

HOUSING COMMITTEE REPORT relative to encouraging the construction of micro-units to help meet the City's need for affordable housing.

Recommendations for Council action, as initiated by Motion (Cedillo – Huizar):

1. INSTRUCT the Department of City Planning:
  - a. In consultation with Los Angeles Housing and Community Investment Department (HCIDLA), to report with an evaluation of the Greater Downtown Housing Incentive Ordinance as a model to encourage the production of micro-units, the potential impact micro-units can have on the City's affordable housing needs, and the benefit of expanding this model to apply to other areas of the City.
  - b. In conjunction with the HCIDLA and any other relevant departments, to prioritize the recommendations of the HOUSE LA Initiative Motions by which would have the largest impact on increasing the City's housing stock, including recommendations 7D, 7K, 7L, 7M, and 8C of the joint City Administrative Officer (CAO) and Chief Legislative Analyst (CLA) Comprehensive Homeless Strategy joint report.
  - c. To prepare recommendations on micro-units as permanent supportive housing, as outlined in recommendation 7L of the joint CAO and CLA Comprehensive Homeless Strategy report to the Mayor and Council dated January 7, 2016.
2. DIRECT the City Clerk to create one Council file for the purpose of consolidating all HOUSE LA Initiative Motions (Council file Nos. 14-0057-S1, 15-1002, 15-1003, 15-1004, 15-1005, 15-1007, and 15-1251) and all forthcoming requested reports.

Fiscal Impact Statement: None submitted. Neither the CAO nor the CLA has completed a financial analysis of this report.

Community Impact Statement: Yes.

Against: Valley Village Neighborhood Council

**(Planning and Land Use Management Committee waived consideration of the above matter)**

#### SUMMARY

On August 25, 2015, Council considered Motion (Cedillo – Huizar) relative to encouraging the construction of micro-units to help meet the City need for affordable housing. Motion states that tiny houses and micro apartments are an emerging niche trend in the housing market. Smaller spaces are touted as being more environmentally friendly, more affordable, and more communal. This type of smaller unit appeals to young, single professionals who desire the convenience of living in areas such as Downtown or near transit and might not be able to afford a conventional one-bedroom apartment. Micro-units also provide an alternative housing option for senior and single-households and others who prefer lower housing costs.

Motion goes on to state that relatively small apartments, leasing at approximately 20% to 30

percent lower monthly rent than conventional units, have been offered or are being considered in urban areas, particularly in high-density, expensive metropolitan markets such as Boston, New York, San Francisco, Seattle, and Washington, D.C. The size of a micro-unit is determined by the housing market. The unit sizes in New York City are in the 300 square-foot range whereas those in some Midwestern and Texas markets may range in size from 400-500 square feet.

According to Motion movers, the Los Angeles Building Code does not effectively facilitate this new housing type. Density limitations also restrict the application of micro-units. In 2007, Council adopted the Greater Downtown Housing Incentive Ordinance which eliminated the restrictions on the allowable number of housing units in residential and mixed-use developments in the City's Downtown Area while retaining the floor area ratio and height regulations defining a building's envelope. This ordinance has contributed to the stimulation of housing production within the target area, while providing the possibility of producing micro-units as an alternative housing solution. Given the City's compelling need to produce housing serving a full spectrum of household and providing a range of housing types, Motion movers believe that the City should explore the applicability of this model to other areas, such as locales near transit lines. Creating incentives to produce micro-units could provide another option for more affordable housing. Motion recommends that Council instruct the Department of City Planning to evaluate the potential to expand the Greater Downtown Housing Incentive Ordinance to other areas of the City and as a model to encourage the production of micro-units. Council referred Motion to the Housing and Planning and Land Use Management Committees for consideration.

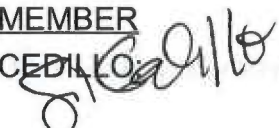
At its meeting held January 20, 2016, the Housing Committee discussed this matter with representatives of the Department of City Planning and HCIDLA. The General Manager, HCIDLA, stated that the Department is looking at smaller affordable units but wants to balance any long term housing solution with the needs of residents. The Planning Department representative stated that the Department is researching density bonuses as possible incentives for the construction of micro-units.

During the public comment period, broad support was expressed for the development of more affordable housing in the City of Los Angeles and for all the HOUSE LA Initiative Motions.

The Housing Committee recommended that Council approve Motion's recommendation, as shown above, and as amended to prepare recommendations on micro-units as permanent supportive housing. Committee further recommended that Council direct the Department of City Planning, in conjunction with HCIDLA, to prioritize the recommendations of the HOUSE LA Initiative Motions according to greatest impact on the production of new affordable housing; and, to direct the City Clerk to consolidate the HOUSE LA Initiative Motions.

Respectfully Submitted,

HOUSING COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
CEDILLO 	YES

FUENTES: ABSENT  
HUIZAR: YES  
PRICE: YES  
HARRIS-DAWSON: ABSENT

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**-NOT OFFICIAL UNTIL COUNCIL ACTS-**