Many of them find single-family homes too costly to maintain; others cannot afford multi-family rental housing. The elderly also face loss of housing when multi-family housing is converted to condominiums, or when tenants are moved out for building renovation. The elderly find it extremely difficult to find affordable replacement housing. (12)

The use of Section 8 rental subsidy certificates in the private market for the elderly do not serve the housing needs of the elderly as well as it does for the younger population.(13) The scattered site aspect of Section 8 housing subsidies make it less advantageous for those who would receive enriched social opportunities and safety from housing planned specifically to address their unique needs. Congregate housing, which provides services on-site such as a common dining room and kitchen with support services, allows the elderly to maintain their independence and not become burdens to society. (14)

EXHIBIT 27
60 YEARS+ POPULATION COUNTS BY AGING SERVICE AREA (ASA)

Aging Service Area (ASA)	1980	1990	Change
North Valley	17,210	23,331	6,121

East Valley	32,604	32,919	315
South West Valley	35,521	47,601	12,080
City	37,183	33,818	-3,365
West Wilshire	51,171	44,385	-6,786
Southwestern	22,417	28,172	5,755
Mid-valley	32,700	35,199	2,499
South Central	19,697	21,643	1,946
Central	23,148	21,191	-1,957
West Adams	22,491	22,984	493
Westside	30,768	33,022	2,254
Northwest Valley	19,260	31,622	12,362
Northside	42,428	38,428	-4,000
Eastside	32,828	36,196	3,368
Harbor	18,520	20,472	1,952

Source: Area Council on Aging (Population 60 Years of Age and Older)

An examination of this issue by Patricia B. Pollak [15] discussed third-party ownership of temporary (i.e., mobile or modular homes) elder cottage units which would offer flexibility of location as well as subsidization. This elder cottage program would involve retention of ownership of the temporary dwellings by a third party (such as a nonprofit corporation or H.U.D.) and would control for unit size, design, construction, location on lot, and siting, etc. A model program entitled Elder Cottage Housing Opportunity (ECHO), sponsored by H.U.D., is being evaluated at the writing of this element. The modular units could be moved onto an adult son or daughter's yard space, offering proximity for personal care, as well as reducing the responsibility of property management and ownership to the elderly or their children.

Additional housing types sometimes considered appropriate for the elderly include age-segregated two-story townhouses, and one- and two-story duplexes. Community centers offer opportunities for social interaction for the elderly, and could also house child care centers. Denmark and Sweden relax zoning regulations to build additional housing and provide community centers for the elderly.[16] This enables many elderly to remain in their home community. Sweden offers housing allowances to the elderly who are temporarily institutionalized as an incentive for them to return home. Japanese corporations provide home help to their pensioners as part of their employment benefits.

A notable segment of the elderly population does not require constant care and chooses to live in alternative housing. For example, social agencies match people in need of housing with other elderly homeowners or partment dwellers looking for roommates. These arrangements reduce housing costs and often ameliorate the sense of loneliness and isolation the elderly feel when a spouse dies or extended family members move away.

Other sorely lacking facilities and housing services for the elderly include facilities for adult day care, short-term institutionalization, and short-term foster care. These would provide residential care and supportive services to elderly residents who are unable to care for themselves, as well as respite care to family members. [17]

EXHIBIT 28
NUMBER OF ELDERLY BY COMMUNITY PLAN AREA (>60 YRS)

CPA#	Community Plan Area	60 - 64 Years	65 - 74 Years	Over 74 Years	Total
1	Northeast Los Angeles	7,958	11,867	8,945	28,770
2	Boyle Heights	2,668	3,899	3,199	9,766
3	Southeast Los Angeles	5,497	9,341	6,869	21,707
4	West Adams - Baldwin Hills	6,490	11,387	7,644	25,521
5	South Central Los Angeles	7,916	12,758	8,758	29,432
6	Wilshire	8,745	15,870	16,426	41,041

7	Hollywood	7,512	12,548	11,659	31,719
8	Silver Lake - Echo Park	2,595	3,993	3,283	9,881
9	Westlake	2,428	4,118	3,487	10,033
10	Central City	979	1,922	1,514	4,415
11	Central City North	498	913	702	2,113
12	Sherman Oaks - Studio City	3,256	5,945	4,753	13,954
13	North Hollywood	3,722	6,825	5,664	16,211
14	Arleta - Pacoima	2,521	3,625	1,723	7,869
15	Van Nuys - North	4,482	8,463	6,453	19,398
16	Mission Hills - Panorama City	3,549	5,949	3,344	12,742
17	Sun Valley	2,498	3,993	2,244	8,735
18	Sylmar	1,891	2,678	1,571	6,140
19	Granada Hills	2,862	3,813	1,754	8,429
20	Canoga Park	7,119	9,819	5,721	22,659
21	Chatsworth	3,652	4,777	2,399	10,828
22	Northridge	2,839	4,180	1,860	8,879
23	Reseda - West Van Nuys	3,481	5,944	4,223	13,648
24	Encino - Tarzana	4,101	6,393	3,744	14,238
25	Sunland - Tujunga	1,858	3,022	2,061	6,941
26	Westwood	1,465	2,822	2,491	6,778
27	West Los Angeles	2,810	6,023	5,490	14,323
28	Palms - Mar Vista - Del Rey	3,834	6,733	4,131	14,698
29	Venice	1,264	1,920	1,233	4,417
30	Westchester	2,054	3,990	1,990	8,034
31	Brentwood - Pacific Palisades	3,171	5,491	3,313	11,975
32	Bel Air - Beverly Crest	1,328	1,996	1,050	4,374
33	Wilmington - Harbor City	2,161	2,972	1,751	6,884
34	San Pedro	2,800	4,673	3,314	10,787
35	Harbor Gateway	1,269	1,603	782	3,654
Total	All Areas	122,273	202,165	145,545	469,983

Source: SEIS-1990 U.S. Census

To address the elderly housing need, the Community Redevelopment Agency (CRA) set aside $11,500,000 for elderly housing in Fiscal Year 1996-97 budget to complete 400 new elderly units. The agency produced a total of 4,101 senior units as of 1995 of which 1,849 units were built under HUD's Section 202 Program. The City of Los Angeles Housing Department also has a 15% budget set-aside for housing production for low income seniors to be used for housing production or other types of housing subsidies.

In summary, increasing numbers of elderly in the population are creating a demand for more affordable housing in the near term. Long-range planning must recognize this need and design innovative programs such as ECHO to address the demand.

Persons with Disabilities

Persons with disabilities in the City face unique problems in obtaining affordable and adequate housing. This segment of the population, which includes mental, physical, and developmental disabilities, needs low-cost, conveniently-located housing which has been specially adapted for wheelchair accessibility, along with other physical needs.

Disability is a physical or mental impairment that substantially limits one or more major life activities. It is estimated that over 500,000 physically, mentally, and developmentally disabled people reside in the City of Los Angeles. There are 95,000 persons with severe mental illness in Los Angeles County.[18] Persons with developmental disabilities numbers 183,328, and person with physical disabilities numbers 259,636. A large proportion of the homeless (one- third to one-half) have mental or physical disabilities. Approximately 3,300 individuals with mental disabilities can be found in the County's jails (or 16% of all inmates).

The majority of persons with disabilities live on an income that is significantly lower than the non-disabled population. The Task Force on Family Diversity estimates that at least one-third of all persons with disabilities in the United States live in poverty. Persons with disabilities have the highest rate of unemployment relative to other groups. For most, their only source of income is a small fixed pension afforded by Social Security Disability Insurance (SDI), Social Security Insurance (SSI), or Social Security Old Age and Survivor's Insurance (SSA), which do not adequately cover the cost of rent and living expenses even when shared with a roommate.

In addition, persons with disabilities experience discrimination in hiring and training relative to other groups. When they find work, it tends to be unstable and at low wages. Most educational programs for persons with disabilities do not provide adequate skills and training, which leaves a person with a disability qualified for no more than minimum wage employment. Eligibility for employment training is often based on some level of residential stability.

As with any population, a full spectrum of affordable housing is needed, from mobile home, temporary shelters to transitional and permanent housing, including group, congregate and independent housing. Independent, supported living is preferable, either through individual or shared homes or apartments, providing each individual with his/her own bedroom. Support services may be provided either on- or off-site.

Appropriate housing for persons with mental or physical disabilities includes very low cost small or large group homes (near retail services and public transit), supervised apartment settings, outpatient/day treatment programs, and inpatient/day treatment programs or crisis shelters.

It is the opinion of many groups homes developers and non-profit mental health services organizations that the City's current zoning regulations are too restrictive and do not facilitate the implementation of such housing projects.

Physical Disabilities

There is a scarcity of housing in the City accessible to persons with a physical disability. In 1990 only one percent of the City's housing units were accessible, while between 12 and 14 percent of the City's population has a physically or developmental disability.

In order to accommodate the City's population with physical disabilities, there is a need to adapt houses or apartments for wheelchairs and other special requirements. Both Federal and State housing laws require certain features of adaptive design for physical accessibility in all multi-family residential buildings with four or more units built for first occupancy starting March 13, 1991. However, numerous dwelling units built before that date are not subject to these accessibility requirements. Further, the Americans with Disability Act, adopted July 26, 1990 (Public Law 101-336), requires architectural retrofitting of commercial structures converted to residential use to accommodate individuals with physical disabilities, the Los Angeles City Advisory Council on Disability states that there is a need for architectural accessibility in 4 to 15 percent of all housing in the City. Housing preservation programs (See Chapter VI) administered by the Los Angeles Housing Department provide for accessibility retrofitting to comply with the law.

Mental Disability

Persons with mental disabilities are a critically under-served population with respect to housing. There is a general incidence of mental disability of 1 to 2% of the population. [19] Approximately 20-50 percent of these are capable of living semi-independently in their own supported housing units with assistance in maintaining their apartment, the provision of meals and obtaining transportation, as do other persons with disabilities.[20]

There are a limited number of day treatment facilities and programs, including drop-in socialization centers, to serve persons with mental disabilities. These individuals do not have regional centers as do the persons with physical disabilities and there is no respite care to families who care for their relatives with mental disabilities on a 24-hour basis.

The State Department of Mental Health and the County Department of Mental Health provide funding for development of housing for persons with mental disabilities. State law (Sec. 50689) provides for licensing of private residential care facilities for the care of persons with mental disabilities. These residences include small group homes with not less than 12 dwelling units, and serving not more than 24 persons per structure.

There is a large homeless population with mental disabilities in the City. A large segment of the adult persons with mental disabilities now living with aging parents may find themselves homeless in the near future. Many more are temporarily housed in jails (after arrest for a minor offense), largely due to the unavailability of appropriate supported housing. They are caught in the revolving door of homelessness and jail.[21]

Developmental Disability

The City lacks suitable and sufficient housing for persons with developmental disabilities to live independently in their own dwelling units, away from institutional supports. According to Section 4512 of the California Welfare and Institutions Code, a developmental disability is defined as disability and mental retardation resulting from cerebral palsy, epilepsy or autism which originates before the age of 18, is likely to continue indefinitely, and constitutes a substantial disability for the individual. Many of the persons with developmental disabilities live in traditional nuclear families, occasionally remaining with their family of origin into adulthood. Another large segment lives in board and care homes which provide a supervised living/nursing environment.

A substantial disability is defined as not being able to use the resources that are available to other people. The disability cannot be solely psychiatric or solely physical in nature.

The Regional Center for the Developmental Disabled estimates that approximately 1% of the City's total population (35,000 persons) would fall into the definition of developmental disability. Of this number, approximately 40% are adults. Approximately 10% of this adult population would in all probability be able to live independently. In order to function independently, the Center provides their clientele with referrals to public service agencies, which in turn provide training in independent living skills, counseling on health issues (including alcohol and drug abuse), and job skills.

It is estimated that 70% of persons with developmental disabilities in the City are retarded and 8% autistic. Because those with developmental disabilities range from those persons needing total care to persons who are capable of living completely independently, a wide range of housing types should be provided to serve current and future needs.

Ability First of Southern California provides housing for persons with disabilities. Utilizing H.U.D. funding, this organization sponsors several independent living apartment complexes and a semi-independent group home at various sites around Los Angeles County for low-income adults age 18 to 62 who have physical or developmental disabilities. These residences offer accessible living features such as lowered counter heights, roll-in showers, and widened doorways for people with wheelchairs. Support services include attendant care, lessons in cooking, sewing, and exercise. There are a total of 87 apartment units in 3 buildings and 15 units in the semi-independent group home.

The Single Room Occupancy (SRO) Corporation of Los Angeles also provides low-cost housing for low-income adults in the Skid Row area of downtown. It is funded by H.U.D., C.R.A., and the L.A. Department on Aging.

Housing Authority of the County of Los Angeles (HACOLA) provides funding for persons with disabilities who have been certified as eligible. Persons with disabilities find their own rental units and pay no more than 30% of their income toward the rental cost. [22] This assistance is provided to households in County unincorporated areas and in smaller cities that participate in HACOLA's programs. The Housing Authority of the City of Los Angeles (HACLA) provides rental assistance to low income persons with disabilities and homeless persons with disabilities who reside in the City of Los Angeles. For example, for homeless persons with disabilities, HACLA administers rental assistance from HUD Shelter Plus Care program under which a household pays no more than 30% of their income toward rental while a community-based organization provides supportive services to the household to help the household maintain their housing and not fall back into homelessness.

In spite of recent federal legislation (Fair Housing Amendment Act of 1988),[23] persons with disabilities encounter resistance from neighbors when developing or purchasing housing in conventional residential neighborhoods. Under this legislation many government regulations restricting group homes or other housing for people with disabilities will be a violation of federal law.

Non-profit developers report that there is a need for jurisdictions to fast-track the permitting process for these projects, as well as waive or defer fees as they operate on limited budgets. Examples of fee waivers include school fees, since these residences do not house children. The recently adopted Affordable Housing Incentives Ordinance allows for fee deferral prior to the issuance of a Certificate of Occupancy (Sec. 19.01 K 10 of the Planning and Building Code).

Some developers have found that current city parking requirements are costly and burdensome. Compliance with general parking requirements may add costs to development and is inappropriate for a poor, non-driving population residing near convenient, public transportation in the inner city. Exception to the parking requirements exists for projects accommodating senior citizens and persons with disabilities through conditional use permits. Developers have also the option of applying for a variance to reduce parking in situations where it is warranted.

Problems of housing availability and affordability are more difficult for those segments of the City's population classified with mental, developmental, or physical disabilities than for persons without disabilities. Most of these groups live on a small fixed income which severely limits their ability to pay for housing. Taken together, the factors described herein severely hamper opportunities for independent living for all segments of the City's population with disabilities. Even housing in small group homes and large facilities is sorely lacking in supply and for many people is prohibitive in cost.

The City Housing and Community Development Departments currently support developers' applications for funding for the persons with disabilities through Section 202 and 811 funds from state and federal sources. In addition, the Los Angeles County Department of Mental Health funds a countywide project to identify units available to persons with disabilities. Known as the Vacant Housing Inventory, the project is a database of affordable apartment units as well as apartments that accept public rental assistance, information on Board and Care facilities, transitional housing, shelters and SRO units for persons with disabilities. The project is administered by a Community of Friends, a local non-profit developer of special needs housing. To further encourage the development of housing units for persons with disabilities, the City's Commission on Disability proposed an ordinance to provide 5% of the project's units as accessible units (required by Title 24 of the State Code be made affordable to persons with disabilities).

HOMELESS

Contemporary homelessness is the byproduct of a number of different trends: the relative decline of the number of housing units affordable for extremely low income people, including the demolition of SROs and conversion of subsidized units to market-rate rentals; de-institutionalization of persons with mental illness without adequate community-based support; de-industrialization, whereby high-paying manufacturing jobs have given way to low wage service sector employment; and the decline of real dollars of public benefits. (24)

Against this backdrop of difficult economic and social trends, low-income persons find it increasingly hard to hold onto housing. Particularly at risk are persons with severe mental illness and/or substance abuse problems and chronic illness, and extreme poor families. (25)

A system of services has been developed in response to these needs, providing homeless prevention and outreach, emergency shelter, transitional and permanent supportive housing. This system is known as the Continuum of Care.

Demographics

The Study, "The Number of Homeless People in Los Angeles City and County, July 1993 to June 1994," November 1995, by Shelter Partnership, Inc., found that there are up to 41,500 people homeless on any given night in the City of Los Angeles. This represents nearly one-half (49%) of those homeless on any given night across the county. The study also estimated that 109,000 persons experience homelessness in the City of Los Angeles in the course of a year. The study further indicated that individual adults comprise 75% of the homeless population, families with children constituting 20% and unaccompanied youth, 5%.

A five-year study of street youth of Children's Hospital released in 1997 places the number of runaway youth in the Hollywood area at 7,000-8,000. (26) More recently unaccompanied youth not comfortable with the Hollywood area have migrated to the beach areas, including Venice. Providers in Skid Row report that unaccompanied youth typically are not found there.

Estimates of homelessness have been used because physical enumeration of homeless persons is fraught with methodological problems due in part to the transience of the population and because many homeless people dwell in well-concealed locations. Also, people lacking their own home may

have secure temporary housing through friends or relatives and are therefore not yet literally homeless.

In 1990 the Census Bureau attempted a single night count of homeless people in the City with encountered significant problems in implementation. The City of Los Angeles conducted a demonstration project in 1999 to test alternative methods of counting people on the streets so that the 2000 Census does not repeat the mistakes made in 1990.

In addition to the general population estimates, local research has contributed to a better understanding of homelessness and homeless sub-populations. These studies include the Course of Homelessness, a study of homeless adults in Santa Monica and downtown Los Angeles conducted by the RAND Corporation and the Children's Hospital AESOP study. The Veteran's Administration also maintains extensive data on homeless veterans using their services. (27)

The Course of Homelessness study, which included interviews with homeless persons in Santa Monica and downtown Los Angeles, found that 4% of the homeless population and chronic major mental illness along, while person with both chronic major mental illness and chronic substance abuse dependency comprised 16% of the population. The study further found that while the homeless mothers with children they interviewed had a far lower rate of current alcohol dependency (7% versus 34%), they had similar rates of current illicit drug dependency (17% versus 21%). (28)

The AESOP study focused on the HIV risks facing street youth. Seventy-five percent of the AESOP sample of street youth in Hollywood reported having no home. Of those, nearly 20% reported being homeless for less than two months, 20% for two months, and 50% for longer than a year. This highly mobile population has been difficult to draw into shelters and other service programs; only half the youth sampled in Hollywood indicated that they had ever stayed in a shelter.

These findings support the trend in program development toward more programs for persons with dual diagnoses, and the accommodation of family needs in substance abuse treatment programs. The AESOP report illustrated the different ways in which youth use services, and the challenges providers face in establishing a relationship with them. This, too, points to the need for more creative and collaborative approaches to service homeless youth.

Despite increases in funding to the area over the years, and the increasing sophistication of providers, the level of services and housing has not kept pace with the need. According to the "1996 Short Term Housing Directory of Los Angeles County," by Shelter Partnership, Inc. (May 1997), there are 7,157 beds for homeless persons in the City of Los Angeles. Given that on any given night there are up to 41,500 people homeless in the City, there is a need for more housing for this population. This situation is especially difficult for persons with disabilities (mental illness, multi-diagnoses, persons living with HIV/AIDS, or pregnant women), and for unaccompanied youth and families and adolescent children, as very few beds specifically serve these special needs population.(29)

For many, homelessness is a single episode of varying duration. For others, the episodes repeat, following the ebb and flow of personal crises that sometimes overwhelm the person's ability to stay housed. The Continuum of Care, to be successful, must accommodate these variations in need and use. Because the homeless population is so diverse and the problem of homelessness is routed in structural changes in the labor and housing markets, the remedy - but not the solution - to homelessness rests with emergency and transitional programs that assist homeless people in returning to permanent housing.

Funding

The Los Angeles Homeless Services Authority (LAHSA), a joint powers agency of the City and County, is responsible for planning and administering the majority of federal funding of supportive services emergency and transitional housing programs in the City. LAHSA also oversees a limited number of special needs permanent housing projects. Funding for homeless programs comes from entitlement grants (Emergency Shelter Grant, ESG, Community Development Block Grants, CDBG) and from competitive grants (supportive Housing Program - SHP).

In addition to LAHSA's contracting agencies, there are a number of privately funded programs serving homeless people in the City. Most notable among these is the Mission, which have historically fed and sheltered homeless people in the Skid Row area of downtown Los Angeles.

Since 1995, the United States Department of Housing and Urban Development (HUD) has annually issued a SuperNOFA (Notice of Funding Availability) for Continuum of Care homeless assistance funding. The Continuum of Care SuperNOFA includes three programs: The Supportive Housing Program (SHP), Shelter Plus care and SRO Moderate Rehabilitation. The Continuum of Care strategy required by the NOFA must address how the local jurisdiction addresses the entire range of homeless

needs, from prevention, crisis to intervention and emergency housing, to permanent supportive housing. In addition, the Continuum of Care narrative includes reference to other sources of available funding for programs, so that program dollars are coordinated with other funding streams, such as the Emergency Shelter Grant (ESG), Housing Opportunities for People with AIDS (HOPWA) and the Emergency Food and Shelter Program Grant (EFSPG).

With increasing national competition for federal funds, Los Angeles is witnessing a decrease in its funding from these programs. The 1998 Continuum of Care award was 13% less than the prior year, while ESG funds for FY1999 are 10% less than in 1998. As a growing number of jurisdictions compete nationally for HUD funding, Los Angeles' share is likely to continue to decrease.

Programs

The greatest concentration of homeless persons and services in Los Angeles is in Skid Row. However, homeless persons can be found throughout the City. The $20 million HUD-funded Homeless Initiative in 1995 and subsequent Continuum of Care funding has meant substantial inflows of funding to Skid Row, but also has fostered the development of programs elsewhere in the City.

The Homeless Initiative funds have been dispersed to support Access Centers, Service Enhancement Areas, health care access, benefits advocacy, outreach teams, rent assistance coordination and services, 24-hour emergency housing, substance abuse rehabilitation programs and long-term case management. The balance of Initiative funds supports a Downtown Drop-In Center, a No-Fail Community Model program for multi-diagnosed homeless persons and gap funding for three permanent housing.

The Winter Shelter program is a seasonal program designed to bring additional and temporary emergency shelter beds on-line during Los Angeles' most severe cold and wet weather. The program opens during cold or wet weather for the first 30 days from mid-November, operates continuously from mid-December until the end of February, and resumes a weather-activated status for the month of March. In addition to emergency shelter, hotel vouchers are available to the contract providers to accommodate individual and families for whom mass shelter is inappropriate. In 1997-98, the Winter Shelter Program served over 15,000 unduplicated persons countywide (see Exhibit 29).

The 24-hour Emergency Homeless program offers shelter beds and/or temporary transitional housing, case management, substance abuse counseling, employment assistance and health services. Clients also receive child care, transportation, and income support assistance, such as applying for Veterans benefits, SSI, Food Stamps and other government assistance programs.

Community Voice Mail (CVM), administered by LAHSA, provides to people who are homeless 24-hour access to telephone messages. CVM allows people to conduct basic business transactions by receiving information from potential employers, landlords, services providers and others. It also encourages contact between families and friends, reducing isolation from people living on the streets. Participants use CVM with their own 7-digit number, a personal greeting and a private pass code to retrieve messages.

EXHIBIT 29
1998-99 WINTER SHELTER PROGRAM SITES IN THE CITY OF LOS ANGELES*

Downtown Los Angeles ■ The Salvation Army Harbor Light ■ SRO Housing Corporation ■ New Images Emergency Shelter
East Los Angeles ■ Jovenes
Hollywood/Mid-City ■ Bright World Care Center, Inc.
North Hollywood ■ L.A. Family Housing Corporation

South Los Angeles

- His Sheltering Arms
- Henderson Community Center
- SSG/People Helping People
- L.A. Community Services, Inc.
- Parents of Watts
- Salvation Army

*Sites and providers are subject to change on an annual basis.

In 1997-98, the Winter Shelter Program, 24-hour Emergency Homeless Program, and Community Voice Mail programs served a total of 11,696 unduplicated individuals. The first two programs provide decent and safe temporary housing opportunities with easy access to needed social, economic, educational and health services for homeless individuals and families. Community Voice Mail provides an essential service for persons seeking employment and/or housing.

The Continuum of Care Homeless Providers, previously funded by the Community Redevelopment Agency, now receive Los Angeles City CDBG funds to pay for job counseling and training, social services and shelter. The agencies include Henderson Community Center, SRO Housing Corporation, Skid Row Development Corporation, Special Services for Groups, Weingart Center Association and LAMP.

Zoning

One significant way in which the City fostered the development of homeless shelters was through the 1986 adoption of two ordinances that would facilitate the location of shelters within City limits. Ordinance 161,426 permits shelters with the Zoning Administrator's approval in Medium density residential (R3) and in areas zoned for manufacturing (M1, M2, M3). There is a flat fee for the application and the public hearing may be waived if the Zoning Administrator finds that the project 1) would not have a significant effect on adjoining properties or on the immediate neighborhood, or 2) was not likely to evoke public controversy. In addition, parking may be reduced to 10% of the number of spaces required in the zone, with a minimum of two parking spaces.

Ordinance No. 161,427 permits homeless shelters to be established in high density residential zones (R4 and R5) and commercial zones (C2, C4, and CM) by right. Parking may be reduced to 25% of the number specified in the Zoning Code if the site is located within 1,000 feet of a transit stop.

Despite these broader development rights, local community opposition to low-income housing and homeless services continue to challenge providers seeking to site new projects. Since the projected funding for the next years is likely to be drawn toward the renewal of existing programs, community are not likely to see significant number of new homeless programs. However, the continuing need for affordable permanent housing and supportive housing will mean that the City will have an ongoing responsibility to ensure the rights of special needs populations to housing.

Los Angeles historically has lead cities nationally in terms of both estimated number homeless and receipt of federal funding. The complexity of the problem facing Los Angeles has not diminished over the years, despite the marked increase in funding and program development. Both the private and public response to homelessness locally has meant an increased number of persons served annually, buy with general evaluative measures still in development, the long term impact of this growth in services is not conclusive. The inability of many of these remedies to prevent new or recurrent homelessness may be explained by the continuing shortcomings of a costly housing market, shifting labor market conditions and relatively scarce supportive services.

Drug or Alcohol-Dependent Persons

Individuals currently in recovery from drug or alcohol abuse are protected by fair housing laws. Those persons currently using illegal substances are not disabled under the law, unless they have an independent disability.

There is an extreme shortage of low-income housing and residential recovery programs for single recovery alcoholics, addicts and family members in the City of Los Angeles. There are over 300 sober living homes operating in the City, and they only accommodate stable and employed recovering persons. Further, they provide the environment, motivation and tools for recovering medically indigent alcoholics, addicts and family members to maintain their sobriety and to become productive citizens in low income communities. Most of the above-mentioned sober living homes need renovation and upgrade assistance.

At its meeting on January 23, 1998, the Los Angeles City Council's Housing and Community Redevelopment Committee initiated a request for the draft of an Interim Control Ordinance (ICO) on the establishment or expansion of licensed community care facilities serving six or more persons with drug or alcohol-related problems for the geographic area of San Pedro identified as having a concentration of such facilities.

A number of complaints from property owners were registered in the 15th Council District Office concerning excessive loitering, panhandling, and aggressive behavior of some individuals in and around the Main Post Office area of San Pedro. The Area is generally bounded by Beacon, Center, and Ninth and Tenth Streets, and contains a number of community care and residential facilities which provide 24- hour non-medical care and supervision to adults. These facilities provide services to persons with physical, mental or developmental disabilities, and to individuals recovering from chemical dependency.

As a result of these complaints, a "Special Needs Housing Task Force" was appointed by Councilman Rudy Svorinich and comprised of 28 persons representing homeowner associations, the business community, providers of community care services, and the Los Angeles City Planning and Community Development Departments.

The Task Force focused on identifying the number, location, and legal status of a variety of facility types, and found that there were no documented negative impacts of these facilities on their surrounding communities. Consequently, there was no legal basis for a moratorium on this type of transitional housing.

The City of Los Angeles has over 1,300 licensed community care facilities with a total citywide capacity of almost 22,500 beds.

Further, the City Planning Department recommended that the City should consider its nuisance abatement authority pursuant to Section 12.27.1 of the Zoning Code to address this particular issue. Nuisance abatement authority has been used to enforce existing conditions or impose new conditions, or revoke permits on uses that have become a nuisance to the public.

The issue of community care facilities must be considered with the regulatory context provided by the California Community Care Facilities Act and the Federal Fair Housing and Americans with Disabilities Acts. These laws prohibit discrimination in housing. In addition, the California supreme Court's decision in Adamson v. The City of Santa Barbara (wherein the court ruled that unrelated persons who constitute themselves as a household may be considered a family) complicates and possibly constrains the City's ability to regulate in this area.

Female-Headed Households

The number of women rearing children alone in America has more than doubled in the 22 years from 1970 to 1992, from 13% of households to 30%. There were 12 million single mothers in this country in 1993, 86% of whom maintain homes for their families. There are 289,000 female-headed households (or 24% of all City households) in this City. (30)

Almost 40% of female-headed households in the U.S. have incomes below the poverty rate.(31) In the U.S. about one-half of never-married mothers are unemployed. (32) Fifty-five percent of families headed by never-married females receive public assistance, as well as 20% of families headed by divorced/separated mothers. (33) Before-tax income of families maintained by widows averaged $22,790 in 1990, while incomes of divorced/separated women averaged $18,580, and never-married mothers averaged $9,820 in the U.S.

The economic problems of these women have serious policy implications with respect to housing. According to "The Widening Divide," (34) California has the worst rental affordability problem in the U.S., with a more severe shortage of low-priced units than any other state. Since 1970 there has been a 25% increase in the number of poor renter households paying 50% or more of their income in rent.

Single female renters have an extreme cost burden, with rents exceeding 50% of their income. It has been reported (35) that single mothers in the U.S. who rent have an annual income of $11,700. For an employed woman with children, the average household income in this City is $19,730. An affordable rental cost for this Los Angeles household would be $493 per month (30% of the gross income). Clearly, we can conclude that the average female-headed household in this City cannot afford the average rent.(36)

Home ownership is not a realistic option for most female-headed households. Only 37% of divorced/separated mothers and 9% of never-married mothers in the U.S. owned their own homes. Female homeowners in the U.S. have average incomes of $25,800, 29% less than male homeowners.(37)

Reported studies indicate that never-married mothers in the U.S. are not generally high school graduates, and they also have a low labor force participation rate.(38) The never-married mothers were less likely to have child-care expenses than the divorced/separated group (81% of whom are employed). (39) Housing costs are usually the greatest expense for single heads of household.

Historically, welfare mothers have been, for the most part, unable to rent decent housing in the private market. An AFDC (Aid to Families with Dependent Children) family which received $632 per month in 1995 was not able to afford the median rental rate of $680 in the City of Los Angeles. Using 30% of gross income as an affordability threshold, this family could only afford $190 per month for rent. Perhaps this is why fourteen percent of never-married female householders live in public housing (nationally).

The housing need for this special needs group is also documented by the fact that approximately 13,000 female heads of household in this City receive Section 8 rental subsidy assistance. This H.U.D. program subsidizes the balance of the rental cost in excess of 30% of the renter's gross income. The certificate program enables the prospective tenant to take the subsidy out to the private market to search for rental housing.

The Section 8 program administered by the HACLA currently provides housing assistance payments to private landlords for 38,972 families. HACLA has not accepted applications since February, 1990, because of grossly inadequate federal funding. There is a need for additional Section 8 certificates to be made available to this special needs group.

A predominant number of female-headed households in Los Angeles reside in the communities of South Central Los Angeles (13,859), Southeast Los Angeles (13,242), and West Adams - Baldwin Hills - Leimert Park (10,067), according to a report entitled "The Widening Divide"(Stewart, 1988b). (40)

According to Shelter Partnership, Inc., homelessness amongst families is most severe in families headed by a single mother. The decline in welfare benefits, coupled with increases in the cost of living, including housing costs, largely explain the increasing incidence in homelessness among families.

The difficulty that female heads of household have encountered in obtaining affordable housing for themselves and minor children has often led to homelessness. The Task Force on Family Diversity has reported that these homeless single parent households are often headed by a female less than 25 years old with 2 or 3 young children. (41)

The study, "The Number of Homeless People in Los Angeles City and County, July 1993 to June 1994," November 1995, by Shelter Partnership, Inc., found that there were 12,400 homeless family members in the County of Los Angeles on any given night. There were 5,057 homeless families members in the City of Los Angeles on any given night. Using a methodology that counted the number of families that applied for AFDC Housing Assistance Program benefits (temporary and permanent), the Shelter Partnership calculated that there were 49,000 homeless families in Los Angeles County in the course of a year.

According to an "A Report on Domestic violence Shelters In the City and the County of Los Angeles," January 1997, by Shelter Partnership, Inc., the female victims of domestic violence and their children also have a critical need for transitional housing. The number of domestic violence shelter beds in Los Angeles County will double from 549 to 1,339 within the next two years. These include a total of 645 crisis shelter (emergency) beds and 694 second stage (transitional) beds that are located in the County of Los Angeles (See Appendix A.

For the planning period 1998 through 2005, the total number of dwelling units needed for female heads of households is projected to be 323,692 units.

Innovative multi-family housing for female heads of household could include co-housing where child care as well as meal preparation can be shared. The economies of scale available in this type of housing would be advantageous to this special needs group as well as all other low-income households. Limited equity cooperatives sponsored by non-profit housing developers are another financing structure that could be considered for the benefit of all special needs groups.

Multi-family housing development for this special needs group should include child care facilities to allow single mothers to secure gainful employment outside the home.

Large Families

Large families face an above-average level of difficulty in locating adequately-sized, affordable housing. Even when larger units are available, the cost is generally higher than that of smaller units. This presents a problem of affordability to large families in this City as most are in the low-income category.

In 1990, large families, defined as having 5 or more persons, comprised 16% of all households in this City, or 198,810 of a City total of 1,217,405 households. The number of persons in large families in the City is 994,050 (16%) of the total City population of 3,468,000.

The following distribution illustrates the proportion of large families in the population in comparison to other family sizes:

Family Size	Number of Households	%
2	254,731	21
3	166,092	14
4	143,909	12
5+	194,357	16
(Total Households = 1,217,405)		

Large families dominate lower-income levels as illustrated by the following: There are 67,137 very low-income large families (< 50% median); 29,153 low-income large families (51-80% median); and 9,907 moderate-income large families (81-95% median) in this City. (42)

There are approximately 363,742 larger dwelling units with 3 or more bedrooms in the City, an amount that exceeds the current estimated need for large families.(43) In spite of an adequate number of larger dwelling units, 80% of large families live in overcrowded conditions.(44) In contrast, many older families live in houses which are too large for their household, but are reluctant to move because they fear that they will lose their lower Proposition 13 stabilized tax rate. Older (over age 55) families can carry their existing tax rates with them if they move, but many are not aware of this fact.

Large Families and Ethnicity

Forty-one percent of Latino families are characterized as large, as compared to 16% of the general population. According to the 1995 Consolidated Plan, 72% of Latino households earn 95% or less of the County median income of $45,200. Demographic characteristics of Asian families are reported by the Census as consistent with citywide averages. Only 12% of African-American households have five or more persons. (45)

As with other special needs groups, large families would benefit from innovative multi-family housing development such as co-housing which includes child care facilities. Large families should also have adequate recreational areas for children and adults near their residences. Housing for large families should also be located near public transit.

According to the Los Angeles Times (8/14/95), only 37% of all households in Los Angeles County can afford the cost of a median-priced home ($175,400). A program to assist large families with home ownership would be advantageous. Additional Section 8 certificates should also be made available to large families.

Current parking ordinances which relate the size of the dwelling unit to the number of required parking spaces have inadvertently established incentives for developers to restrict unit sizes in order to reduce parking development costs. As a result, the City has a preponderance of 2-bedroom units, presenting a problem for larger families.

Farmworkers

Section 65583(a) of the State Government Code requires the housing element to assess the needs of farmworkers.

At one time, agriculture was a principal business in Los Angeles County, but today farms scarcely exist. There are 1,446 farms in the City of Los Angeles according to the 1992 L.A. County Census of Agriculture. This survey also identified 6,269 farmworkers in the County in 1992. The 1990 U.S. Census reports that there were 2,163 farmworkers in the City. It can be fairly assumed that the

majority are migrant farmworkers.

It is also assumed that resident farm owners have adequate housing, but migrant farmworkers are likely to have very poor housing. Migrant farmworkers are also likely to have very low incomes and to be unable to afford adequate housing. In the case of migrant farmworkers, availability of nearby housing is as much of a problem as affordability. Migrant farmworkers in California are frequently housed in substandard group residences.

Although farmworkers have been designated a special needs population by the state, their presence in this urbanized area does not exert sufficient pressure for specialized housing programs.

PEOPLE LIVING WITH HIV/AIDS

This population is also covered by fair housing and other civil rights laws that protect people with disabilities. As of September 30, 1996, 6,421 persons living with AIDS had been identified in the City of Los Angeles, and a total of 11,301 in the County. (46) During the period 1992 to 1995 the County Epidemiology Program reported that there were 17,284 new AIDS cases.

New AIDS Cases by Year

1992: 2,983

1993: 6,388

1994: 4,214

1995: 3,699

There were 12,469 deaths reported by the County for the period 1991-1995 (although it is common knowledge that many deaths due to the AIDS infection go unreported).

AIDS Deaths by Year

1991: 2,430

1992: 2,589

1993: 2,578

1994: 2,521

1995: 2,351

County Epidemiology has calculated a 67% fatality rate based on the above cumulative total.

An estimated 50,000 people live in Los Angeles County who have been infected with the HIV virus which causes AIDS. (47) Among people living with AIDS there is a high incidence of multiple diagnoses, including substance abuse, mental disabilities, and other serious health problems.

These figures paint a picture of a very ill segment of our population, affirming the rationale for their designation in state law as a special housing needs group. While many people with only HIV infection continue to lead active lives, those with severe complications of HIV (AIDS) often lose their jobs and may subsequently be evicted from their housing. This population has unique housing needs based on the severity of their illness.

Basic housing needs of persons living with HIV/AIDS are not being adequately met. According to "A Report on Housing for Persons Living with HIV/AIDS in the City and County of Los Angeles," June 1999, prepared by Shelter Partnership, Inc. for the City of Los Angeles, more than half (53%) of surveyed people with HIV/AIDS in Los Angeles County indicated that they had to move at least once since becoming HIV positive. Among them 43% indicated that the move was necessitated by the inability to pay their rent or mortgage. This finding is not surprising, given that 66.7% of all surveyed indicated spending more than 30% of their monthly income on housing. Thirty-eight percent spent over 50% of their monthly income on housing. Furthermore, this study found that 65% of the surveyed people living with HIV/AIDS had been homeless at some point in their lives and had experienced homelessness on an average of 2.3 times in the past three years. Almost half (46%) of those who indicated ever experiencing homelessness were currently homeless. In addition, 38% of those surveyed suffered from some other condition not related to HIV/AIDS. Among this group, the most prevalent condition was mental illness (43%), followed by alcoholism (28%).

Both the size of the population of persons living with AIDS and its unique needs have led to a severe housing shortage for this group. A diverse range of housing types and programs are needed to address their housing needs such as the following:

1. short-term housing (shelter) care designed to specifically address the emergency needs of situational or chronically homeless persons living with AIDS;
2. longer-term residential care which provides referrals for permanent housing and financial assistance in the form of rent subsidies;
3. day care for persons with AIDS who require frequent medical and emotional support services that cannot easily be provided in their homes; and
4. in-home care for persons who progress to end-stage AIDS or whose condition becomes chronically disabling over a long period of time.

There are five housing models for people with HIV/AIDS which provide cost-effective alternatives to hospitalization including:

- Family and independent living facilities;
- Non-licensed, non-medical living with support services;
- Residential Care Facilities for the Chronically Ill (RCFCI) with on site service provision;
- Acute care in Congregate Living Health Facilities (CLHF) (also known as hospice and in-hospital setting. Because of new treatments available, the need for CLHF has diminished dramatically.)

Alternative end-stage care for persons with AIDS would ideally occur in neighborhood hospices with a maximum of 6 beds in home-like facilities, providing around-the-clock nursing care.

The City currently has three AIDS residential programs funded by the Community Development Department and two administered by the Community Redevelopment Agency. There are 109 hospice beds in the City and 147 in the County.

The total number of hospice beds in the County (including both city and county sponsored) are as follows:

Congregate Living Health Facilities (CLHF): 114;
Residential Care Facilities for the Chronically Ill (RCFCI): 171;
Skilled Nursing Facilities (SNF): 30.

The Los Angeles Housing Department serves as the grantee administrator for the "Housing Opportunities for Persons with AIDS" (HOPWA) program. This federal program, using approximately $10 million in funding, provides housing and supportive service funds for a variety of programs serving persons with AIDS, including housing information and coordination services, short-term supported housing and services for homeless persons with AIDS, short-term rental assistance, and community (multiunit) residences and services. About $2.5 million of CDBG funds provide housing for the multi-diagnosed population.

At least 240 additional AIDS-specific short-term (shelter) beds are needed in Los Angeles County, along with 3,500 annual rent subsidy allowances; 500 new long-term, low-cost housing units to serve the County's AIDS-afflicted population; a 300-bed facility for long-term care for those AIDS victims with multiple diagnoses; a total of 150 CLHF beds throughout the County and creation of 100 specialized spaces in licensed family day care homes for children with HIV.

In order to address the ballooning housing problems of persons living with AIDS additional housing funds are needed. Community education and neighborhood involvement in program planning and implementation is one way to foster community acceptance, a key issue to be resolved if housing needs for this segment of the population are to be addressed.

Special Needs Summary

Utilizing 1990 Census data and an assumed "persons per unit" figure, the housing needs of special need groups are summarized below. (Exhibits 30 and 31)

When reviewing this Special Needs Group summary, it is necessary to remember that there is no information on how these various groups overlap and that the projected needs cannot be added cumulatively. For example, a female-headed household may also be homeless; a large family may be headed by elderly persons, and so on. In fact, several categories may overlap, resulting in double counting. In addition, while most of the households and persons identified as being in a Special Needs

Group are very low- and low-income, the total numbers (which have been used to project need) do not account for income levels. Even taking overlaps and income into account, the housing needs for the Special Needs Groups are overwhelming. The City must take advantage of every possible resource within its capabilities in addressing the needs of its residents.

EXHIBIT 30
SIZE AND CHARACTERISTICS OF THE HIV/AIDS POPULATION

Gender: **Adults & Children**	Males	47,742	93.00%
	Females	3,594	6.00%
	Children	63	1.00%
	Total	**51,399**	**100.00%**
Ethnicity	White	23,905	47%
	Latino	15,208	29%
	African American	10,819	21%
	Asian/Pac. Islander	999	2%
	American Ind./ Nat. Alaskan	151	<1%
	Unknown	317	<1%
	Total	**51,399**	**100%**

Source: LAHD 1996 Consolidated Plan, p. 22

EXHIBIT 31
SUMMARY OF PROJECTED LIVING ACCOMMODATION NEEDS OF SPECIAL NEEDS GROUPS CITY OF LOS ANGELES

Needs Group	No. of Households or Persons	Projected Dwelling Units or Beds	Households or Persons / DU
Females **Headed Households**	289,451 Hhds	103,375 DUs	2.8 Hhds/DU
Elderly (over 65 Years)	470,000 Pers	235,000 DUs	2.0 Pers/DU
Homeless	111,904 Pers	55,952 DUs	2.0 Pers/DU
Farmworkers	6,269 Pers	2,239 DUs	2.8 Pers/DU
Living **with AIDS**	12,864 Pers	12,864 Beds	1.0 Pers/DU
HIV-Infected	72,892 Pers	36,446 DUs	2.0 Pers/DU
Disability **(Mental, Physical** and Developmental)	500,000 Pers	250,000 DUs	2.0 Pers/DU
Large **Families**	198,810 Hhds	39,762 DUs	

DU=DWELLING UNITS; HHDS=HOUSEHOLDS; PERS=PERSONS

PROJECTIONS: POPULATION, HOUSING and EMPLOYMENT

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THE REGIONAL CONTEXT

The Southern California Association of Governments (SCAG) is the designated Metropolitan Planning Organization for Southern California and covers a six-county area with 184 cities grouped into 14 subregions, of which the City of Los Angeles is one by itself. By the year 2015, SCAG projects that the region will contain as many as 22 million residents.

The City of Los Angeles' population and housing projections are based on those prepared by SCAG. Within the SCAG area, Los Angeles County is by far the most populous and represents one-third of the state's opulation. SCAG's projections for the City of Los Angeles and the County indicate continuing growth in population and housing over the next 20 years, and continuing change in households demographics.

SCAG's population forecast assumes that about two thirds of the population increase will be accounted for by natural increases from the population that already resides in the City and that there will be long term continuing growth of the Southern California economy.

With regards to employment, SCAG's 1994 estimates indicate that, due to the 1990's economic slowdown, at least two-thirds of the statewide job losses occurred in Los Angeles County, and that the City of Los Angeles had a greater share of these job losses than the rest of the County.

The loss of nearly 14% of all jobs in the City was consistent with the population losses. The SCAG region's job losses were less significant and averaged 6.9%. Declines in defense-related industries, construction and finance/insurance/real estate sectors were responsible for most of the job declines in the City. However, the entertainment and medical services industries had fewer job losses, and especially the entertainment industry which continues to be a source of employment growth in both the City and other parts of the Los Angeles County.

The SCAG's 2010 employment forecasts indicated that the City would have 200,000 new jobs, and that the City's job/housing ratio of 1.46 would require that 400,000 new jobs be created.

CITY

The Framework Element requires an equitable distribution of housing opportunities by type and cost accessible to all residents of the City. The Framework objectives state that the City should plan the capacity for and develop incentives to encourage production of an adequate supply of housing units of various types within each City subregion to meet the projected housing needs by income level of the future population to the year 2010.

According to November 1996 SCAG projections, the population in the City of Los Angeles is expected to reach 4,256,518 persons by the year 2010. The number of households is expected to equal 1,415,260. These figures differ slightly from an earlier projection of 4,306,565 people and 1,566,000 households in June 1993. Based on SCAG projections, the City Planning Department estimated that the City's population would reach 3,989,064 people by the year 2003.

According to the City Planning Department's "Annual Report on Growth and Infrastructure for 1990-1994", the SCAG region's population has increased by nearly a million people, growing by 6.7% in that 4 year period. While all of Los Angeles County also increased in population at a slightly slower rate (4.1%), substantial variation existed between the City of Los Angeles and the rest of Los Angeles County.

Within the City of Los Angeles, the largest population increases occurred in the Central and Central City North planning areas. Population increases in all planning areas within the West Los Angeles Subregion resulted in that subregion growing more than any other in the City. Population growth was less than 3% in this subregion but that compared with -1% citywide. Similar slow growth in the Northeast Valley planning areas resulted in a 1.6% population increase in that subregion.

Other subregions in the San Fernando Valley had the largest population declines in the City (2.2 to 3.2%) which was probably related to housing units damaged by the Northridge earthquake. Substantial population declines in the Hollywood and West Adams planning areas might also be related to the large number of earthquake-damaged units in these areas. Throughout the City, housing units increased modestly, but population totals declined as the number of damaged and vacant units increased substantially. As of December 1994, the City Planning Department estimated 129,642 unoccupied units out of a total of 1,322,875 dwelling units in the City.

The City's General Plan Framework Element, which reflected the SCAG June 1993 population and household forecasts, utilized the following 2010 estimates:

Subregion	Projected Population Growth 1993 to	Pct of Total City Growth

	2010	
1. Northeast Los Angeles	106,250	12.93
2. South Los Angeles	106,595	13.00
3. Metro Center	108,700	13.23
4. Southwest Los Angeles	67,320	8.20
5. Central Los Angeles	41,245	5.02
6. Southeast Valley	80,495	9.80
7. Northeast Valley	77,460	9.43
8. Northwest Valley	78,175	9.52
9. Southwest Valley	74,595	9.10
10. West Los Angeles	35,340	4.30
11. Harbor	44,990	5.47
Citywide	821,165	100.00

The 1990 population was estimated at 3,485,399; the 2010 population forecast is 4,306,565 people. However, the above population forecasts and anticipated citywide distributions may be revised as part of specific land use actions adopted through the current Community Plan update process.

1998-2005 Projected New Construction Needs

The State requires each locality to identify existing and projected housing needs for the 5-year period covered by the Housing Element. A locality's share of the regional housing needs is the combined housing needs of persons, at all income levels, within the area significantly affected by the General Plan. Each Council of Government is responsible for identifying housing needs within each jurisdiction in the region every 5 years. It should be noted that the City's previous Housing Element covered the period 1989-1994, and that two subsequent time-extensions were granted by the State for the adoption of the Housing Element due to the lack of funding and unavailability of the Regional Housing Needs Assessment (RHNA) numbers. Subsequent funding was provided to SCAG to project the City's new housing needs, which have been targeted at 60,280 dwelling units for the period 1998-2005.

The calculation of the above numbers was based on a methodology defined by the State and fine-tuned by SCAG, which took into account 5 components:

- Raw Housing Need;
- Vacancy Need;
- Replacement Need;
- Jurisdiction Need by Income Classification and Fair Share Adjustment; and
- Planning Considerations.

Raw Housing Need is defined as the housing needed to be built within a jurisdiction to accommodate both existing demand and growth in population. Vacancy Need addresses the normal background level of vacancies which exist to allow mobility, unit choice, moderate costs, and reasonable unit upkeep and repair. Replacement Need pertains to the number of units expected to be lost to demolition, conversion or natural disaster. Fair share adjustment of Low- and Very Low-income households within a jurisdiction would incorporate a "25% of the way" policy to adjust its housing construction need categories toward the regional average in order to avoid uneven concentrations of Low- and Very Low- income housing. However, there is an additional adjustment for jurisdictions which differ from the regional average for lower income housing by more than10%. This results in the reduction of lower income housing percentage by two-thirds if it is more than 10% higher than the regional average. Similarly, the higher income percentage would be reduced to two-thirds of its current percentage in cases where it is more than 10% higher than the regional average. Last, planning considerations peculiar to a jurisdiction (ranging from employment opportunities, commuting patterns, type and tenure of housing need, market demand, availability of suitable sites and public facilities, to the loss of affordability of assisted housing) may be taken into account to adjust the distribution of housing needs. However, these considerations would not change the total number of units required over the planning period.

The above-mentioned methodology is not an ideal one because it does not consider the size of households (number of persons per occupied housing unit) thus the overcrowding situation, nor the housing affordability issue for lower income households (especially in the City's vacant units). However, this approach does provide the basis for reasonable and defensible allocations that meet the State legislative requirements.

With regards to the high level of overcrowding that exists in some parts of the City, a more refined analysis which takes into account overcrowding (preferably by geographic areas), and adjusts for the number of multiple households living in one unit is needed for future elements. In addition, the housing needs assessment could include the evaluation of a number of rooms needed in housing units. Considering the high rate of overcrowding and the existing demand for housing, construction of 60,445 one-bedroom units would not meet the needs of the population currently living in the City nor the population projected by 2005.

The actual need for housing for low-income levels might be much higher than projected, particularly with regard to housing units with 3 or more bedrooms. A significant finding in the 1994 Rental Housing Study showed that there is a serious mismatch between household size and available units, and a weak effective demand for vacant units (i.e. inability to pay market rents). The June 1998-released study by the National Center on Budget and Policy Priorities, in Search of Shelter determined that Los Angeles County and Northern Orange County have the worst shortage of housing affordable to the working poor in the nation (i.e. $300 per month or less). Not only are far more 3+ bedroom-apartments needed, but the rental cost must be far below the current market rate in order to meet the current demand. Population projections only show that the demand will increase. The projected demand for housing units presented in this analysis should be reviewed as a very conservative estimate based on a very simple model. Additional analysis is required to determine the effects of overcrowding on the projected housing needs and number of bedrooms required in those projected units.

State law require that new construction needs by jurisdiction be broken down by income categories. The City's RHNA numbers are distributed among the income levels as follows: Low and Very Low: 28,406 units or approximately 47 percent, Moderate and High: 31,874 units or approximately 53 percent.

The income categories defined in Sections 6910-6932 of the California Administrative Code are Very Low- (less than 50% of the County median income), Low- (50-80% of the County median income), Moderate- (80-120% of he County median income), and Above Moderate- (more than 120 of the County median income).

The RHNA numbers prepared by SCAG for the last Housing Element were 129,100 dwelling units for the period 1989-1994, resulting form two main factors: 1) The relatively low vacancy rate of that period, and 2) The higher population growth projections for the same period thus the corresponding household growth. It should be noted that the demolition of existing dwelling units in 1989-1994 was slightly higher. These characteristics are not found in the current situation, which has resulted in a much lower projection of 60,280 new dwelling units over a period of seven years. The following table shows a comparison between the 1989-1994 Housing Element and the 1998-2005 Housing Element in terms of projected housing needs, household growth, vacancy adjustment and demolition adjustment:

Housing Element	Housing Needs	Household Growth	Vacancy Adjustment	Demolition Adjustment
1989-1994	129,100	82,501	33,704	12,895
1998-2005	60,280	69,325	-19,007	9,962

Rehabilitation and Conservation Needs

Exhibit 32 sets forth goals for rehabilitation and conservation of existing dwelling units by income category for the period 1998-2005. Dwelling units to be conserved are units which are either subject to a pending conversion to market rate housing, or are subject to rent control, which would be terminated at a future date. Conservation relates to keeping the units in the inventory of affordable units.

The City of Los Angeles estimates that if the projected new construction totaled 60,280 dwelling units, 21,732 of these would need to be rehabilitated and 700,681 units to be conserved over the 1998-2005 period. The above 60,280 units are distributed as follows: 17,990 units or 30% for the Very Low-Income households, 10,416 units or 17% for the Low-Income households, 11,314 units or 19% for the Moderate-Income households, and 20,560 units or 34% for the Above Moderate Income households.

Because so much of the existing need is for housing affordable to very low- and low-income households and because subsidies are important to the development of such housing, the major determinant as to whether the City would reach its goals will be economic conditions affecting growth nationwide and Southern California in particular, and the availability of public funds and housing subsidy programs. The programs set forth in this Element are intended to provide every possible

incentive to housing production and preservation to help meet the City's future housing needs.

EXHIBIT 32
HOUSING REHABILITATION AND CONSERVATION GOALS
1998 - 2005

Income Category	Number of Dwelling Units		
	New Construction	Rehabilitation	Conservation
Very Low Income <50% of County Median Income	17,990	13,040	221,328
Low Income 50% to 80% of County Median Income	10,416	7,606	270,995
Moderate Income 80% of 120% of County Median Income	11,314	1,086	157,373
High Income >120% of County Median Income	20,560	0	60,985
Total	60,280	21,732	700,681

Source: Los Angeles Housing Department, June 1999

There is no guarantee that these units will be built. If current trends continue, most of the units produced (unless publicly assisted) will be market rate and inaccessible to the majority of the income levels in need.

LAND FOR RESIDENTIAL DEVELOPMENT

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One factor in ensuring an adequate supply of housing is providing for a sufficient number of parcels zoned for housing, especially for multiple- family dwellings. Such higher density developments tend to be more affordable than single-family dwellings (SFD's) in the same neighborhood since the land cost is spread among more dwelling units.

To set the stage for the discussion of zoning capacity, it is necessary to remember that Los Angeles is a substantially built-out city. The only major areas remaining where new construction can take place tend to be in the Santa Monica and Santa Susana Mountains where land and construction costs preclude even moderate income housing. Because of that, nearly all housing development in the city is expected to be infill development involving the recycling of land. In many cases, the City's policies and programs focus on utilizing the existing under-utilized zoning capacity as well as recycling.

Because the housing needs within the City are great and because rents and costs for new housing are nearly always greater than existing housing, great caution is exercised when developers wish to construct projects which remove existing affordable housing. Therefore, it is the City's policy to protect existing single-family and low density neighborhoods and to encourage new housing development to occur in centers (zoned commercial) and along commercial boulevards. All of the programs described in this element take into account the nature of the City and try to increase and facilitate residential recycling potential.

ZONING CAPACITY

This section analyzes the availability of parcels in the City of Los Angeles suitably zoned for the construction of single- and multiple- family dwellings, taking into consideration the effects on zoning capacity of certain regulatory constraints. The analysis is by City subregion. (See Exhibit 1)

In April 1990, it was estimated that there were 3,485,398 people in the City of Los Angeles. As of December 1994, the City Planning Department estimated the City's population at 3,451,960 signaling a reduction of 33,263. There were 522,014 single-family dwelling units, and 800,861 multiple-family dwelling units totaling 1,322,875 dwelling units of which 1,193,231 were occupied. The numerical difference of existing and occupied units represented 129,842 vacant units, a vacancy rate of 9.8% and a 2.83 occupancy ratio per occupied housing unit.

The high vacancy rate reflects impacts of the January 1994 earthquake, which rendered many dwelling units temporarily and/or permanently, uninhabitable. The vacancy rate was also affected by the recession, loss of jobs, in the area, and high rents compared to what many households can afford.

The zoning capacity depicted in Exhibit 33 is derived from the zone acreage of the post AB283 zoning consistency program. This Table provides a general overview of citywide zoning capacity numbers; it is the summation of Exhibits 34, 35, 36, 37 and 38 which are more specific and provide capacity numbers by zone category and per subregion. This zoning capacity includes capacity on all vacant and underdeveloped sites.

Exhibits 34 and 37, respectively, give the maximum theoretical (unadjusted) zoning capacity of 2,432,126 and maximum adjusted capacity of 1,700,835 dwelling units.

Exhibit 36 depicts the remaining theoretical potential of 1,208,985 dwelling units assuming a 100% build out. However, when zoning and other regulatory factors are applied, the development potential is adjusted to have a "realistic build out capacity." Thus Exhibit 38 shows the remaining adjusted potential of 530,506 dwelling units, assuming that a 30% potential of housing would be built on commercially-zoned properties and a 80% potential on residential properties. Also, refer to Appendix U for an update of the remaining adjusted zoning capacity estimates.

The General Plan and AB 283 Program

During the 1980s, pursuant to State Law requirements, the City's zoning was brought into consistency with its General Plan. In almost all cases, the General Plan (developed during the 1960s and 1970s) called for lower densities than did the zoning (first mapped in 1946). The result of the General Plan/Zoning Consistency program,was to "roll back" zoning on many parcels, effectively reducing permitted densities throughout the City. A common roll back was from R3 zoning (which permits up to 54 dwelling units per net acre) to RD 1.5 zoning (which permits up to 28 dwelling units per net acre). Thus for many parcels, the zoning capacity was cut in half, from 54 units per net acre to 28. Using the zone acreage of the AB283 zoning consistency program and December 1994 as the baseline, the zoning capacity in dwelling units is as follows:

- Total Theoretical Capacity = 2,432,126
- Total Adjusted Capacity = 1,700,835
- Total Remaining Adjusted Capacity = 530,506

Difficulties in Calculating Current Capacity

The remaining unadjusted zoning capacity of 1,208,985 dwelling units is a theoretical number influenced by a number of factors, including regulatory constraints, market conditions and availability of suitable infrastructure. Calculating the "realistic" remaining zoning capacity in Los Angeles, or what realistically will be built in the next 5 years, is not easy. There are relatively few vacant parcels available for development. The City's single-family residential lots are nearly all built upon, although lots continue to be created through new subdivisions. Many of the multiple-family zoned districts are developed with small older houses, and it is difficult to predict when they will be torn down and the remaining zoning capacity used. Developers have the ability to increase the by-right zoning capacity by 25% or more through the State Density Bonus provisions and the City Affordability Housing Incentives Ordinances if they are willing to provide affordable units. There are many difficult hillside building sites, and other areas where development is temporarily hindered. In commercial zones, housing can legally be built, but office and retail uses are usually more profitable uses. Enterprising developers are constantly applying for zone changes and/or plan amendments to increase the zoning capacity of various parcels. No one can predict the economic climate affecting housing supply and demand, general business/health/job availability, construction costs and interest rates.

Exhibit 33
SUMMARY OF CITYWIDE ZONING CAPACITY IN DWELLING UNITS (Post AB283)

	(a[2]) Commercial 108 du/ac	(b[2]) Higher Density Multiples (R3, R4, R5) > 54 du/ac	(c) Total Higher Density (a)+(b) > 54 du/ac	(d[3]) Lower Density Multiples (R2, RD, &c) < 28 du/ac	(e[3]) Single Family < 8 du/ac	(f) Total Lower Density (d)+(e) > 28 du/ac	(g) Total Capacity (c)+(f)
Maximum Unadjusted Capacity	489,731	893,296	1,383,027	421,611	627,488	1,049,099	2,432,126

Existing Dwelling Units	51,573	663,424	714,997	85,864	522,014	607,878	1,322,875
Remaining Unadjusted Capacity	438,158	279,940	718,098	335,747	155,140	490,887	1,208,985
Maximum Adjusted Capacity	146,919	714,637	861,556	337,289	501,990	839,279	1,700,835
Remaining Adjusted Capacity	95,346	127,937[1]	223,283	251,425	55,798[1]	307,223	530,506
RHNA (Year 1998-2005)			**28,406**			**31,874**	**60,280**
%			**47.12%**			**52.88%**	**100.00%**

Terms Defined	
Maximum Unadjusted Capacity	Maximum dwelling units per zoning capacity without adjustment (including capacity on vacant and underdeveloped lands).
Remaining Unadjusted Capacity	Figures are obtained by subtracting "Existing Dwelling Units" from "Maximum Unadjusted Capacity".
Maximum Adjusted Capacity	Maximum dwelling units after adjustment (the factor of adjustment is 80% for residential zones, and 30% for commercial zones). The figures are obtained by multiplying the "Remaining Unadjusted Capacity" and either 80% or 30% depending on the zones.
Remaining Adjusted Capacity	Figures are obtained by subtracting "Existing Dwelling Units" from "Maximum Adjusted Capacity". It should be noted that in certain areas of the City, the existing buildout exceeds the Maximum Adjusted Zoning Capacity, Post AB283, which would result in zero in the "Remaining Adjusted Capacity".
Existing Dwelling Units	LUPAMS, figures re-adjusted to the City Planning Department's.

Notes:

1. It should be noted that, in certain subregions, the existing buildout exceeds the zoning capacity, the remaining capacity would therefore be counted as zero. Consequently, this total should not be the result of a subtraction of the total existing dwelling units from the total adjusted zoning capacity, but rather computation of all the remaining capacities per subregion.
2. Corresponds to "Very Low Income", "Low Income", and "Moderate Income" housing.
3. Corresponds to "Above Moderate Income" housing.

Source: Los Angeles City Planning Department, December 1994.

EXHIBIT 34

MAXIMUM UNADJUSTED ZONING CAPACITY[1] IN DWELLING UNITS PER SUBREGION (POST AB 283)

Subregion (MEIR Area)	(a[2]) Commercial 108 du/ac	(b[2]) Higher Density Multiples (R3, R4, R5) > 54 du/ac	(c) Total Higher Density (a)+(b) > 54 du/ac	(d[3]) Lower Density Multiples (R2, RD, &c) < 28 du/ac	(e[3]) Single Family < 8 du/ac	(f) Total Lower Density (d)+(e) > 28 du/ac	(g) Total Capacity (c)+(f)
Northeast LA	35,709	62,089	97,798	60,241	50,196	110,437	208,235
South LA	49,659	36,645	86,304	114,707	25,221	139,928	226,232
Metro Center	106,135	205,369	311,504	46,917	50,228	97,145	408,649
Southwest LA	24,709	131,246	155,955	38,542	55,437	93,979	249,934
Central	27,546	78,153	105,699	403	4,636	5,039	110,738

Southwest Valley	14,037	94,672	108,709	33,799	65,692	99,491	208,200
Northeast Valley	16,205	17,266	33,471	28,496	90,964	119,460	152,931
Northwest Valley	101,783	51,156	152,939	27,707	81,437	109,144	262,083
Southeast Valley	61,665	75,332	136,997	13,985	104,949	118,934	255,931
West LA	13,683	85,415	99,098	6,608	64,112	70,720	169,818
Harbor	38,600	55,953	94,553	50,206	34,616	84,822	179,375
CITYWIDE TOTAL	489,731	893,296	1,383,027	421,611	627,488	1,049,099	2,432,126
%	20.14%	36.73%	56.86%	17.34%	25.80%	43.14%	100.00%

NOTES:

1. The Maximum Unadjusted Zoning Capacity includes also capacity on vacant and underdeveloped lands.
2. Corresponds to the "Very Low Income", "Low Income" and "Moderate Income" housing.
3. Corresponds to the "Above Moderate Income" housing.

Source: Los Angeles City Planning Department. December 1994.

EXHIBIT 35
EXISTING DWELLING UNITS PER SUBREGION
(RE-ADJUSTED[1] LUPAMS IN ALL ZONES)

Subregion (MEIR Area)	(a[2]) Commercial 108 du/ac	(b[2]) Higher Density Multiples (R3, R4, R5) > 54 du/ac	(c) Total Higher Density (a)+(b) > 54 du/ac	(d[3]) Lower Density Multiples (R2, RD, &c) < 28 du/ac	(e[3]) Single Family < 8 du/ac	(f) Total Lower Density (d)+(e) > 28 du/ac	(g) Total Capacity (c)+(f)
Northeast LA	7,118	68,810	75,928	16,216	58,806	75,022	150,950
South LA	11,577	79,993	91,570	28,633	66,277	94,910	186,480
Metro Center	8,681	159,897	168,578	7,647	35,504	43,151	211,729
Southwest LA	5,950	89,867	95,818	10,855	55,422	66,277	162,095
Central	6,475	32,148	38,623	217	2,278	2,495	41,118
Southwest Valley	2,500	82,647	85,147	3,650	49,616	53,266	138,413
Northeast Valley	2,299	9,569	11,868	3,174	56,208	59,382	71,249
Northwest Valley	420	31,149	31,569	5,645	62,710	68,355	99,924
Southeast Valley	593	37,147	37,740	3,742	72,355	76,097	113,837
West LA	1,882	42,801	44,683	2,381	35,674	38,055	82,737
Harbor	4,078	29,397	33,474	3,704	27,164	30,868	64,343

CITYWIDE TOTAL	51,573	663,424	714,997	85,864	522,014	607,878	1,322,875
%	3.90%	50.15%	54.05%	6.49%	39.46%	45.95%	100.00%

NOTES:

1. These figures are derived from the Los Angeles County Assessor's Land Use Planning Management Subsystem (LUPAMS) and re-adjusted to the City Planning Department's figures, which are higher and based on the census tracts counts and building permits. The re-adjustment uses the corresponding percentage of each zones group in relation to the LUPAMS Citywide total.
2. Corresponds to "Very Low Income", "Low Income", and "Moderate Income" housing.
3. Corresponds to the "Above Moderate Income" housing.

Source: Los Angeles City Planning Department, December 1994.

EXHIBIT 36
UNADJUSTED REMAINING ZONING CAPACITY IN DWELLING UNITS PER SUBREGION
(POST AB 283)

Subregion (MEIR Area)	(a[1]) Commercial 108 du/ac	(b[1]) Higher Density Multiples (R3, R4, R5) > 54 du/ac	(c) Total Higher Density (a)+(b) > 54 du/ac	(d[2]) Lower Density Multiples (R2, RD, &c) < 28 du/ac	(e[2]) Single Family < 8 du/ac	(f) Total Lower Density (d)+(e) > 28 du/ac	(g) Total Capacity (c)+(f)
Northeast LA	28,591	0	28,591	44,025	0	44,025	72,616
South LA	38,082	0	38,082	86,074	0	86,074	124,156
Metro Center	97,454	45,472	142,926	39,270	14,724	53,994	196,920
Southwest LA	18,759	41,379	60,138	27,687	15	27,702	87,840
Central	21,071	46,005	67,076	186	2,358	2,544	69,620
Southwest Valley	11,537	12,025	23,562	30,149	16,076	46,225	69,787
Northeast Valley	13,906	7,697	21,603	25,322	34,756	60,078	81,681
Northwest Valley	101,363	20,007	121,370	22,062	18,727	40,789	162,159
Southeast Valley	61,072	38,185	99,257	10,243	32,594	42,837	142,094
West LA	11,801	42,614	54,415	4,227	28,438	32,665	87,080
Harbor	34,522	26,556	61,078	46,502	7,452	53,954	115,032
CITYWIDE TOTAL	438,158	279,940	718,098	335,747	155,140	490,887	1,208,985
%	36.24%	23.15%	59.40%	27.77%	12.83%	40.60%	100.00%

NOTES:

1. Corresponds to "Very Low Income", "Low Income", and "Moderate Income" housing.
2. Corresponds to the "Above Moderate Income" housing.

Source: Los Angeles City Planning Department, December 1994.

EXHIBIT 37

MAXIMUM ADJUSTED ZONING CAPACITY[1] IN DWELLING UNITS PER SUBREGION
(POST AB 283)

Subregion (MEIR Area)	(a[2]) Commercial 108 du/ac	(b[2]) Higher Density Multiples (R3, R4, R5) > 54 du/ac	(c) Total Higher Density (a)+(b) > 54 du/ac	(d[3]) Lower Density Multiples (R2, RD, &c) < 28 du/ac	(e[3]) Single Family < 8 du/ac	(f) Total Lower Density (d)+(e) > 28 du/ac	(g) Total Capacity (c)+(f)
Northeast LA	10,713	49,671	60,384	48,193	40,157	88,350	148,734
South LA	14,898	29,316	44,214	91,766	20,177	111,942	156,156
Metro Center	31,841	164,295	196,136	37,534	40,182	77,716	273,852
Southwest LA	7,413	104,997	112,410	30,834	44,350	75,183	187,593
Central	8,264	62,522	70,786	322	3,709	4,031	74,817
Southwest Valley	4,211	75,738	79,949	27,039	52,554	79,593	159,542
Northeast Valley	4,862	13,813	18,674	22,797	72,771	95,568	114,242
Northwest Valley	30,535	40,925	71,460	22,166	65,150	87,315	158,775
Southeast Valley	18,500	60,266	78,765	11,188	83,959	95,147	173,912
West LA	4,105	68,332	72,437	5,286	51,290	56,576	129,013
Harbor	11,580	44,762	56,342	40,165	27,693	67,858	124,200
CITYWIDE TOTAL	146,919	714,637	861,556	337,289	501,990	839,279	1,700,835
%	8.64%	42.02%	50.65%	19.83%	29.51%	49.35%	100.00%

NOTES:

1. Assuming that the adjustment factor is 30% in Commercial Zones and 80% in Residential Zones.
2. Corresponds to "Very Low Income", "Low Income", and "Moderate Income" housing.
3. Corresponds to the "Above Moderate Income" housing.

Source: Los Angeles City Planning Department, December 1994.

EXHIBIT 38

ADJUSTED REMAINING ZONING CAPACITY[1] IN DWELLING UNITS PER SUBREGION
(POST AB283)

Subregion (MEIR Area)	(a[2]) Commercial 108 du/ac	(b[2]) Higher Density Multiples (R3, R4, R5)	(c) Total Higher Density (a)+(b)	(d[3]) Lower Density Multiples (R2, RD, &c)	(e[3]) Single Family < 8 du/ac	(f) Total Lower Density (d)+(e) > 28 du/ac	(g) Total Capacity (c)+(f)

		> 54 du/ac	> 54 du/ac	< 28 du/ac			
Northeast LA	3,595	0	3,595	31,977	0	31,977	35,572
South LA	3,321	0	3,321	63,133	0	63,133	66,453
Metro Center	23,160	4,398	27,558	29,887	4,678	34,565	62,123
Southwest LA	1,463	15,130	16,593	19,979	0	19,979	36,571
Central	1,789	30,374	32,163	105	1,431	1,536	33,699
Southwest Valley	1,711	0	1,711	23,389	2,938	26,327	28,038
Northeast Valley	2,563	4,244	6,806	19,623	16,563	36,186	42,992
Northwest Valley	30,115	9,776	39,891	16,521	2,440	18,960	58,851
Southeast Valley	17,907	23,119	41,025	7,446	11,604	19,050	60,075
West LA	2,223	25,531	27,754	2,905	15,616	18,521	46,275
Harbor	7,502	15,365	22,867	36,461	529	36,990	59,857
CITYWIDE TOTAL	95,346	127,937	223,283	251,425	55,798	307,223	530,506
%	17.97%	24.12%	42.09%	47.39%	10.52%	57.91%	100.00%

NOTES:

1. Assuming that the adjustment factor is 30% in Commercial Zones and 80% in Residential Zones.
2. Corresponds to "Very Low Income", "Low Income", and "Moderate Income" housing.
3. Corresponds to the "Above Moderate Income" housing.

Source: Los Angeles City Planning Department, December 1994.

HOUSING POTENTIAL ON COMMERCIALLY-ZONED PARCELS

Current City Planning and Zoning Code regulations permit, and General Plan housing policies encourage, housing in commercially zoned parcels. For example, the General Plan Framework Element establishes the policy basis for converting strip commercial areas to housing to replace marginal retail or service establishments. The adopted General Plan Framework also encourages the development of mixed-use projects which would provide residents with the opportunity to walk between their home, job and/or neighborhood services.

The Framework anticipates and encourages approximately 75% of the growth over the next 15 years and beyond to locate in Commercial Centers and districts along mixed-use boulevards.

PROPOSITION U'S EFFECT ON HOUSING IN COMMERCIAL ZONES

The Proposition U voter initiative in 1988 declared that on all commercially and industrially zoned parcels in Height District 1, the floor area ratio (FAR) would be cut in half, from an FAR of 3 times the buildable area of the lot, down to 1.5 times the buildable area.

This indirectly affected housing production since residential units are permitted in the commercial zones (though not in industrial zones). Actually, Proposition U initially stimulated quite a few housing projects on commercial land, since in the confusion of its initial enforcement it was interpreted that while commercial FAR would be cut to 1.5 to 1, if the project were residential, it would enjoy the original FAR of 3 to 1. This has since been reinterpreted by the City Attorney so that any project on a

commercially zoned parcel, whether commercial or residential, must comply with the 1.5 to 1 FAR requirement. In response to this, some developers have rezoned properties from commercial to R3, to regain the density advantage of 3 to 1. However, the Zoning Code permits residential developments or combination of residential and commercial developments in the C2, C4, or C5 zones to use the lot area as buildable area to calculate the total floor area of a project. While commercial space generally commands higher rents than residential, the City's Framework Element goals and policies encourage housing development in commercial centers and districts and along mixed-use boulevards. Historically, less than 20% of the commercially zoned parcels in the City are developed for housing. The Framework Element proposes incentives to stimulate housing development in certain commercially zoned areas to be designated in the Community Plans. Therefore, anticipating commercially designated and zoned areas that are available, and will be used, for housing development is consistent with the General Plan's long range strategy for accommodating future growth in the City of Los Angeles.

Subdivisions, Zone Changes, and Plan Amendments

In the 1980s, a considerable amount of the new construction in Los Angeles occurred in new subdivisions, often on larger land holdings located at the fringe of urban development, including the Santa Monica Mountains, the Santa Susanna Mountains, the Verdugo Hills, and a few remaining agricultural areas in the northern San Fernando Valley. New subdivisions often consisted entirely of single-family dwellings, occasionally containing some multiple-family dwellings as well. A significant portion of development in the 1990s was devoted to condominium conversion.

However, patterns of residential development have changed, partly because of the recession and loss of jobs in the Los Angeles area. Between 1990 and 1994, of the approximately 23,000 building permits for dwelling units, 90% were for multiple-family units. In this time period, 5,000 single-family units were constructed but 2,700 were demolished, resulting in only 2,300 additional single-family units. Between 1994 and 1996 only 1,455 housing units were built, of which 750 were single-family, primarily in the west San Fernando Valley. The figures herein do not include subdivision potential, since subdivisions occur only as the zoning is changed, usually from agricultural or low density residential to a higher residential density. However, as a substantially built out city, Los Angeles can expect to see a trend away from single-family units to multiple units.

A significant number of residential projects are built after the developer obtains a zone change and /or General Plan Amendment to increase permitted densities.

ANALYSIS OF POSSIBLE CONSTRAINTS ON ZONING CAPACITY

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Zoning Code

Zoning laws divide cities into districts (reflected on the zoning maps) and specify districts (set forth in the zoning code). The basic uses are agricultural, residential, commercial, and industrial. Zoning was first upheld by the U.S. Supreme Court in 1926, and since then the regulation of land uses for the public health, safety and welfare has generally been recognized as a valid exercise of a City's police power. The zoning code and map established permitted uses and densities. Zoning laws are not a constraint on capacity; they establish capacity. The maximum permitted densities in the various zones categories were used to derive the theoretical zoning capacity set forth in Exhibit 34.

Building Code

Building codes specify minimum health and safety standards for dwelling units, including room sizes, openings for light and ventilation, safe electrical systems, sanitary plumbing, etc. The building code does not affect permitted densities. However, building regulations do affect the cost of housing construction, and are deemed necessary to ensure safe and healthy conditions.

Conditional Use Permits

Institutions, public facilities and other special uses are not permitted by-right but are introduced through Conditional Use permits or other similar entitlement actions. Only special categories of housing that allow increased density require such permits (see Section on Constraints.) Most multi-family housing projects do not require Conditional Use permits. Conditional Use rules, therefore, do not constrain zoning capacity.

Height Limitations

Height Districts in Los Angeles are very liberal, allowing floor area ratios (FAR = allowable floor area as a multiplier of buildable lot area) as follows:

Height District	FAR
1	3 to 1
2	6 to 1
3	10 to 1
4	13 to 1

Even the lowest FAR of 3 to 1 is not a constraint on buildout of density for residential zones. A small amount of land in the City, approximately 5%, has had lower Height Districts imposed, known as 1L, 1VL and 1XL. These may apply absolute height limits to properties zoned R3, R4, and R5 limiting height to 6 stories (Low), 3 stories (Very Low) and 2 stories (Extra Low), respectively. In most cases these limits do not prevent development of the full number of units allowed in the zone in which they are imposed.

The Slope Density Ordinance

This ordinance restricts development on certain hillside parcels, namely those planned for minimum density housing (requiring at least 1 acre lot size per dwelling) and having slopes exceeding 15 percent. It therefore affects only estate size lots in hillside areas. Its effect on housing zoning capacity is minimal, 5 percent of the single-family capacity at the most, and its effect on affordable housing is negligible. It has no effect on multi-family or commercially- zoned property.

Density Bonus

Under state law, local jurisdictions are required to grant a density bonus of 25% and "an additional incentive" when applied for by qualifying housing projects. (The City may grant more than 25%, at its discretion.) To qualify, 20% of the units must be reserved for low-income households, defined as those earning less than 80% of median family income for the Los Angeles area. In this case the rents cannot exceed 60% of median family income. Alternatively, the developer may reserve 10% of the units for very-low-income households, those earning less than 50% of median. In this case, rents may not exceed 50% of median family income.

According to the Los Angeles Housing Department (LAHD), there have been 1,348 set-aside units for which covenants have been recorded under density bonus provisions, in projects involving a total of 5,292 units, in the fifteen-year period since the inception of the program in 1982.

"By right" units	3,986
Density Bonus units	1,348
Total units	5,292
Avg. Density Bonus	34%

LAHD also reports that density bonus applications have decreased significantly since the 1991 change in state law that made moderate-income units ineligible and restricted the set-aside units to low- and very low-income.

The City adopted the "Affordable Housing Incentives Program Ordinance" (Ordinance No. 170,764) on November 14, 1995 which permits a density increase up to 25% as a by-right procedure for affordable housing projects. Projects requesting more than 25% density increase are subject to a Conditional Use Permit under the authority of the City Planning Commission. Other Affordable Housing Incentives include reduced parking and deferment of project processing fees.

Current amendments are being proposed to this Ordinance to encourage the provision of on-site community facilities. Up to an additional 10% density increase may be granted by the Director of Planning if the proposed affordable housing project provides for an on-site community facility.

Year	Applications Involving Density Bonus Units

1985	8
1986	25
1987	31
1988	24
1989	18
1990	7
1991	6
1992	2
1993	0
1994	0
1995	0
1996	2

INTERIM CONTROL ORDINANCES (ICOs)

Interim Control Ordinances (ICOs) designed to restrict perceived inappropriate development in specific neighborhoods are typically enacted for a year or two, and then extended as many times as necessary to allow for permanent regulations to be prepared and put in place.

Many interim control ordinances were enacted in the 1980s in response to rapid development pressures and related neighborhood complaints. The development pace leveled off in the recessionary period, and most of the interim control ordinances were allowed to expire. These ICOs have had a mixed effect on housing production, depending on their content.

The requirement for demolition permits and hardship exemptions has proven to be effective in conserving some affordable housing. It is now city policy to require a hardship exemption prior to demolition, offering additional protection to affordable housing occupants.

California State Government Code Sections 65590 and 65590.1, otherwise known as the Mello Act, mandate local governments to replace housing units which are occupied by low or moderate income persons, located in the Coastal Zone and are demolished or renovated to be replaced on a one for one basis on the site, within the coastal zone or within three miles of the Coastal Zone where feasible. This legislation also requires that, where feasible, local governments require provision of housing for low or moderate income persons in new development in the Coastal Zone. As a result of this legislation, a strong commitment by the City Council to preserving and providing affordable housing and a court order, the City of Los Angeles has adopted a three-part program to implement this legislation.

In April of 2001 the City Planning Commission took a major step in implementing this legislation by considering a new ordinance, part two of this program which replaces interim procedures (part one of the program) currently requiring Mello compliance. In general this proposed ordinance requires either the replacement of existing housing occupied by low or moderate income persons either on site, within the coastal zone or within three miles of the coastal zone based on criteria contained in the proposed law. The ordinance allows the developer to pay a fee to the City's Housing Department combined with public subsidies or incentives sufficient to provide new low or moderate income housing units on a one for one basis in the Coastal Zone community in which the new development is to be constructed in lieu of the developer providing the required new unit(s). Different fees are allowed for the three plan areas located in the Coastal Zone. The ordinance is based on an interim feasibility study conducted by Hamilton, Rabinowitz and Alschuler, Inc., a policy, financial and a management consultant with expertise in the financial aspects of the housing market.

The Planning Commission did not approve this ordinance for several reasons. Among the major proposals contained in the ordinance is to allow a developer to pay a fee to the City's Housing Department sufficient to cover the cost of building replacement housing and the provision of new housing pursuant to the provisions of the Mello legislation. A study was done by a consultant recommending different fees to be charged developers in the Pacific Palisades, Westchester-Playa Del Rey and the San Pedro-Harbor areas of the City based on land and development costs and the markets in those areas. The consultant argued that these fees plus City subsidies would be sufficient to build the required replacement housing and new housing under the provisions of the Mello Act and the aforementioned court action. The consultant also suggested that the proposed fees would not preclude the development of new housing based on certain assumptions as to land costs and acceptable returns to the developer. Building industry advocates argued that the fees were so high as to preclude the development of any housing in the coastal zone. Affordable housing advocates felt that the fees would not be sufficient to build the needed housing. The consensus of the Planning Commission was that both points of view could be correct. Further, members of the Commission also were concerned that to apply these fees only to the City of Los Angeles would disadvantage the City

in the production of housing and that these fees should only be applied if other coastal jurisdictions also applied similar fees. The matter has been transmitted to the City Council for its action hopefully in July of 2001. While it is impossible to predict exactly what the City Council will do in regards to the specifics of this ordinance, it is clear that the City Council has already committed to implementation of the Mello legislation and is already implementing one for one replacement of affordable units which are to be lost and requiring new affordable units on new development in the Coastal Zone.

The third phase of the three-part program is to prepare a more detailed study of housing feasibility at the neighborhood level and to revise the implementing ordinance in accordance with that study and the experience gained from the first administering the previously described ordinance. This effort is expected to take two years to complete.

The Mello Act is directed at preserving existing affordable housing in the Coastal Zone which if left to market forces has and will be seriously depleted. It is unclear how implementation of the law will impact the provision of new affordable housing in the Coastal Zone.

This Element promotes increased housing opportunities for all segments of the community through the policies and implementation measures described in Chapters V and VI.

Open Space and Parking Requirements

According to a study by Natelson, Levander & Whitney, Economic Consultants, it was determined that provision of open space did not have a cost significant impact on development. The parking provision, however, does have a noticeable effect on developers' costs. The number of parking spaces is tied to the number of habitable rooms, and when that number goes up the number of parking spaces required increases, adding to the development cost. This affects affordable housing production.

The Mixed-Use Incentives Ordinance

A mixed-use ordinance was adopted in December 1991 to allow a density bonus of 100% for housing constructed in commercial zones, if 20% of the housing constructed is set aside as affordable units. In other words, on a parcel where 30,000 square feet of commercial use would normally be permitted, a builder may construct both the 30,000 square feet of commercial use and an additional 30,000 square feet of residential use. If the residential component consists of 30 units, then 6 of these units would have to be set aside for low income residents.

The ordinance permits side-by-side construction either on the same lot or on adjacent lots; the residential use does not need to be above the commercial. This facilitates construction, since different structural and fire safety standards apply to residential and commercial. It should also make financing easier, which has often been difficult to obtain for mixed-use projects.

On July 11, 1996 the City Planning Commission approved the "Mixed-Use Overlay District" Ordinance, which would enable the City to establish individual mixed-use districts in specific areas throughout the City. The purpose of this ordinance, which implements Framework policies, is to encourage land uses that combine commercial and residential development and community facilities in order to reduce vehicle trips, to improve air quality and the efficiency of public services, and to provide for a variety of housing opportunities.

The Mixed-Use District would only include lots zoned R, CR, C1, C1.5, C2, C4 and C5, and may include lots zoned R3 or R4 in community plan designated as regional or community centers that are designated for Mixed-Use development if such lots abut Major Highways or Secondary Highways. The Ordinance provides floor area, height, and parking incentives to mixed-use projects.

The economy, market demand and decisions of property owners are factors that may affect the construction of the dwelling units permitted by the zoning.

GEOGRAPHIC ANALYSIS OF ZONING CAPACITY

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Unadjusted and Adjusted Zoning Capacities

The unadjusted zoning capacity refers to a theoretical maximum residential zoning capacity by calculating the by-right allowable density on all parcels in the City including vacant land. The adjusted zoning capacity is obtained by assigning a conservative factor of 80% of residential potential for residentially zoned properties and a factor of 30% for commercially zoned properties to this unadjusted zoning capacity figure.

Exhibit 33, Summary of Citywide Zoning Capacity In Dwelling Units, shows the maximum theoretical and adjusted zoning capacities, the remaining theoretical and adjusted zoning capacities, and existing dwelling units in the City. With regards to the remaining adjusted zoning capacity, a total of 530,506 dwelling units are estimated, of which 223,283 units are in the R3, R4, R. and commercial zones, or 43% of the Citywide capacity. The R2 and RD zones' remaining capacity amounts to 251,425 dwelling units or 47% of the Citywide capacity, while the single-family zones remaining capacity reaches only a total of 55,798 units.

Exhibit 34, Maximum Unadjusted Zoning Capacity, shows the highest zoning potential is in the Metro Center, where there is a capacity for 408,649 units, with 311,504 units in the R3, R4 and R. zones alone. These zones account for well over half of the City's unused residential zoning capacity. However, both the Northeast Valley and South Los Angeles have the lowest available High-Density zoning capacity (33,471 units and 86,304 units respectively).

Exhibit 35 Existing Dwelling Units Per Subregion depicts the Metro Center, South West Los Angeles, and South Los Angeles as having the highest concentration of multiple-family dwelling units in the R3, R4 and R. zones categories (168,578 units, 95,818 units and 91,570 units respectively). With regards to single-family dwelling units, the Southeast Valley along with South Los Angeles have the highest numbers of existing units (72,355 units and 66,277 units respectively). It is interesting to note that existing buildout in the R3, R4 and R. zones in the Northeast Los Angeles, South Los Angeles and Southwest Valley subregions has already exceeded the maximum adjusted zoning capacity in these regions, which explains the reason these 3 subregions do not have any remaining zoning capacity available in the above-mentioned zones categories as demonstrated in Exhibit 36.

Exhibit 37, Maximum Adjusted Zoning Capacity, shows an across - the - board reduction in zoning capacity, compared to Exhibit 34. In producing this "realistic" capacity, those subregions with a high percentage of commercial zoning such as South Los Angeles were affected more than those with less commercial, such as West Los Angeles, since a 30% of housing potential is used in commercially zoned properties, while a 80% potential is applied to residential properties.

Although derived from data on applications received for building permits during a short period, and not representative of all sites in the City, the factor of 80 percent is used as the "adjusted" or expected "realistic" buildout of the zoning capacity of multiple-family residential zones. This 80 percent is also used for single-family residential zones, for such restrictions as the topography, slope density, emergency access requirements, street dedication for hillside developments etc. are taken into account.

The realistic buildout in commercial zones is less, based on historic development patterns in Los Angeles. However, the City's General Plan Framework encourages the development of mixed-use projects on certain commercially-zoned properties. To reflect this growth strategy a conservative factor of 30 percent is assigned to calculate the housing potential on the commercially-zoned properties. (Note that this means 30 percent of the available capacity on commercial parcels would be used for residential development).

Exhibit 38, Adjusted Remaining Zoning Capacity, is designed to highlight zoning capacity shortages. In the higher density zoning category, column (b) which corresponds to the Very Low, Low and Moderate Income housing, shows that Northeast Los Angeles, South Los Angeles and Southwest Valley have no available capacity in these zones categories. However, commercially-zoned properties in these subregions do provide some multiple-family residential capacity. The existing multiple-family dwelling units in these 3 subregions amount to 263,316 units or 36.82% of the total multiple-family housing stock citywide.

Column (c) shows that both the Southeast Valley and Northwest Valley have the highest available High-Density zoning capacity (41,025 units and 39,891 units respectively).

Column (e) correlating to the "Above Moderate Income" housing shows there is no available capacity in the single-family zones in Northeast Los Angeles, South Los Angeles or Southwest Los Angeles as well.

Column (f) shows that South Los Angeles has the highest Lower Density zoning capacity (i.e., R2 and RD zones), while the Harbor and Northeast Valley have fairly adequate zoning capacity in these zone categories and single-family zones as well.

Column (g) shows that no subregion would have inadequate zoning capacity if all income categories and all zones are combined.

In conclusion, after the year 2005, the City would still be able to accommodate 39,720 additional dwelling units in the Very Low-, Low- and Moderate-Income categories, and 20,560 dwelling units in the Above Moderate-Income category. As of December 1994, there were approximately 129,642

unoccupied dwelling units in the City, which theoretically could be counted as additional housing capacity. However, a few of them may need physical rehabilitation and/or subsidized rent programs to qualify for affordable housing counts.

Programs to Increase Zoning Capacity

While capacity is not seen as a problem today, it could become one within the next four RHNA cycles (20 years). With the current revision of the Community Plans, zoning capacity is expected to decrease. The City of Los Angeles is committed to providing adequate zoning capacity for housing for all income groups in all areas throughout the City. Strategic locations for new housing include proposed centers and districts, area around transit stations, and along transportation corridors, where access to a variety of commercial, recreational educational, and employment services is greatest.

Moreover, the General Plan Framework provides specific policy directions for the updating of the Land Use Element of the General Plan. The policy pinpoints those areas of the City in which growth will be encouraged, and links growth to the planned transportation system.

While it is not one of the Housing Element Programs, a related effort going on in the City is the development of specific plans around transit stations to provide conditions which enhance neighborhood livability and create economic and affordable housing opportunities.

Mixed-use development, a mix of housing and job-producing commercial uses in designated center study areas and adjacent to transit stations stops are encouraged through the General Plan Framework program, the Mixed-Use Ordinance, and the proposed Mixed-Use Overlay Zone District Ordinance.

Another area of potential zoning capacity increase is on publicly-owned land. There are approximately 2,400 parcels of land in public ownership in the City that are not in any specific use. City-owned land, especially City-owned parking lots, may offer potential for low-cost housing development.

Thus the principal programs which will address increasing the residential zoning capacity are: the rezoning recommendations of the General Plan Framework Program, the Mixed-Use Overlay District Ordinance, the proposed amendments to the Affordable Housing Incentives Ordinance, and the potential of housing on City-owned land.

Housing Inventory

Government Code Section 65583 (c)(1) requires the City to identify adequate sites "which will be made available through appropriate zoning and development standards and with public services and facilities needed to facilitate and encourage the development of a variety of types of housing for all income levels, including rental housing, factory-built housing, mobile homes, and emergency shelters and transitional housing".

The City's Regional Housing Need Assessment (RHNA) has been established as 60,280 dwelling units. The City has conducted an inventory of likely housing projects. The inventory lists building permits for 9,064 units which are currently outstanding, applications are being processed by the City for permission to build 27,432 new housing units and a listing of sites for 24,638 more units which the City considers opportunity sites where zoning and infrastructure exists to support new housing and are considered desirable for future housing production. The zoning capacity or potential for new housing in the City is 530,506 units as described in Exhibit 33 of this element. The number of units pursuant to this inventory catalogs 61,134 units and exceeds the City's RHNA number of 60,280 units.

Summary of Development Sites

Opportunity sites		24,638 units
Proposed		27,432 units
Under Construction		9,064 units
	Total	61,134 units

The sites identified are viable development sites. They are urban infill sites located primarily along major and secondary highways but also along some collector streets. This means that all infrastructure (water, sewer, power, telephone and cable) is located adjacent to the properties.

The sites are vacant or underutilized. "Underutilized" means there is some use on the site, primarily parking lots, but not a developed building. (Except for the re-use of old commercial buildings, described below, less than five sites containing buildings were counted. These were counted because the surveyor concluded that the building was ready for demolition.)

Sites surveyed were not in flood plain areas, in hillsides or canyons or along beach palisades and not subject to unusual flood or landslide problems. Sites surveyed also did not include unbuildable lots, abandoned railroad rights-of-way, remnant pieces, or single family lots.

The sites are also suitable for a by-right 25% density bonus or discretionary density bonuses up to 100-200%. A 25% density bonus would increase the potential of the opportunity sites by more than 7,000 units. A 100% bonus increases the potential by over 29,000 units, and a 200% bonus increases the potential to over 58,000 units.

Environmental issues will not be a significant constraint. No environmental review is needed for apartment projects up to 49 units. Above that size a project's impacts will determine the type of environmental clearance but an EIR is not automatically required until a project exceeds 500 units.

Opportunity Sites

In the "opportunity" category, a survey was done of the vacant and underutilized parcels in multiple and commercially zoned areas throughout the City. Emphasis was given to vacant and underutilized higher density multiple family (emphasis on R3, R4 or R5 zoned) areas, areas designated around transit stations, areas in need of revitalization, areas vacant because of earthquake demolition, and areas simply zoned for residential, vacant and ready for development. Parcels needing zone changes were not included in this inventory.

Opportunity sites identified in the land inventory resulted from an analysis by community planners familiar with each area including their knowledge of the constraints that exist on the sites. The analysis, however, by no means views all the factors, constraints or incentives which would be analyzed and considered by persons wishing to develop a piece of land.

In strip commercial areas, the Framework Element establishes a policy to replace strip commercial with housing to replace marginal retail or service establishments. Commercially zoned areas also give the opportunity for mixed use projects, as identified by the Framework Element along mixed use boulevards. The Framework Element also identifies and stimulates certain commercially zoned areas to be used for housing, consistent with the City's long range strategy to accommodate future growth in the City.

New Housing in Commercial Buildings

Another significant category of the "opportunity" inventory relates to vacant or mostly vacant historic commercial buildings in the Downtown Core. The City's adaptive reuse ordinance encourages housing as a reuse of these historically significant buildings. In a recent survey of historic downtown buildings, 50 buildings had the potential for conversion to residential units, either lofts or apartments. This study estimated that there is an opportunity for 5,000 additional units in the Downtown area.

The downtown area is currently experiencing a loft housing boom. The Spring Street Lofts and the Old Bank Building on Main Street, two recently completed projects, utilized the 1999 Adaptive Reuse Ordinance and a set of building codes designed to encourage residential development in historic buildings. This ordinance can be compared to the recycling ordinances of other jurisdictions.

Parking Lots

Surface parking lots under the control of the Community Redevelopment Agency and surface parking lots in commercial areas with the potential to be redeveloped as housing developments (another type of recycling) were also included. This inventory did not include parcels with a "P" zone.

To calculate the number of units for each parcel or group of parcels, the maximum allowable units were used based on the existing zoning without the benefit of other incentives to build affordable housing. Although the maximum number of units were calculated, this does not limit one to build that amount. Other planning tools are available to increase the density by right or more with the density bonus application, or change zones, or revise land use designations and zone changes through the Community Plan Update Program. Therefore, the maximum counted is a conservative number. The City's inventory shows 24,638 opportunity units in this category, slightly less than half of the RHNA need.

Proposed Sites

The "proposed" category includes projects that are currently seeking a discretionary action or in the process of meeting the conditions of a grant filed during the years 1999-2001. The inventory includes subdivisions, zone changes, coastal development permits, density bonuses, Specific Plans and/or Exceptions, project permits and variances. This category also includes discretionary projects needing environmental clearances and related projects in the area. The number of units from this category are actual unit counts from applications and totals 27,432 units.

Under Construction Sites

The "under construction" unit count comes from building permits issued in 1999-2001. The total of 9,064 units being built is the actual count. This accounts for approximately one seventh of the total need.

The complete inventory is found in Appendix V.

CHAPTER III ENDNOTES

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