

REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: March 7, 2019

TO: Honorable Members of the Rules, Elections, and Intergovernmental Relations Committee

FROM: Sharon Tso 
Chief Legislative Analyst

Council File No. 19-0002-S38
Assignment No. 19-02-0184

SUBJECT: Resolution (Koretz - Harris-Dawson) to OPPOSE SB 50 (Wiener)

CLA RECOMMENDATION: Adopt Resolution (Koretz - Harris-Dawson) to include in the City's 2019-2020 State Legislative Program, OPPOSITION to SB 50 (Wiener), which would allow construction of multi-family residential buildings near major transit stops otherwise prohibited by local land use regulations and procedures, unless the bill is amended to exclude the City of Los Angeles from its provisions.

SUMMARY:

Resolution (Koretz - Harris-Dawson), introduced February 27th, 2019, advises that through Measure JJJ and its Transit-Oriented Communities (TOC) program, the City is already meeting its state-required housing goals while taking different approaches tailored to the unique characteristics of the City's neighborhoods. The Resolution further advises that SB 50 (Wiener) seeks to replicate the City's TOC program statewide, but without respecting the integrity of single family zoning and other local characteristics. The Resolution asserts that SB 50 still contains inadequately-defined language, its relationship to the Ellis Act and affordable housing laws are uncertain, and that the bill would muddle the City's in-progress Community Plan Updates. The Resolution therefore requests that the City oppose SB 50, unless amended to exclude the City of Los Angeles from its provisions.

BACKGROUND:

On December 3rd, 2018, State Senator Scott Weiner introduced SB 50, which would require permitting bodies to grant waivers from local restrictions on density, height, and parking requirements for residential projects located on any parcel the bill considers "transit-rich" or "job-rich". This would include projects proposed for parcels currently zoned only for single-family homes, but would not include housing occupied by tenants within the seven years preceding the date of the application, including housing that has been demolished or that tenants have vacated. The bill stands to affect all California cities, including charter cities such as Los Angeles.

The bill defines a "transit-rich" parcel as one within a one-half mile radius of a major transit stop or a one-quarter mile radius of a stop on a high-quality bus corridor. The bill defines a "job-rich" parcel as one identified by the California Department of Housing and Community Development and the Office of Planning and Research, based on indicators such as proximity to jobs, high area median income relative to the relevant region, and high-quality public schools.

The bill would allow buildings up to 55 feet tall with a 3.25 Floor-Area Ratio (FAR) within a quarter-mile of major transit stops, and buildings up to 45 feet tall with a 2.5 FAR between a half and quarter-mile of major transit stops. The bill would also exempt eligible projects from automobile parking minimums of more than 0.5 spaces per unit.

Measure JJJ, approved by City voters in November 2016, amended the Municipal Code to require developers of residential projects requesting certain entitlements, including Zone Changes and General Plan Amendments, to either designate a certain percentage of the project's units as "affordable" (as defined by the Department of Housing and Community Investment) or pay the City an in-lieu fee. Measure JJJ also

created the Transit-Oriented Communities (TOC) Affordable Housing Program, which provides incentives for eligible projects near major transit stops. Unlike SB 50, TOC does not override local zoning laws and only applies to parcels where multifamily development is already allowed.

In its December 2018 housing progress report, the Department of City Planning indicates that 13,305 housing units, including 2,377 affordable units, have been proposed under TOC via by-right and discretionary cases since the program's inception in October 2017. The new units are concentrated in areas that are already dense and transit-accessible, including Koreatown, Hollywood and Palms.

The City also seeks to create 10,000 new units of housing for homeless residents within a decade, and approved a pair of ordinances in April 2018 meant to facilitate their production. The first provides a streamlined environmental review process for Permanent Supportive Housing projects, as well as density bonuses and reductions in automobile parking requirements. The second allows motel units to be converted into temporary housing for homeless people.

The City is working to incorporate more opportunities for market-rate and affordable housing through its Community Plan update process. The Planning Department expects to finish updating all 35 of the City's Community Plans, which govern land use and development at the neighborhood level, by 2024.

The City typically opposes legislation that interferes with its ability to manage its own affairs. SB 50 would transfer much control over the City's land use to the State, which would determine criteria and definitions for "job-rich" parcels and housing affordability, and to the Los Angeles Metropolitan Transit Authority, which establishes the location and frequency of transit lines. This arrangement would not allow for effective City-managed growth or consideration of local community needs and conditions. Therefore, opposition to SB 50 is consistent with the City's policy to oppose legislation that constrains its local control.

DEPARTMENTS NOTIFIED:

City Planning

Housing and Community Investment



Chris Campbell
Analyst

Attachment: 1. Resolution (Koretz - Harris-Dawson)
 2. SB 50 (Wiener)
 3. City Planning Housing Progress Report (October -
 December 2018)

RESOLUTION
Senate Bill 50 (Weiner)

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed or pending before a local, state or federal governmental body or agency must first have been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, the City of Los Angeles is leading the State of California in incentivizing multifamily development near transit through the passage of Measure JJJ, which was approved by the voters in November 2017, and

WHEREAS, Measure JJJ resulted in the creation of a city-wide program known as Transit Oriented Communities (TOC), which provides both base allowances and additional incentives to build affordable housing if the project is within a half-mile of transit much like SB 50 (Weiner); and

WHEREAS, the City has crafted a TOC program that is not allowed within single-family zones and aims to keep the expanded development capacity within the commercial and most multi-family zoned parcels; and

WHEREAS, TOC is a city-wide approach which itself needs further tailoring to the unique communities within the expansive 503 square miles of the City of Los Angeles; and

WHEREAS, the City is embarking on an aggressive program to update all thirty-five Community Plans which will provide the vehicle for tailoring the TOC program to each of our unique communities; and

WHEREAS, the City of Los Angeles is already exceeding our Regional Housing Needs Allocation (RHNA) target for market-rate housing through TOC and moving toward our below-market-rate housing goals; and

WHEREAS, Senate Bill (SB) 50 aims to do a version of what Los Angeles' TOC program is doing without respecting the integrity of single family zoning and other local characteristics; and

WHEREAS, as currently drafted, SB 50 includes terms and implementation concepts that are not yet adequately defined, such as "jobs-rich" and "sensitive communities." Further, SB50's relationship to other state laws such as the Ellis Act is vague, and lacks innovative incentives to increasing the amount of affordable housing required in return for development incentives beyond the City's local TOC; and

WHEREAS, the passage of SB 50 would threaten to move Los Angeles backward in "right-sizing" our TOC program to each community through our State mandated Community Plan Update efforts, thereby impeding our local land use control and thwarting our current efforts to gather community input and support to customize our local incentive program;

THEREFORE, BE IT HEREBY RESOLVED, that with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2019-20 State Legislative Program OPPOSITION to SB 50 (Weiner), which would allow construction of higher density multi-family housing developments near major transit stops that are out-of-compliance with local land use regulations and procedures, unless amended to exclude the City of Los Angeles from its provisions.

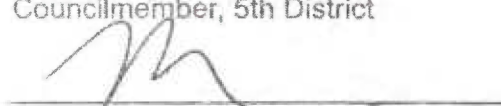
PRESENTED BY:



PAUL KORETZ

Councilmember, 5th District

SECONDED BY:



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SB-50 Planning and zoning: housing development: equitable communities incentive. (2019-2020)

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Date Published: 12/03/2018 09:00 PM

CALIFORNIA LEGISLATURE— 2019–2020 REGULAR SESSION

SENATE BILL

No. 50**Introduced by Senator Wiener****(Coauthors: Senators Caballero, Hueso, Moorlach, and Skinner)****(Coauthors: Assembly Members Burke, Kalra, Kiley, Low, Robert Rivas, Ting, and Wicks)****December 03, 2018**

An act to add Chapter 4.35 (commencing with Section 65918.50) to Division 1 of Title 7 of the Government Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

SB 50, as introduced, Wiener. Planning and zoning: housing development: equitable communities incentive.

Existing law, known as the Density Bonus Law, requires, when an applicant proposes a housing development within the jurisdiction of a local government, that the city, county, or city and county provide the developer with a density bonus and other incentives or concessions for the production of lower income housing units or for the donation of land within the development if the developer, among other things, agrees to construct a specified percentage of units for very low, low-, or moderate-income households or qualifying residents.

This bill would require a city, county, or city and county to grant upon request an equitable communities incentive when a development proponent seeks and agrees to construct a residential development, as defined, that satisfies specified criteria, including, among other things, that the residential development is either a job-rich housing project or a transit-rich housing project, as those terms are defined; the site does not contain, or has not contained, housing occupied by tenants or accommodations withdrawn from rent or lease in accordance with specified law within specified time periods; and the residential development complies with specified additional requirements under existing law. The bill would require that a residential development eligible for an equitable communities incentive receive waivers from maximum controls on density and automobile parking requirements greater than 0.5 parking spots per unit, up to 3 additional incentives or concessions under the Density Bonus Law, and specified additional waivers if the residential development is located within a 1/2-mile or 1/4-mile radius of a major transit stop, as defined. The bill would authorize a local government to modify or expand the terms of an equitable communities incentive, provided that the equitable communities incentive is consistent with these provisions.

The bill would include findings that the changes proposed by this bill address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities, including charter cities. The bill would also declare the intent of the Legislature to delay implementation of this bill in sensitive communities, as defined, until July 1, 2020, as provided.

By adding to the duties of local planning officials, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: yes

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Chapter 4.35 (commencing with Section 65918.50) is added to Division 1 of Title 7 of the Government Code, to read:

CHAPTER 4.35. Equitable Communities Incentives

65918.50. For purposes of this chapter:

(a) "Affordable" means available at affordable rent or affordable housing cost to, and occupied by, persons and families of extremely low, very low, low, or moderate incomes, as specified in context, and subject to a recorded affordability restriction for at least 55 years.

(b) "Development proponent" means an applicant who submits an application for an equitable communities incentive pursuant to this chapter.

(c) "Eligible applicant" means a development proponent who receives an equitable communities incentive.

(d) "FAR" means floor area ratio.

(e) "High-quality bus corridor" means a corridor with fixed route bus service that meets all of the following criteria:

(1) It has average service intervals of no more than 15 minutes during the three peak hours between 6 a.m. to 10 a.m., inclusive, and the three peak hours between 3 p.m. and 7 p.m., inclusive, on Monday through Friday.

(2) It has average service intervals of no more than 20 minutes during the hours of 6 a.m. to 10 a.m., inclusive, on Monday through Friday.

(3) It has average intervals of no more than 30 minutes during the hours of 8 a.m. to 10 p.m., inclusive, on Saturday and Sunday.

(f) "Job-rich housing project" means a residential development within an area identified by the Department of Housing and Community Development and the Office of Planning and Research, based on indicators such as proximity to jobs, high area median income relative to the relevant region, and high-quality public schools, as an area of high opportunity close to jobs. A residential development shall be deemed to be within an area designated as job-rich if both of the following apply:

(1) All parcels within the project have no more than 25 percent of their area outside of the job-rich area.

(2) No more than 10 percent of residential units or 100 units, whichever is less, of the development are outside of the job-rich area.

(g) "Local government" means a city, including a charter city, a county, or a city and county.

(h) "Major transit stop" means a site containing an existing rail transit station or a ferry terminal served by either bus or rail transit service.

(i) "Residential development" means a project with at least two-thirds of the square footage of the development designated for residential use.

(j) "Sensitive community" means an area identified by the Department of Housing and Community Development, in consultation with local community-based organizations in each region, as an area vulnerable to displacement pressures, based on indicators such as percentage of tenant households living at, or under, the poverty line relative to the region.

(k) "Tenant" means a person residing in any of the following:

(1) Residential real property rented by the person under a long-term lease.

(2) A single-room occupancy unit.

(3) An accessory dwelling unit that is not subject to, or does not have a valid permit in accordance with, an ordinance adopted by a local agency pursuant to Section 65852.22.

(4) A residential motel.

(5) Any other type of residential property that is not owned by the person or a member of the person's household, for which the person or a member of the person's household provides payments on a regular schedule in exchange for the right to occupy the residential property.

(l) "Transit-rich housing project" means a residential development the parcels of which are all within a one-half mile radius of a major transit stop or a one-quarter mile radius of a stop on a high-quality bus corridor. A project shall be deemed to be within a one-half mile radius of a major transit stop or a one-quarter mile radius of a stop on a high-quality bus corridor if both of the following apply:

(1) All parcels within the project have no more than 25 percent of their area outside of a one-half mile radius of a major transit stop or a one-quarter mile radius of a stop on a high-quality bus corridor.

(2) No more than 10 percent of the residential units or 100 units, whichever is less, of the project are outside of a one-half mile radius of a major transit stop or a one-quarter mile radius of a stop on a high-quality bus corridor.

65918.51. (a) A local government shall, upon request of a development proponent, grant an equitable communities incentive, as specified in Section 65918.53, when the development proponent seeks and agrees to construct a residential development that satisfies the requirements specified in Section 65918.52.

(b) It is the intent of the Legislature that, absent exceptional circumstances, actions taken by a local legislative body that increase residential density not undermine the equitable communities incentive program established by this chapter.

65918.52. In order to be eligible for an equitable communities incentive pursuant to this chapter, a residential development shall meet all of the following criteria:

(a) The residential development is either a job-rich housing project or transit-rich housing project.

(b) The residential development is located on a site that, at the time of application, is zoned to allow housing as an underlying use in the zone, including, but not limited to, a residential, mixed-use, or commercial zone, as defined and allowed by the local government.

(c) (1) If the local government has adopted an inclusionary housing ordinance requiring that the development include a certain number of units affordable to households with incomes that do not exceed the limits for moderate-income, lower income, very low income, or extremely low income specified in Sections 50079.5, 50093, 50105, and 50106 of the Health and Safety Code, and that ordinance requires that a new development include levels of affordable housing in excess of the requirements specified in paragraph (2), the residential development complies with that ordinance.

(2) If the local government has not adopted an inclusionary housing ordinance, as described in paragraph (1), and the residential development includes ____ or more residential units, the residential development includes onsite affordable housing for households with incomes that do not exceed the limits for extremely low income, very low income, and low income specified in Sections 50093, 50105, and 50106 of the Health and Safety Code. It is the intent of the Legislature to require that any development of ____ or more residential units receiving an equitable communities incentive pursuant to this chapter include housing affordable to low, very low or extremely low income households, which, for projects with low or very low income units, are no less than the

number of onsite units affordable to low or very low income households that would be required pursuant to subdivision (f) of Section 65915 for a development receiving a density bonus of 35 percent.

(d) The site does not contain, or has not contained, either of the following:

(1) Housing occupied by tenants within the seven years preceding the date of the application, including housing that has been demolished or that tenants have vacated prior to the application for a development permit.

(2) A parcel or parcels on which an owner of residential real property has exercised his or her rights under Chapter 12.75 (commencing with Section 7060) of Division 7 of Title 1 to withdraw accommodations from rent or lease within 15 years prior to the date that the development proponent submits an application pursuant to this chapter.

(e) The residential development complies with all applicable labor, construction employment, and wage standards otherwise required by law and any other generally applicable requirement regarding the approval of a development project, including, but not limited to, the local government's conditional use or other discretionary permit approval process, the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code), or a streamlined approval process that includes labor protections.

(f) The residential development complies with all other relevant standards, requirements, and prohibitions imposed by the local government regarding architectural design, restrictions on or oversight of demolition, impact fees, and community benefits agreements.

(g) The equitable communities incentive shall not be used to undermine the economic feasibility of delivering low-income housing under the state density bonus program or a local implementation of the state density bonus program, or any locally adopted program that puts conditions on new development applications on the basis of receiving a zone change or general plan amendment in exchange for benefits such as increased affordable housing, local hire, or payment of prevailing wages.

65918.53. (a) A residential development that meets the criteria specified in Section 65918.52 shall receive, upon request, an equitable communities incentive as follows:

(1) Any eligible applicant shall receive the following:

(A) A waiver from maximum controls on density.

(B) A waiver from maximum automobile parking requirements greater than 0.5 automobile parking spots per unit.

(C) Up to three incentives and concessions pursuant to subdivision (d) of Section 65915.

(2) An eligible applicant proposing a residential development that is located within a one-half mile radius, but outside a one-quarter mile radius, of a major transit stop and includes no less than ____ percent affordable housing units shall receive, in addition to the incentives specified in paragraph (1), waivers from all of the following:

(A) Maximum height requirements less than 45 feet.

(B) Maximum FAR requirements less than 2.5.

(C) Notwithstanding subparagraph (B) of paragraph (1), any maximum automobile parking requirement.

(3) An eligible applicant proposing a residential development that is located within a one-quarter mile radius of a major transit and includes no less than ____ percent affordable housing units shall receive, in addition to the incentives specified in paragraph (1), waivers from all of the following:

(A) Maximum height requirements less than 55 feet.

(B) Maximum FAR requirements less than 3.25.

(C) Notwithstanding subparagraph (B) of paragraph (1), any maximum automobile parking requirement.

(4) Notwithstanding any other law, for purposes of calculating any additional incentive or concession in accordance with Section 65915, the number of units in the residential development after applying the equitable communities incentive received pursuant to this chapter shall be used as the base density for calculating the incentive or concession under that section.

(5) An eligible applicant proposing a project that meets all of the requirements under Section 65913.4 may submit an application for streamlined, ministerial approval in accordance with that section.

(b) The local government may modify or expand the terms of an equitable communities incentive provided pursuant to this chapter, provided that the equitable communities incentive is consistent with, and meets the minimum standards specified in, this chapter.

65918.54. The Legislature finds and declares that this chapter addresses a matter of statewide concern rather than a municipal affair as that term is used in Section 5 of Article XI of the California Constitution. Therefore, this chapter applies to all cities, including charter cities.

65918.55. (a) It is the intent of the Legislature that implementation of this chapter be delayed in sensitive communities until July 1, 2020.

(b) It is further the intent of the Legislature to enact legislation that does all of the following:

(1) Between January 1, 2020, and _____, allows a local government, in lieu of the requirements of this chapter, to opt for a community-led planning process aimed toward increasing residential density and multifamily housing choices near transit stops.

(2) Encourages sensitive communities to opt for a community-led planning process at the neighborhood level to develop zoning and other policies that encourage multifamily housing development at a range of income levels to meet unmet needs, protect vulnerable residents from displacement, and address other locally identified priorities.

(3) Sets minimum performance standards for community plans, such as minimum overall residential development capacity and the minimum affordability standards set forth in this chapter.

(4) Automatically applies the provisions of this chapter on January 1, 2025, to sensitive communities that do not have adopted community plans that meet the minimum standards described in paragraph (3), whether those plans were adopted prior to or after enactment of this chapter.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.

HOUSING PROGRESS REPORT

Transit Oriented Communities Incentive

Density Bonus

Accessory Dwelling Units

Unpermitted Dwelling Units



LOS ANGELES
DEPARTMENT OF CITY
PLANNING
PERFORMANCE MANAGEMENT



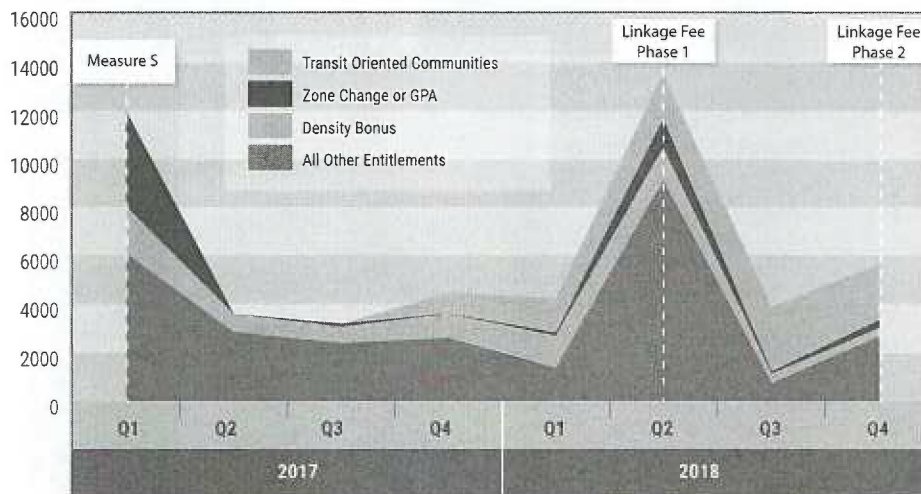
QUARTERLY REPORT: OCTOBER - DECEMBER 2018

THE BIG PICTURE HOUSING PROGRESS REPORT

OCTOBER - DECEMBER 2018

ALL PROPOSED HOUSING ENTITLEMENTS

Filed Cases	This Quarter	Last Quarter	% Change	2018 Year-End	2017 Year-End	% Change
Market Rate Units	4,825	3,183	52%	24,424	20,336	20%
Affordable Units	844	695	21%	2,942	2,882	2%
Total By Affordability	5,669	3,878	46%	27,366	23,218	18%
Transit Oriented Community	2,321	2,661	-13%	8,184	832	884%
Zone Change or GPA	321	87	269%	1,705	4,133	-59%
Density Bonus	345	407	-15%	3,544	4,334	-18%
All Other Entitlements	2,682	723	271%	13,933	13,919	0%
Total By Type	5,669	3,878	46%	27,366	23,218	18%



The Department of City Planning's latest Housing Progress Report reflects data from October to December 2018, as well as year-end totals for all proposed housing applications. In 2018, the City of Los Angeles processed 1,143 projects, resulting in 27,366 proposed units of new housing — an 18% increase compared to the 2017 calendar year. These housing units reflect the total number of projects that required planning approvals.

Similar to the prior quarter, the Transit Oriented Communities (TOC) program continues to account for a significant portion of the City's proposed new housing units. Nearly 15% of all project applicants took advantage of the program's incentives between October and December, resulting in 30% of proposed new housing units. The TOC program is also contributing toward addressing the City's affordable housing needs, producing approximately 18% affordable units since the program's inception in October 2017.

As new programs are instituted, the Department will continue to expand on its present reporting to capture and reflect housing production across the City of Los Angeles. These updates will be produced on a quarterly basis to give regular updates on market trends and activities.

What Is Affordable Housing?

In general, housing is considered affordable when individuals and households pay no more than 30% of their income for housing-related costs.

"Restricted affordable" or "covenanted affordable" units are required to be made available at rental or sale rates affordable to families that earn less than 120% of the Area Median Income (AMI). These units have both income and price restrictions in order to help lower-income families secure affordable housing. Moderate income is defined as earning between 80% and 120% of AMI — \$58,200 for a one-person household. Low income is 80% of AMI — \$46,560; Very Low is 50% of AMI — \$29,350; and Extremely Low is 30% of AMI — \$17,610 for one person.



This affordable housing project in Koreatown, completed in 2016, provides 44 units for households that earn below 60% of the Area Median Income.

OCTOBER - DECEMBER 2018

HOUSING PROPOSED THROUGH TOC

	This Quarter	Last Quarter	% Change	2018 Year-End	2017 Year-End	% Change	Inception to Date*
Discretionary Cases	46	45	2%	155	17	812%	172
Market Rate Units	2,026	2,120	-4%	6,803	589	1055%	7,392
Affordable Units	295	541	-45%	1,381	243	468%	1,624
Total	2,321	2,661	-13%	8,184	832	884%	9,016
By-Right Building Permits**	26	30	-13%	107	24	346%	131
Market Rate Units	772	801	-4%	2,902	634	358%	3,536
Affordable Units	118	157	-25%	451	302	49%	753
Total	890	958	-7%	3,353	936	258%	4,289
Grand Total	3,211	3,619	-11%	11,537	1,768	553%	13,305

* Since October 2017

****Unit counts are approximate; this information is not confirmed until permits are issued**

30%

of housing units for which entitlements were filed in 2018 were proposed through the TOC program.

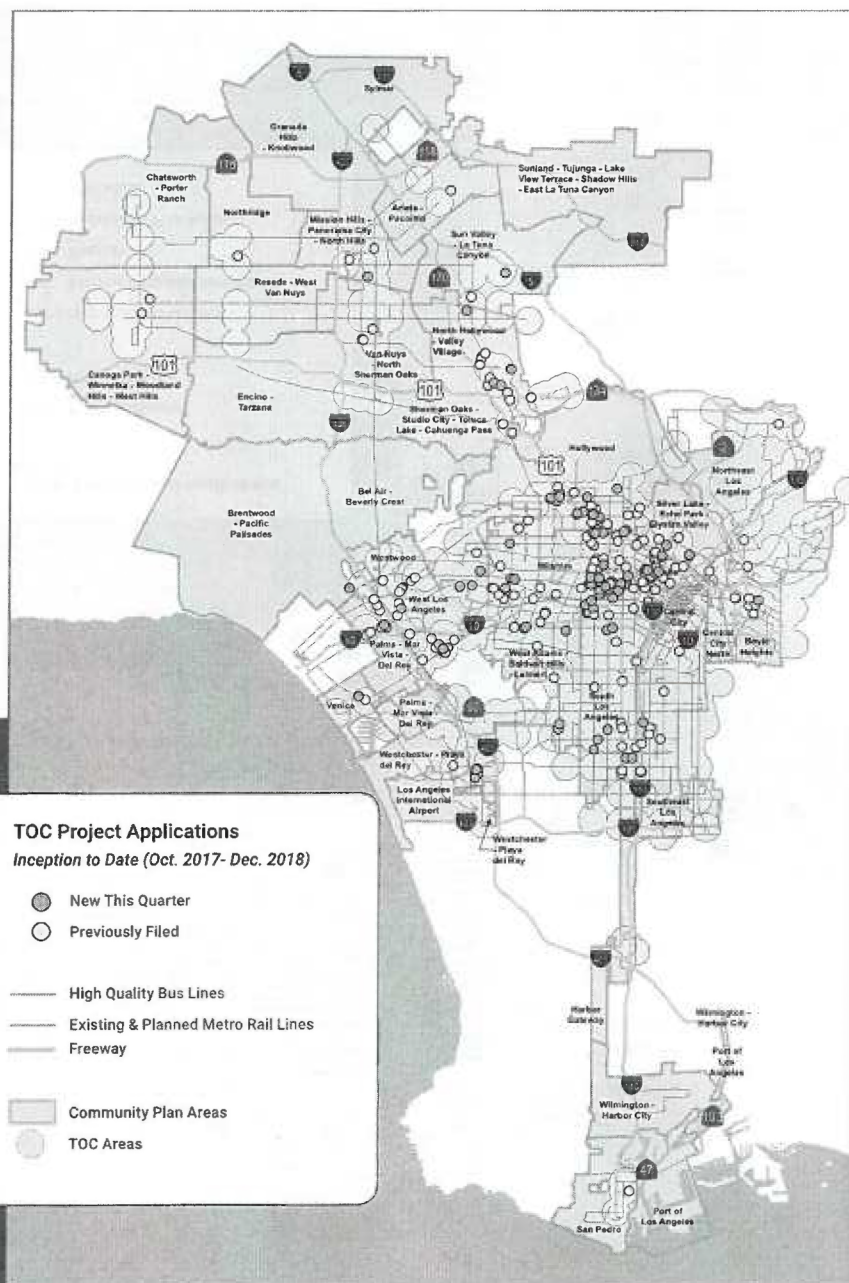
40%

of TOC projects are by-right, meaning they can apply for building permits without City Planning review.

42%

of the nearly 2,400 affordable units are reserved for Extremely Low Income households.

The TOC program continues to perform strongly, with 46 new applications filed this quarter – a record high for the program since its inception in fall 2017. Moreover, 107 additional projects filed for pre-application review this quarter, a strong indicator that the program will continue to drive housing production in the months to come. TOC projects are trending toward a concentration in parts of the City well-served by transit and connected to job centers – neighborhoods including Wilshire Center-Koreatown, Hollywood, Palms, and West Los Angeles. As other types of housing entitlements have decreased in number or held steady, the escalation in TOC projects accounts for most of the 18% growth in housing units proposed from 2017 to 2018.



DENSITY BONUS INCENTIVE PROGRAM HOUSING PROGRESS REPORT

OCTOBER - DECEMBER 2018

Density Bonus is a State-mandated program that allows housing developers to build an additional number of units over the allowed density in exchange for a contribution to specific citywide housing needs, such as including a percentage of affordable housing units, providing senior housing, or donating land for housing. The Density Bonus Program has been available in Los Angeles since 2005.

HOUSING PROPOSED THROUGH DENSITY BONUS

	This Quarter	Last Quarter	% Change	2018 Year-End	2017 Year-End	% Change	2017-2018
Filed Cases	9	8	13%	46	81	-43%	127
Market Rate Units	175	143	22%	2,829	3,594	-21%	6,423
Affordable Units	170	264	-36%	715	740	-3%	1,455
Total	345	407	-15%	3,544	4,334	-18%	7,878

13%

of units proposed in 2018 were through the Density Bonus program, reflecting a steady decline from 24% in 2016.

24%

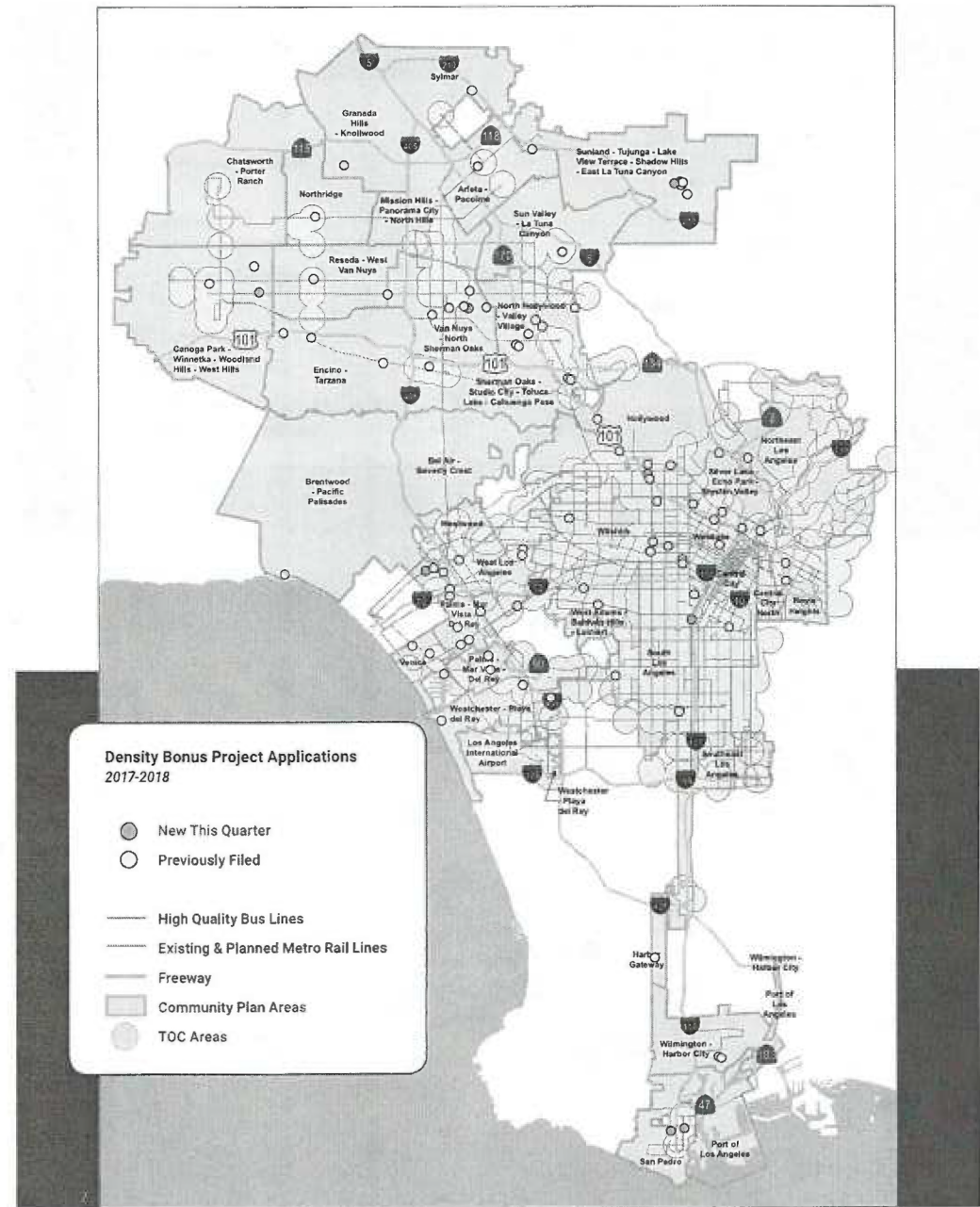
of affordable units proposed in 2018 were through the Density Bonus program, whereas 47% were through the TOC program.

43%

of housing proposed in 2018 was through either the Density Bonus or TOC incentive programs, compared to 22% in 2017.

Trends this Quarter:

Applications for Density Bonus projects this quarter held steady from the prior quarter, but continued to reflect an overall decline as projects seeking incentives select the TOC program over Density Bonus. Compared to the last quarter of 2017, the number of Density Bonus applications was down by half, and the number of units proposed was 65% less. While new filings are down, Density Bonus projects continue to make up a significant portion of completed entitlements, representing 31% of projects and units approved this quarter.



OCTOBER - DECEMBER 2018

Permits Filed	This Quarter	Last Quarter	% Change	2018 Year-End	2017 Year-End	% Change	2017-2018
Addition	525	517	2%	1,963	1,310	50%	3,273
Conversion	605	619	-2%	2,427	1,884	28%	4,311
New Construction	279	261	7%	1,039	624	67%	1,663
Total	1,409	1,397	1%	5,429	3,818	42%	9,247

housing option for renters and homeowners. ADUs tend to be more affordable for family members, students, and the elderly seeking housing opportunities within existing neighborhoods.

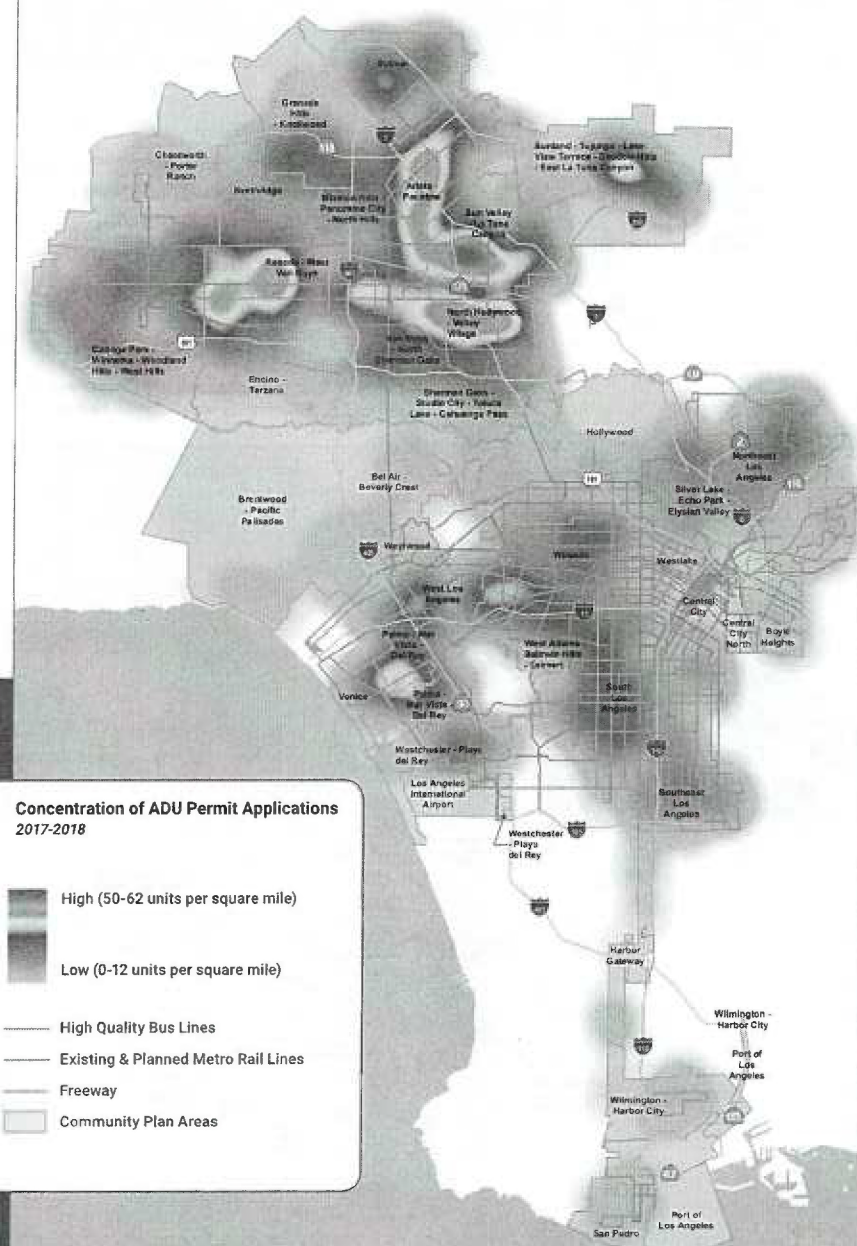
of ADUs are conversions of, or additions to existing buildings. Only 20% are new ground-up construction.

Increase in ADU permits
filed from 2017 to 2018

The number of ADU permits filed since the change in State law in January 2017, as compared to the two years prior.

New permit applications held steady this quarter at 1,409, reflecting continued interest from homeowners in adding ADUs. In line with the trends of the past two years, just 20% of applications last quarter were for new, ground-up construction. 43% were for conversion of existing structures, most commonly garages, and 37% were for addition to existing structures. Issuance of permits by Building and Safety continues to keep pace with applications, with 1,093 permits issued last quarter. Of permits issued in the past two years, 27% have gone on to receive Certificates of Occupancy, resulting in 1,769 new homes for families on the ground today.

The City of Los Angeles has been operating under state ADU law since January 2017. A local ADU Ordinance to take the place of state law was approved by the City Planning Commission in November 2018. The proposed ordinance is now pending review by City Council.



UNPERMITTED DWELLING UNITS HOUSING PROGRESS REPORT

OCTOBER - DECEMBER 2018

UDU APPLICATIONS BY STATUS

	This Quarter	Last Quarter	% Change	2018 Year-End	2017 Year-End	% Change	Inception to Date*
Applications Filed	39	43	-9%	176	114	54%	290
Applications Approved	33	29	14%	139	98	42%	237
Final City Planning Sign-Off	11	5	120%	33	3	1000%	36

* Since April 2017

The Unpermitted Dwelling Unit Ordinance (UDU) allows for unpermitted units in multi-family buildings to be legalized through a voluntary program — provided that life and safety

conditions are met and at least one restricted low- or moderate-income affordable housing unit is offered for each legalized unit. This program was implemented in May 2017.

6 STEPS TO LEGALIZING AN UNPERMITTED DWELLING UNIT

1 Submit.

Submit an application to the Department's Housing Services Unit for initial review and to determine eligibility.

2 Provide.

Provide site, floor, and elevations plans to Building and Safety to verify compliance with the existing building and zoning code.

3 Consult.

Consult with the Department's Housing Services Unit to receive the necessary zoning incentives in order to proceed.

4 Sign.

Sign and record a covenant with the Housing + Community Investment Department to confirm the number of affordable units.

5 Obtain.

Obtain final sign-off from the Department's Housing Services Unit after demonstrating compliance with all of the performance standards.

6 Secure.

Secure building permits and certificate of occupancy from Building and Safety.

