Housing Needs Assessment

Chapter 1


1607

Housing Needs Assessment

The Housing Element of the City of Los Angeles addresses the housing needs of the City's residents based on a comprehensive overview of the City's population, household types, housing stock characteristics, and special needs. Among other findings, this analysis indicates that the City's residents experience high rates of housing cost burdens, low home ownership rates, and loss of existing low-rent housing. These issues inform the policies and programs the City is implementing to relieve these housing pressures for the City's residents.

In discussing housing needs, both supply factors (from condominium conversions and assisted housing at-risk of conversion to discrimination) and demand factors (such as overcrowding and housing overpayment) are analyzed. The discussion concludes with the City's 2013-2021 Regional Housing Needs Assessment, the City's assigned portion of the regional housing burden set by the Southern California Association of Governments (SCAG).

The following assessment focuses on housing needs as of the start of the Housing Element Update planning period, April 1, 2012, and, when available, captures more current demographic and housing data (i.e. 2011 and 2012 data). This assessment was based on analyses of information from a variety of sources including the 2010 Census of Population and Housing (Census 2010), American Community Survey (ACS) 2010 and 2011 1-year estimates of the U.S. Census Bureau (where possible)[1], and data produced by the Los Angeles Department of City Planning (DCP), Los Angeles Housing and Community Investment Department (HCIDLA), and the Los Angeles Department of Water and Power (LADWP). The reader should note the limits of the ACS-based analysis due to the small sample size.

A. Population Characteristics

The City of Los Angeles is being affected by population and demographic trends that will have significant impacts on the housing needs of the future. Of most significance are the slowdown in population growth and changes in the age distribution of residents, including fewer children and dramatically higher numbers of seniors. In addition, trends towards increasing low-wage service sector jobs will greatly affect the demand for housing.

1 Methodology for Census Data Calculations: With the new format of the American Community Survey estimates, data is available for the City of Los Angeles in 1-year, 3-year, and 5-year estimates. Most of the ACS census data presented in this chapter is derived from 1-year estimates so that they encompass the most current ACS data. Although not as reliable as 3-year and 5-year estimates, the 1-year ACS is acceptable when analyzing larger populations such as the City of Los Angeles. In order to ensure a certain degree of reliability, each 1-year estimate was tested against its margin of error so that the coefficient of variation (CV) was no greater than 15% within a 90% confidence interval. This means that 90% of the time, the estimate had no more than 15% of probability distribution. Most of the 1-year estimates fell under these conditions; however it is noted when the CV was greater than 15%, methodology for calculation CV's followed those outlined in "A Compass for Understanding and Utilizing American Survey Data," published by the U.S. Census Bureau.

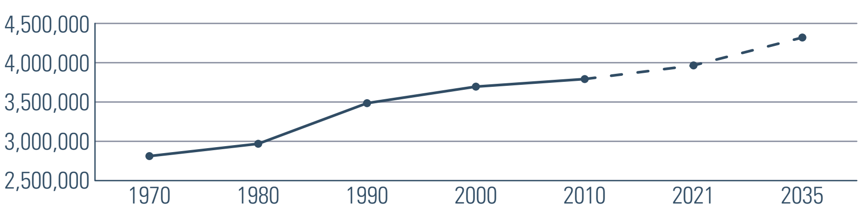
1. Population Growth Trends

Los Angeles has remained a growing City since its inception – a rare feat amongst large cities in America. Despite continued growth, the City's population grew more slowly during the last decade than it has in the City's history. In fact, the previous decade marks the first time in 110 years that the City's growth did not equal at least 100,000 over a 10-year period. The population slowdown is believed to have occurred mostly during the middle of the decade (2004-2007), when the City actually lost population.

From 2000 to 2010, the population increased just 2.6%, compared to 6% during the 1990s and 17.5% during the 1980s (Chart 1.1). The growth rate is much slower than the State of California's (10%) and slightly below Los Angeles County's (3.1%). The 2010 population figure of 3,792,621[2] is well below the City's estimated projection of 3,957,900 from just 2005[3]. The official California Department of Finance estimate for the City's population on January 1, 2012 is 3,825,297. Growth is expected to increase by over 140,000 by the end of the Housing Element Update planning period in 2021, with an expected population of 3,965,433 by September 30, 2021[4]. This would represent a 4.6% growth rate from 2010. Los Angeles is expected to grow to 4,320,600 by 2035[5].

Compared to the five-county Southern California region, the population of Los Angeles represents an increasingly smaller proportion of regional population, comprising 21.2% of the region, versus 24.7% in 2000. However, the growth rate of the City mostly kept pace with Los Angeles County (2.6% versus 3.1%), something that is rare for cities. Within the City, the fastest growing areas are the North Valley and South Los Angeles (7.4% and 5.1% growth respectively), followed by the South Valley (3.5%). In fact, over 70% of the total population growth occurred in the San Fernando Valley. Growth declined in both the Central and East Los Angeles areas.

CHART 1.1
Population Trends and Projections, 1970-2035



Source: US Census Bureau, Historical Census Populations of California, Counties, and Incorporated Cities, 1850-2010

2 U.S. Census Bureau. 2010 Census. Profile of General Population and Housing Characteristics.
3 Department of City Planning. Demographics Research Unit. City of Los Angeles 2005 Population Estimate. October 1, 2005.
4 Southern California Association of Governments (SCAG). 2012 Adopted Growth Forecast.
5 SCAG. Adopted 2012 RTP Growth Forecast.

2. Age

The age distribution of a city is an important factor in determining current and future housing needs. An aging population generally signals the need for more senior housing, while growing numbers of children and young families would point to the need for more large family housing.

According to the 2010 Census, a little more than one-fourth (26%) of the City's population in 2010 was young, aged 0 to 19 years old. Young adults (aged 20 to 35), generally the age when people form independent households, made up another quarter of the population (25%). Thirty-eight percent of the City's population is aged 35 to 64 years old. This leaves about 10.5% of the population that is currently aged 65 years and older (396,696).

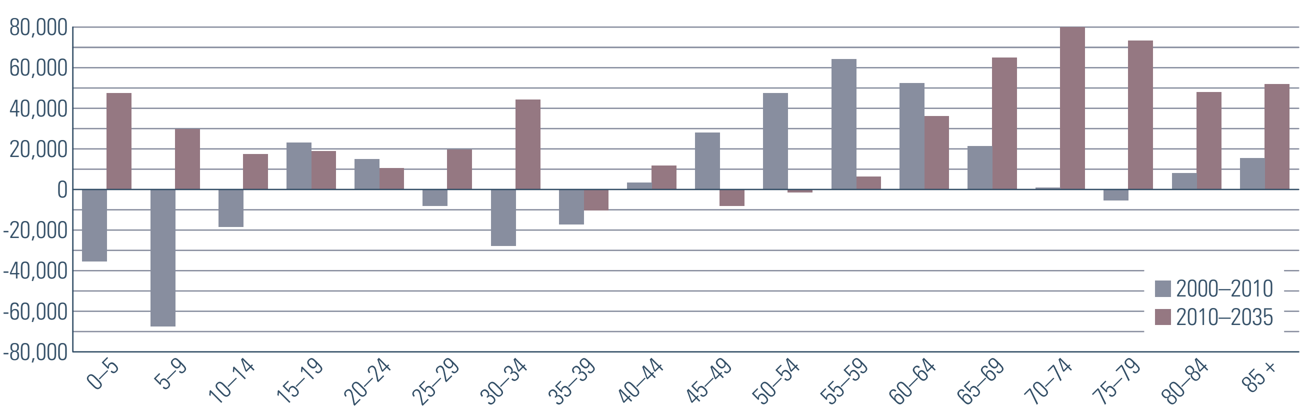
The fastest growing age group aligns broadly with the "baby boom" generation, which is currently between about 45 and 65 years old. There are about 190,000 more people in the City within this age group, compared to 10 years ago. In fact, the number of "new seniors" (from 2000 to 2010) increased faster in the Los Angeles region than New York or any other metropolitan area[6]. The rapid growth of seniors is in stark contrast to the decline of children and younger adults. There were approximately 134,000 fewer people younger than 39 in Los Angeles in 2010 compared to 2000 (Chart 1.2). The decreases occurred exclusively in two age ranges - children aged 0-14 (-119,330) and younger adults aged 25-39 (-52,009). This signals a dramatic decline in young families living in the City of Los Angeles. Demographers have noted that the drop in children commenced prior to the economic recession. While falling birth rates is a major factor, demographers have also attributed the loss of families to the high cost of housing, coupled with poor economic conditions at the end of the decade, which significantly slowed in-migration[7]. The median age in the City continues to increase, and at a faster rate than most other areas of the country. In 1990,

6 McIlwain, John K. "Seniors: In Which Metro Region are They Living?" Urban Land Institute. February 23, 2012. http://urbanland.uli.org/Articles/2012/Feb/McIlwainSeniors1

7 Lou, Linda and Dowell Myers. "Census Brief: Aging in California and Los Angeles County". USC Sol Price School of Public Policy. May 24, 2013. http://www.usc.edu/schools/price/research/popdynamics/pdf/2011_Myers-Lou_Census-Brief_Aging.pdf

CHART 1.2

Change in Age Distribution: Past and Projected, 2000-2010 & 2010-2035



Source: U.S. Census Bureau. "Sex by Age". 2010 and 2000 Census Summary File 1 (SF1) the City's median age was 30.6[8] years. In 2000, it was 31.6[9], and by 2010, it had jumped to 34.1 years old. The increase in median age is being driven by the aging of the population born during the "baby boom" period after World War II (1946-1964). Nonetheless, Los Angeles remains a relatively "young" city compared to the nation (with a median age of 37.2 years in 2010).

According to demographers, the next decade will be marked by growth of households without children, primarily by those headed by householders aged 55 and older[10]. While the City's overall population is projected to increase by about 4.5 percent between 2010 and 2020, its senior population (65 and older) is expected to grow by approximately 45% percent during this time period (to approximately 562,992)[11]. By 2020, seniors are expected to account for more than 14% of the City's households, compared to 10.5% in 2010. This far exceeds the growth of any other age groups in the City. The increasing numbers of older Angelenos will have important effects on the demand for housing to come.

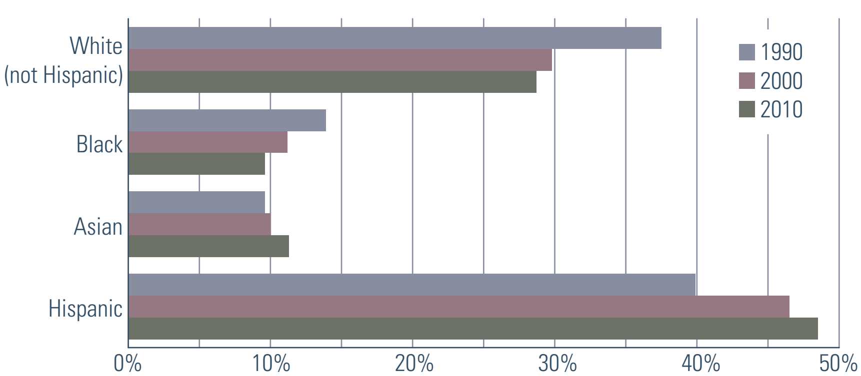
3. Race and Ethnicity

Los Angeles is one of the largest and most diverse cities in the world. Owing largely to this diversity, Los Angeles has become far less segregated than it was just a few decades ago. In fact, according to an index of segregation called the "isolation index," Los Angeles is now the least segregated major city in the United States[12]. Despite this progress, much remains to be done to achieve the overall housing goal of creating balanced, mixed-income communities.

The 2010 Census indicated that there were 1,838,822[13] persons of Hispanic/Latino ethnicity in Los Angeles. Interestingly, Los Angeles is the only major city in the country to see a drop in Hispanic children over the decade[14]. The non-Hispanic population is estimated to be 1,953,799[15] persons, according to the 2010 Census. This population is identified by race, as follows: 1,086,908

8 U.S. Census Bureau. "General Population Characteristics: 1990". 1990 Census of Population.
9 U.S. Census Bureau. "Profile of General Demographic Characteristics: 2000". 2000 Census Summary File 1 (SF1).
10 Nelson, Arthur C. "The New California Dream: How Demographic and Economic Trends May Shape the Housing Market," Urban Land Institute, Washington DC. 2011.
11 Economic Roundtable. "Affordable Housing Benefit Fee Study". 2011. Underwritten by the HCIDLA and DCP.
12 9 Glaeser, Edward and Jacob Vigdor. "The End of the Segregated Century: Racial Segregation in America's Neighborhoods, 1890-2010." Manhattan Institute for Policy Research. May 24, 2013. http://www.manhattan-institute.org/html/cr_66.htm
13 U.S. Census Bureau. "Race and Hispanic or Latino Origin". 2010 Census Summary File 1 (SF1).
14 Frey, William H. "America's Diverse Future: Initial Glimpses at the U.S. Child Population from the 2010.
15 U.S. Census Bureau. 2010 Census. Race and Hispanic or Latino Origin SF1.

CHART 1.3
Change in Race and Ethnicity, 1990-2010



Source: US Census Bureau. "General Population Characteristics". 1990, 2000, & 2010 Census.

persons are Whites, (29% of the total population); 347,480 persons are black (9%); 420,212 persons are Asian (11%). The remaining 79,887 persons (2%) are Native Americans, Pacific Islanders, other races and those of mixed race.

Current trends show the number of Hispanic and Asian persons in Los Angeles increasing and the number of Whites and Blacks decreasing. The number of persons who are Hispanics (or Latinos) has continued to grow in recent decades (See Chart 1.3); however this growth has slowed significantly since 2000. From growing at a 23.5% rate in the 1990s, Hispanic growth has slowed to 7% from 2000-2010. The percentage of Whites in the City has essentially stabilized, after dropping much faster in the 1980s and 90s. The Black population fell 14% from 2000-2010, compared to a 19% drop in the 1990s. Asians grew at the fastest rate of any race in the 2000s, 13% compared to 4% in the 1990s.

4. Employment Trends

Employment in Los Angeles plays an important role in determining the City's housing needs. Higher-paying jobs provide greater housing opportunities, while low-paying jobs limit housing options. Housing needs should also be thought of as including both current City residents and those who commute to jobs in the City, particularly in light of SB 375, which aims to create greater linkages between job and housing locations in order to reduce Vehicle Miles Traveled (VMT). Like all cities in California, Los Angeles' share of the Regional Housing Needs Allocation (RHNA) reflects the continuing need to provide housing for its workforce.

The City of Los Angeles continues to deal with the lingering effects of the economic crisis that gripped the country in 2007. While employment levels have begun to bounce back, the number of jobs remains well below what it was prior to the crisis. The City unemployment rate has increased from 5.6% in 2007 to 11.3% in (December) 2012, according to the California Economic Development Department (EDD). The rate is significantly higher than the 7.8% national unemployment rate, as well as higher than the State rate of 9.8%.

Los Angeles is the largest employment center in the region with approximately 1.6 million jobs in 2010[16]. The number of jobs in the City is projected to grow to 1,861,630 by 2020[17]. In was estimated in 2010 that 66.6%[18] of the City's population aged 16 years or older was considered to be in the civilian labor force, up significantly from 60% in 2000. This trend of increased workers in the economy differs substantially from national trends, which shows marginally lower labor force participation rates since 2000[19]. It likely reflects the need for more Angelenos to find work given the high costs of living.

The median annual household income in Los Angeles is $47,031[20] as of the 2010 Census. The relatively low income of the Los Angeles workforce is directly related to the inability to afford much of the available housing in the City. To get a handle

16 SCAG Profile of the City of Los Angeles, May 2011.
17 SCAG Growth Forecast, 2012 RTP.
18 U.S. Census Bureau. "Selected Economic Characteristics". 2010 ACS 1-year estimates.
19 U.S. Census Bureau. "Profile of Selected Economic Characteristics". 2000 Census Summary File 3 (SF3) Sample Data.
20 U.S. Census Bureau. "Median Income in the past 12 months (in 2010 inflation-adjusted dollars)". 2010 ACS 1-year estimates.

on what job sectors are growing, at which wage levels, Table 1.1 lists the top 10 projected job openings in Los Angeles, as compiled by the EDD. As can be seen, most new jobs in the City through 2018 will pay less than $23,000 a year.

TABLE 1.1
Top 10 Projected Job Openings in Los Angeles, 2008-2018

Occupation	Job Openings	Median Income
Personal & Home Care Aides	76,900	$20,890
Cashiers	48,830	$19,396
Retail Salespersons	46,180	$21,028
Waiters and Waitresses	38,650	$19,085
Registered Nurses	28,990	$80,890
Customer Service Representatives	27,650	$34,467
Office Clerks, General	26,520	$27,325
Laborers, Freight, Stock, and Material Movers, hand	25,610	$22,763
Combined Food Preparation and Serving Workers	24,000	$18,928
Elementary School Teachers	21,930	$58,186

Source: CA EDD – 2008 – 2018 Los Angeles County Projection Highlights

The top four occupations with the most job openings are Personal and Home Care Aides, Cashiers, Retail Salespersons and Waiters and Waitresses. These occupations have median wages ranging from $9 to $11 per hour, or less than $21,030 a year. These wages are well below what is generally required to rent or buy a home in Los Angeles. With an average rent of $1,770[21] for an average apartment in 2012, a household must have an annual income of at least $70,800 to afford such a unit. Buying an average home is a much further stretch for these workers (see section D.1 Housing Costs and Overpayment).

Table 1.2 below shows the incomes of projected workers, by their Area Median Income (AMI) categories, from 2010 to 2020. As can be seen, workers in the lowest three income bands (0-80% AMI) will account for over 500,000 households in the City by 2020.

21 Zillow.com Median Rent List Price, calculated 03/05/2013 (data as of January 2013).

TABLE 1.2
Projected Workers by Income Categories

Year		2010	2015	2020
Employed Workers		1,647,584	1,737,860	1,833,082
Workers by AMI Bands	0% to 30%	153,796	162,223	171,112
	31% to 50%	239,948	253,095	266,963
	51% to 80%	340,931	359,611	369,873
	81% to 120%	332,444	350,659	369,873
	121% to 150%	171,790	181,203	191,131
	151% to 200%	161,227	170,008	275,309
	Greater than 200%	247,449	261,008	275,309
Workers in Three Lowest AMI Bands		734,674	774,929	817,390
Worker Households in the Three Lowest AMI Bands		459,171	484,331	510,869

Source: Economic Roundtable. *Affordable Housing Benefit Fee Study*. 2011. Underwritten by the HCIDLA and DCP.

B. Household Characteristics

Households link population to the housing stock. Every occupied housing unit constitutes a household, which can be composed of single individuals, families, unrelated individuals, or combinations thereof. The growth of households (or household formation) is an important driver of housing demand and therefore, prices. Trends towards smaller household sizes and non-family composition are beginning to alter housing needs in the City. Household incomes have been largely stagnant and have actually decreased for renters, making housing costs more difficult to afford. Finally, the housing issues for persons and households with special needs merit particular attention and are evaluated separately.

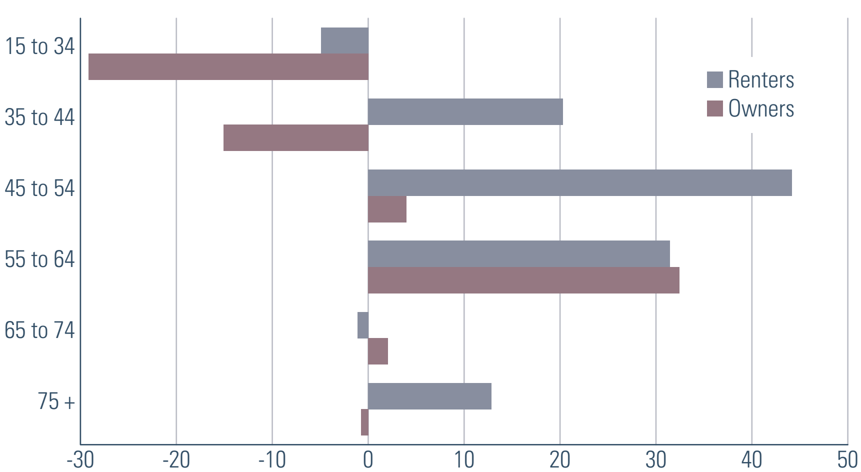
1. Household Formation

According to the 2010 Census, there were a total of 1,318,168 households in Los Angeles City[22] in 2010. This represents a 3.4% increase over the number of households in 2000 (1,275,412[23]), and an 8.3% increase over the number of households in 1990 (1,217,406[24]). This growth in households mirrors the overall Los Angeles County household growth rate of 3.4% during the same period. Census 2010 data show that 503,863 (38.2%) of these households are owner-occupied and that 814,305 (61.8%) are renter-occupied.

Household formation is sensitive to economic, social and cultural forces. The housing/economic crisis of recent years, as well as the rapid increase in housing prices, has had significant implications on household formations as well as incomes. Household formation has increased at a faster rate (3.4%) than population growth (2.6%) since 2000. However this was not the case from

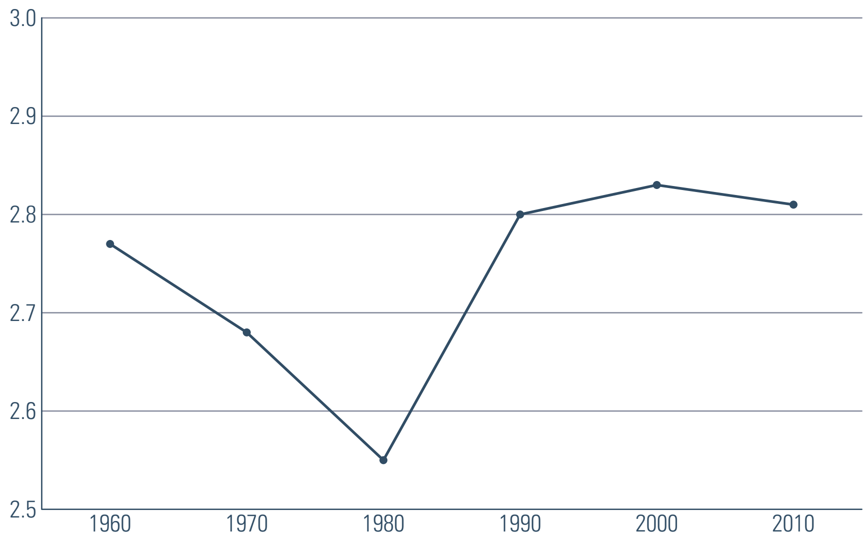
22 US Census Bureau. "Households and Families". 2010 Census Summary File 1 (SF1).
23 US Census Bureau. "Households and Families". 2000 Census Summary File 1 (SF1) 100% data.
24 US Census Bureau. "General Population Characteristics: 1990". 1990 Census of Population.

CHART 1.4
Change in Renter and Owner Households, by Age 2000-2010



Source: US Census Bureau. "DP-1 - Profile of General Population and Housing Characteristics." 2010 and 2000.

CHART 1.5
Change in Average Household Size, 1960-2010



Source: US Census Bureau. "DP-1 - Profile of General Population and Housing Characteristics." 1960 to 2010.

2000-2006 when housing costs were increasing rapidly. During those years the numbers of households actually fell by almost 18,758 households (-.1%), while population increased by 73,903 persons (2%). Conversely, during the years of the housing crisis (2006-2011), the rate of household formation (1.6%) increased faster than overall population growth (1.3%). This goes somewhat against national trends, which saw household formations plummet during the years of the housing crisis, while population growth was largely maintained[25].

The slowdown in the growth of households was driven largely by fewer younger Angelenos forming new households. There was an 8% decline in the numbers of households headed by individuals under 34 years old since 2000. By tenure, the trend is even more pronounced. There was a troubling 29% decline in the number of homeowners under the age of 34 since 2000 (See Chart 1.4). By far, the largest segment of household growth occurred for those between 55 and 64 years old, who grew 32% over the ten-year period.

2. Household Size

The 2010 Census also shows that the average household size in Los Angeles is 2.81 persons, compared to 2.9 in the State and 2.58 nationwide. This is a slight decrease from the average household size in 2000 (2.83), which signals a reversal of the trend towards larger households seen since 1980 (see Chart 1.5). Household size varies widely throughout the City, with an average higher than 4 in communities like Pacoima and South Los Angeles, while less than 2 in Central City, Venice and West Los Angeles.

25 Dunne, Timothy. "Household Formation and the Great Recession". Federal Reserve Bank of Cleveland. May 24, 2013. http://www.clevelandfed.org/research/Commentary/2012/2012-12.cfm

According to the 2010 Census, more than one-half (55.3%) of the City's households are comprised of only one or two persons. Three- and four-person households represent 15.2% and 13.2%, respectively, of all households. Five-person households represent 7.7% of all households, and households with six-or-more persons represent 8.5% (Chart 1.6). The biggest changes since 2000 are the increases in two- and three-person households (4.9% and 5% respectively), while the number of six-person households was the only size to fall (-3.5%). As mentioned in the age section above (A.2), demographers believe the biggest increase in households over the next decade will be for married couples without children and singles (i.e., one- or two-person households)[26].

3. Household Composition

A majority of households (61% or 807,326 households[27]) are family households, per the 2010 Census. As defined by the Census, a family consists of 2 or more related persons. Of the families, 65% are married couples either with or without children; while nearly one-fourth (24.3%) are headed by single women. Just under one-half (48%) of these families have their own children who are under 18 years of age living with them. Almost 90,000 households (or 6.8%) contain at least three generations of family members living together.

Since 2000, there has been a decrease in the proportion of households that are families (from 63% in 2000 to 61% in 2010)[28]. Moreover, the proportion of families headed by married-couples has also decreased (to 65% from 67% in 2000) while the proportion of families headed by single women has increased slightly over this time period (from 23% in 2000 to 24.3% in 2010). Non-family households consist of single persons living alone and unrelated persons living together. These households represent 39% of all households (510,842)[29]. Singles comprise the vast majority of these non-family households (73%, or 373,529 households) (See Chart 1.7).

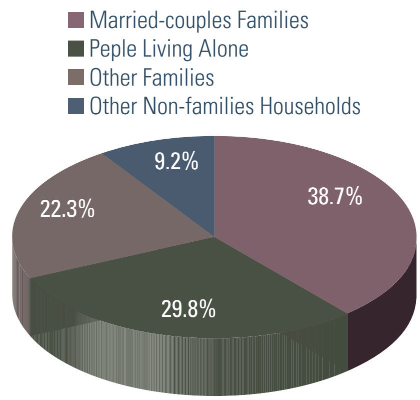
4. Household Income

The median annual household income in Los Angeles is $47,031[30] as of the 2010 Census. This figure reflects the median household income in Los Angeles City across all households without distinguishing household sizes. While representing a 28% increase over the 2000 estimate of $36,687[31], when adjusted for inflation, the increase is basically negligible at only 1.2% ($46,456 in 2010-adjusted dollars)[32].

Median household income in the City is less than that of the County ($52,684), the State ($57,708) and the U.S. ($50,046)[33]. In other words, Los Angeles City has proportionately more households at lower incomes. It is important to note that, since 2000, the City's median income has moved further below that of the County, the State and the country. In 1990, the City's income was nearly the same as the country as a whole.

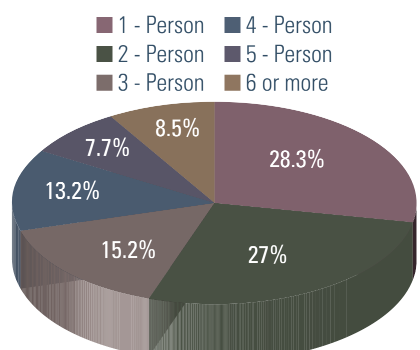
Beyond Los Angeles' relatively low incomes, the City is also characterized by high levels of inequality between the numbers of poor and more affluent

CHART 1.6
Household Composition by Type of Households



Source: US Census Bureau. "Households and Families". 2010 Census Summary File 1 (SF1).

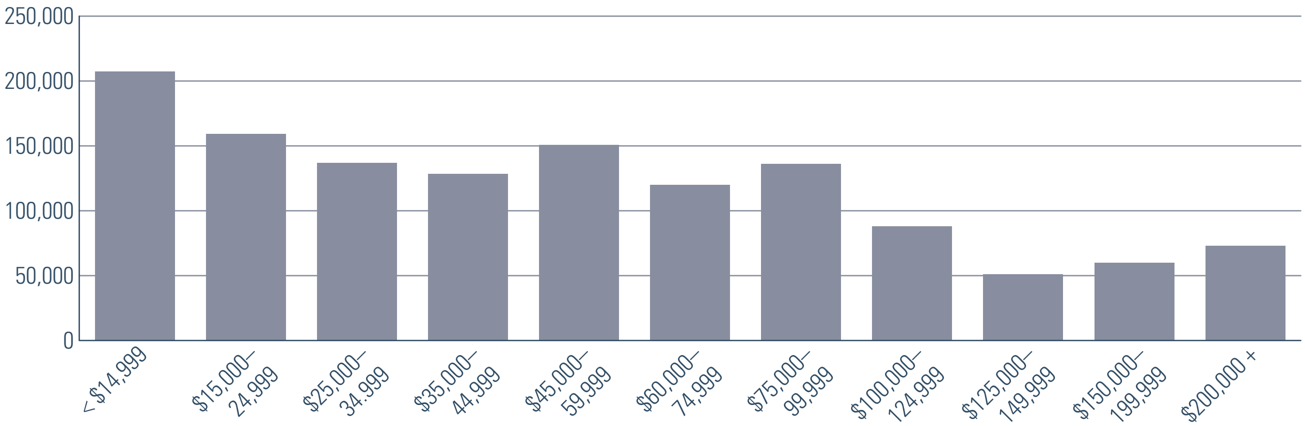
CHART 1.7
Household Composition by Type of Households



Source: U.S. Census Bureau. "Households and Families". 2010 Census Summary File 1 (SF1).

26 McIlwain, J. 2009. Housing in America: The Next Decade. Washington, D.C.: Urban Land Institute.
27 U.S. Census Bureau. "Households and Families". 2010 Census Summary File 1 (SF1).
28 U.S. Census Bureau. "Households and Families" 2010 Census & 2000 Census.
29 U.S. Census Bureau. "Households and Families" 2010 Census Summary File (SF1).
30 U.S. Census Bureau. "Median Income in the past 12 months (in 2010 inflation-adjusted dollars)". 2010 ACS 1-year estimates.
31 U.S. Census Bureau. "Median Household Income in 1999". 2000 Census Summary File 3 (SF3) Sample data.
32 Inflation-adjusted dollars calculated using average annual CPI from US Department of Labor Bureau of Labor Statistics.
33 U.S. Census Bureau. "Median Income in the past 12 months (in 2010 inflation-adjusted dollars)". 2010 ACS 1-year estimates.

CHART 1.8
Annual Household Income Distribution



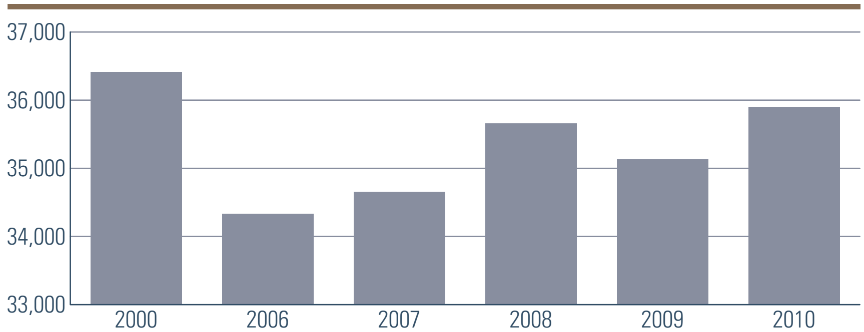
Source: US Census Bureau. "Household Income in the Past 12 Months (in 2010 inflation-adjusted dollars)". 2010 ACS 1-year estimates.

residents. Chart 1.8 shows the distribution of households by annual household income for Los Angeles City. The chart shows a high number of very low and high income residents, with fewer households in the middle.

As renters make up such a large part of the housing market (61%[34]), the income of renters is a key indicator of well-being in Los Angeles. Renters have much lower incomes than owners ($35,108 vs. $77,211 in 2010[35]) and pay a larger share of their income for housing costs (36% vs. 30% in 2010). Significantly, the income of renter households has decreased by over $1,300/yr. from 2000 to 2010, when adjusted for inflation. The loss in incomes at a time when rents have continued to increase helps explain why rent burdens have risen during the decade (See Chart 1.9).

In determining needs, households are generally grouped into five income categories: extremely low-income, very low-income, low income, moderate-income, and above moderate-income. These income categories are used by the Southern California

CHART 1.9
Median Renter Household Income 2000-2010 (2010 dollars)



Source: U.S. Census Bureau, American Community Survey, Median Household Income in the Last 12 Months, By Tenure, 2000, 2005, 2006, 2007, 2008, 2008, 2010

34 U.S. Census Bureau. 2010 Census. General Housing Characteristics SF1.
35 U.S. Census Bureau. 2010 ACS 1-year estimates: Median Household Income in the past 12 months (in 2010 inflation-adjusted dollars) by Tenure.

Association of Governments (SCAG), by Federal, State and Local agencies, and by various funding programs. Table 1.3 shows the definitions of these categories and the household distribution across the categories for the City. In 2010, there were 594,436 households defined as low-income living in the City of Los Angeles[36].

TABLE 1.3

Household Income Distributions by Income Category, Renters & Owners: Median Household Income for Los Angeles County: $52,684

Income Category	County Median Household Income (CMHI)*	% of Total Households LA City	Owners	Renters	TOTAL
Very Low 0-50%	<$26,342	29%	67,578 (13.7%)	317,083 (38.8%)	384,661
Low 51% to 80%	$26,343 - $42,147	16.1%	54,787 (11.1%)	149,988 (18.4%)	204,775
Moderate 81% to 120%	$42,148 - $63,221	16.2%	75,144 (15.2%)	134,894 (16.5%)	210,038
Above Moderate > 120%	>$63, 221	38.3%	295,519 (60%)	215,266 (26.3%)	510,785

*Income categories are defined in relation to the County Median Household Income (CMHI).

Source: U.S. Census Bureau, 2010 ACS 1-year estimates: Tenure by Household Income in the past 12 months (in 2010 inflation-adjusted dollars)

*Proportions of income falling above and below each census income category were used to derive the total percentages. All percentages are thus estimates. Income categories for income distribution is different from overall and by tenure; thus cannot compare.

According to the Federal Government's definition of poverty, 21.6% of the population in the City was considered to be living in poverty in 2010 (806,811 persons[37]). This is greater than both the County's poverty rate of 17.5% and the national poverty rate of 15.3%, respectively.

Another telling measure of income is the proportion of persons living below the City's Living Wage, a measure used by the City to provide workers employed on public works construction projects with a more adequate wage for the work they provide. In 2010, approximately a quarter (24%[38]) of the City's households earned an annual income that was at or less than the City's Living Wage, annualized (approximately $24,274)[39]. This is slightly higher than the percentage in 2000.

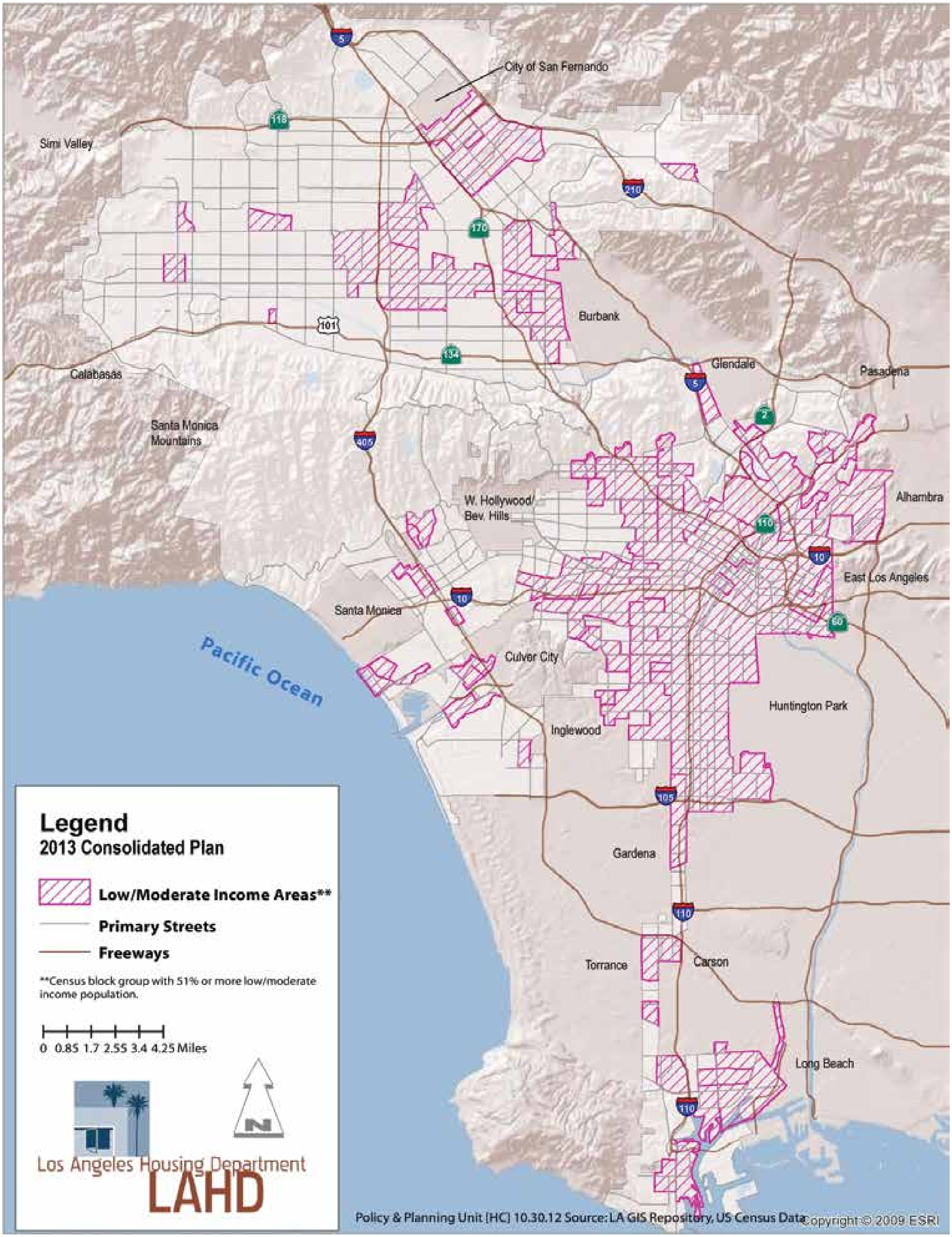
The map below shows the City's majority low and moderate income areas, as defined by census block groups having more than 51% low or moderate income population.

5. Households with Special Needs

Certain persons or households face greater challenges than the general population in finding housing given their unique special needs and circumstances. Such circumstances range from fixed incomes to limited mobility to large households. Not all housing units in the general housing stock can meet the housing needs of persons or households with such special needs, therefore, efforts must be made to ensure that decent, affordable

36 U.S. Census Bureau. "Tenure by Household Income in the Past 12 Months (in 2010inflation-adjusted dollars)" 2010 ACS 1-year estimates.
37 U.S. Census Bureau. "Poverty Status in the Past 12 months by Sex by Age". 2010 ACS 1-year estimates.
38 U.S. Census Bureau. "Household Income in the past 12 months (in 2010-inflation adjusted dollars)." 2010 ACS 1-year estimates.
39 City of Los Angeles Bureau of Contract Administration, 2012.

Map 1.1
City of Los Angeles: Low/Moderate Income Areas



and accessible housing is available to all such special needs populations. The State Housing Element statute identifies these populations as including senior persons, persons with physical, sensory or mental health disabilities, large families, female-headed households, persons who are homeless, persons living with HIV/AIDS, and farm workers. Each represents a certain part of the City's population, as illustrated in Table 1.4.

Since 2000, increasing shares of households with special needs have not been able to secure affordable housing. In 2008, only 34 percent of households headed by a senior, 32% of households headed by a person with a disability, and 17% of households headed by a low-income single-parent are able to secure housing with rent they can afford[40].

TABLE 1.4
Special Needs Populations, City of Los Angeles

Subpopulation	Persons	% of Citywide Population	Households	% of Citywide Households
Seniors (65+)	396,696	10.5%	239,654	18.2%
Seniors with Disabilities	153,379	38.7% (of seniors)	N/A	N/A
People with Disabilities (16-64)*	172,936	6.9%	N/A	N/A
Large Families (5 or more persons)	N/A	N/A	213,959	16.2%
Single Female-headed Households w/ Related Children	N/A	N/A	118,279	9%
Persons living with HIV/AIDS**	31,000	0.8%	N/A	N/A
Homeless Persons***	23,539	0.6%	N/A	N/A
Farm workers*	9,500	0.5%****	N/A	N/A

Source: 2010 ACS 1-year estimate (unless noted)

* U.S. Census 2010; ** 2012 Estimate by AIDS Coordinator Office, City of Los Angeles. *** 2011 LAHSA Greater Los Angeles Homeless Count **** Percent of total civilians employed, 16 and older

Seniors

The housing needs of seniors are particularly challenging and require special attention because of the combination of fixed incomes, physical and sensory disabilities, and mobility/transportation limitations, all of which limit access to appropriate and affordable housing. Housing for seniors should provide or be located in proximity to information, transportation, social/health services, and opportunities for community involvement.

For the purposes of this Housing Element, seniors include those persons aged 65 years or older. According to the Census 2010, seniors comprised 10.5% of the City's population (396,696 persons[41]). Almost one-fifth of all households citywide (239,654 of 1,318,168 households in 2010[42]) are headed by seniors. Forty-two percent (102,330) of

40 Economic Roundtable. "Affordable Housing Public Benefit Fee", 2011. Underwritten by HCIDLA and DCP.
41 U.S. Census Bureau. "Profile of General Population and Housing Characteristics". 2010 Census.
42 U.S. Census Bureau. "Tenure, Household Size, and Age of Householder". 2010 Census.

these households are seniors who live alone while the rest are households comprised of senior heads-of-households living with other person(s). Nearly 58% (138,657) of those over 65 years old lived in owner-occupied housing, while 42% (100,997) were renters[43].

TABLE 1.5
Senior Householders, by Tenure, by Age

Householder Age	Owners	Renters	Total
65-74 years	69,727	52,913	122,640
75 plus years	68,930	48,084	117,014
TOTAL	**138,657**	**100,997**	**239,654**

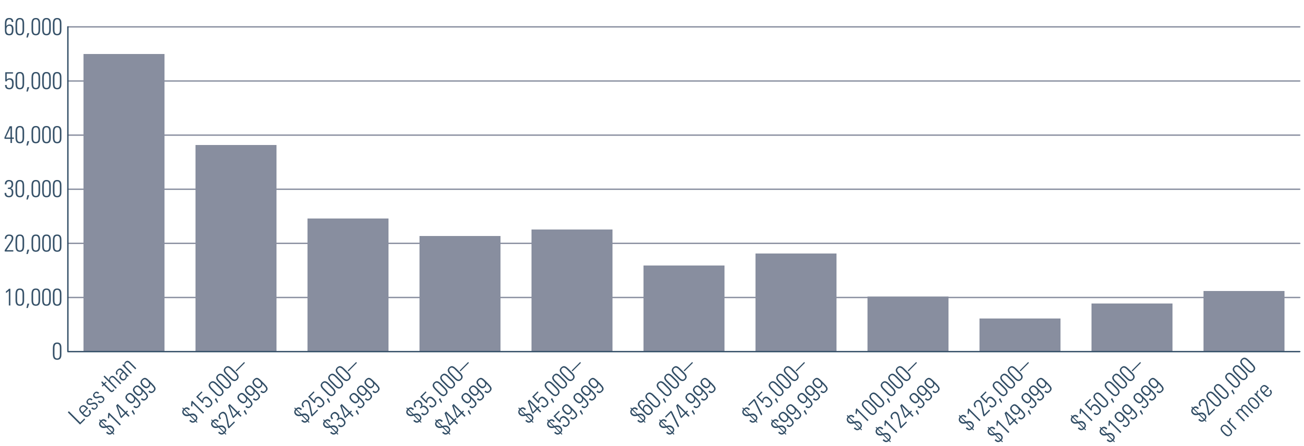
Source: U.S. Census Bureau (2010 Census SF 3: H14 and P87)

Many seniors also live in institutionalized settiings and other group quarters. Per the Census 2010, 13,853[44] seniors (about 3.5%) lived in group quarters, which include institutions, hospitals, hospices, nursing homes, correctional institutions, and non-institutional group quarters. This population represents a decrease of 4,156 persons (or 23%) living in group quarters since 2000, despite increases in the total elderly population[45]. Generally, seniors have lower incomes than the population at large. Among seniors who are heads of households, the median household income is $34,266, far lower than the citywide median household income of $47,031[46]. The majority of senior-headed households are considered low-income (See Chart 1.10).

Of the City's 231,613 senior-headed households, 55.6% (128,897[47]) earned less than 80% of the median family income (i.e. low-income, under the City's definition). About a 23.7% of senior households are considered extremely low-income, earning less than 30% of the area median income. However, the proportion within the senior population living below the federally-defined poverty level is less than that within the total city

43 U.S. Census Bureau. "Tenure, Household Size, and Age of Householder". 2010 Census.
44 U.S. Census Bureau. "Household Type by Relationship for the Population 65 years and Over". 2010 Census.
45 U.S. Census Bureau. "Relationship by Household Type for the Population 65 years and Over". 2000 Census Summary File 1 (SF1) 100% data.
46 U.S. Census Bureau. "Median Household Income in the past 12 months (in 2010 inflation-adjusted dollars) by Age of Householder". 2010 ACS 1-year estimates.
47 U.S. Census Bureau. "Age of Householder by Household Income in the Past 12 Months (in 2010 inflation-adjusted dollars)". 2010 ACS 1-year estimates.

CHART 1.10
Household Income of Senior Los Angeles Residents, 2010



Source: U.S. Census Bureau. "Median Household Income in the Past 12 Months (in 2010 Inflation-adjusted dollars) by Age of Householder". ACS 2010 1-Year Estimates.

population. In 2010, 15.8% (60,409) of the City's seniors were living below the poverty level, compared to 19% (479,534) of the City's working-age population (18-64) who live below the poverty line[48]. This figure represents an increase in senior poverty since 2000, during the same period when poverty declined across other age groups.

With lower incomes, seniors generally face a greater housing cost burden. Of senior heads of households who are renters, 60.5%[49] pay more than 30% of their income for rent (see Chart 1.11). This is a higher rate of rent burden than any other age group, except those between 18 and 24. The situation is better among senior homeowners, although still troubling. More than one-third (40.6%)[50] of senior homeowners pay more than 30% of their income for owner-related housing costs (55,013 of 135,425 elderly homeowners) (See Chart 1.12).

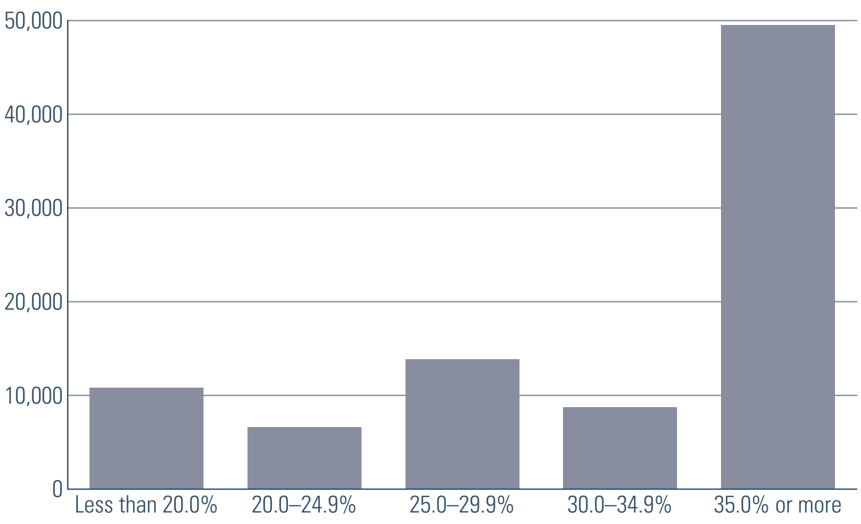
Among persons 65 years or older, 153,379 (40.1%)[51] are living with disabilities per the ACS 2010. While physical (ambulatory) disabilities are the most prevalent among this population at 28.3%, other disabilities also have a significant impact on limiting housing choices: 21.7% have a hearing/vision disability; 21.4% have an independent-living disability, 13% have a self-care disability; and 11.7% have a cognitive disability.

Older adults over the age of 65 own their homes at the highest rate of any age group (58%)[52]. While most are likely to want to stay in their homes as long as they can, we know that many will not be able to. When seniors move, they are most likely to move into rental apartments. Statewide projections for California indicate that, of those turning 65 in 2011, approximately 60% will have moved into apartments by 2029[53]. The additional demand placed on the City's rental stock by the aging population will be highly significant.

48 U.S. Census Bureau. "Poverty Status in the Past 12 Months by Sex and Age". 2010 ACS 1-year estimates.
49 U.S. Census Bureau. "Age of Householder by Gross Rent as a Percentage of Household Income in the Past 12 Months". 2010 ACS 1-year estimates.
50 U.S. Census Bureau. "Age of Householder by Selected Monthly Owner Costs as a Percentage of Household Income in the Past 12 Months". 2010 ACS 1-year estimates.
51 U.S. Census Bureau. "Disability Characteristics". 2010 ACS 1-year estimates.
52 7 U.S. Census Bureau. 2010 Census. Tenure by Age of Householder SF1.
53 Nelson, Arthur C. "The New California Dream: How Demographic and Economic Trends May Shape the Housing Market," Urban Land Institute, Washington DC. 2011.

CHART 1.11

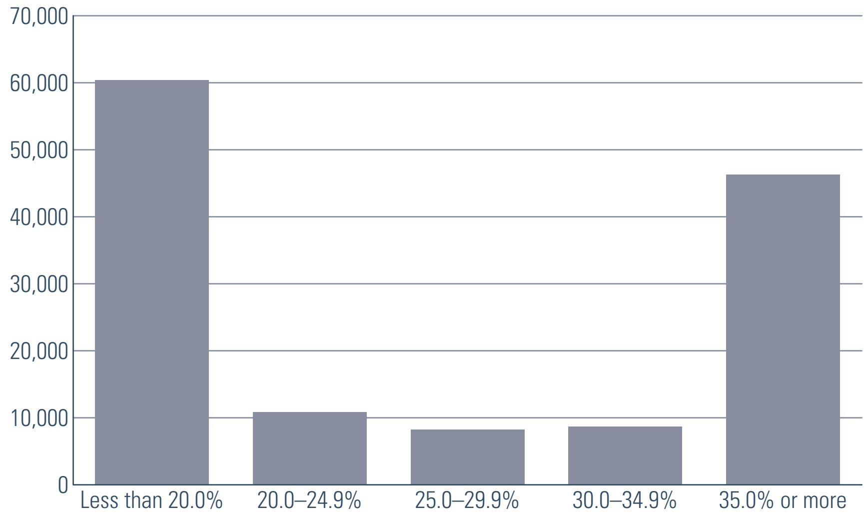
Rents as a Percentage of Household Income, Persons 65 years and Older



Source: US Census Bureau. "Age of Householder by Gross Rent as a Percentage of Household Income in the Past 12 Months". ACS 2010, 1-Year Estimates.

CHART 1.12

Monthly Owner Costs as a Percentage of Household Income, Persons 65 years and Older



Source: U.S. Census Bureau. "Age of Householder by Selected Monthly Owner Costs as a Percentage of Household Income in the Past 12 Months". ACS 2010, 1-Year Estimates.

The City does not collect citywide data on the number of seniors currently seeking housing. However, in reviewing HCIDLAs list(s) of publically-subsidized affordable housing units, as of May 2011, there are believed to be at least 145 senior housing developments in the City. With an average size of 54 units[54] per development, there is estimated to be approximately 7,800 senior affordable housing units in the City. This compares to approximately 125,000 low-income seniors. This helps explain why we have about 50,000 seniors paying more than 35% of their income for housing. As the "baby-boom" generation ages, demand for affordable senior housing demand will increase substantially.

The City of Los Angeles utilizes many programs to assist the senior population, for example: Handyworker (free home rehabilitation/upgrade), Alternative Housing for the Aging, Adult Day Support Centers, LA Cares, Emergency Alert Response Program, Senior Community Service Employment Program, and Housing Information and Referral Services.

Persons with Disabilities

A disability is defined by the Federal Government as "a physical or mental impairment that substantially limits one or more major life activities of such individual." (42 U.S.C. § 12102). Encompassing, but not limited to physical, sensory or mental health disabilities, people with disabilities often require special housing considerations in order to accommodate their unique conditions. According to the U.S. Census definition[55], at least 350,000 City residents (or 9.4%) are considered to have a disability[56]. The largest numbers of persons with

54 Average of 54 units per affordable senior development is based on HCIDLA's more limited Affordable Housing Roster, which lists 54 developments (not the full list of 145, which includes CRA/LA and HUD financed properties).

55 US Census Bureau. "Disability Characteristics". 2010 ACS 1-year estimates.

56 A disability, as defined by the U.S. Census Bureau, is a long-lasting sensory, physical, mental or emotional condition that makes it difficult for a person to undertake activities of daily living such as walking, climbing stairs, dressing, bathing, remembering, or learning. These numbers do not include those persons with disabilities living in institutions or other group quarters.

disabilities are adults aged 18 – 64 (172,936); however the percentage of seniors with disabilities (40%) is far greater than the percentage of non-senior adults with disabilities (7%). The percentage of seniors with disabilities has remained fairly consistent since 2005, with 40.1%[57] of those aged over 65 having a disability.

Table 1.6 below shows the types of disability and their prevalence within the City's adult population with disabilities, per the Census 2010 (adults aged 18-64 are listed separately from adults aged 65 and older).

TABLE 1.6
Prevalence of Disability by Type of Disability in 2010

Type of Disability	Total Population		Disabled Population	
	% Ages 18-64	% Ages 65+	% Ages 18-64	% Ages 65+
Vision and/or Hearing Disability (conditions that include blindness, deafness, or a severe vision or hearing impairment)	2.6%	21.7%	37.4%	54%
Ambulatory Disability (any condition that limits physical activities such as walking, climbing stairs, reaching, lifting or carrying)	3.5%	28.3%	51%	71%
Cognitive Disability (any condition that makes it difficult to learn, remember, or concentrate)	2.8%	11.7%	40%	29%
Self-Care Disability (any condition that makes it difficult to dress, bathe, or get around inside the home)	1.7%	13.1%	24%	33%
Independent Living Disability (any condition that makes it difficult to go outside the home alone to shop or visit a doctor's office)	2.6%	21.4%	37%	53.4%

Source: U.S. Census Bureau. "Disability Characteristics". 2010 ACS 1-year estimates.

Persons with disabilities in the City face unique problems in obtaining affordable and adequate housing. For many households that have a child or adult with a disability, the lack of financial resources may pose a significant obstacle. This is often related to employment limitations of an adult with a disability. Or, if a child has a disability, a parent that would otherwise be a wage earner may be precluded from working full-time, if at all, due to additional obligations involving caring for the child with a disability. Both the unemployment rates and labor force participation rates between adults with disabilities and those without are very different. In 2011 the unemployment rate for persons with disabilities was 22% versus 12% for those without disabilities[58]. Approximately 59% of all working-age (18-64) adult persons with disabilities were considered out of the labor force in the 2010 ACS compared to 21% of those without disabilities[59]. Many more have their employment choices limited due to their disability, or due to discrimination on the part of employers.

57 US Census Bureau. "Disability Characteristics". 2005 ACS.
58 US Census Bureau. "Employment Status by Disability Status by Type". 2011 ACS 1-year estimates.

For those unable to work, typical fixed monthly incomes do not adequately cover monthly housing costs and living expenses. For most of the population of adults with disabilities, the only source of income is a small fixed monthly income from Social Security Disability Insurance (SSDI) and/or Supplementary Security Income (SSI). SSDI is based on prior work under social security and can be supplemented with SSI and/or California State Disability Insurance for low-wage workers. SSDI varies based on past earnings with an average payment of $1,111 per month for worker with a disability. SSI is available for low-income persons 65 and older, for persons who are blind and for persons of any age who have disabilities that preclude them from working. Eligibility for SSI does not require prior work history, and payments are based on financial need. Maximum monthly SSI payments in California are $866[60] for single, independent persons with disabilities and $921 for single, independent persons who are blind (this includes both federal and state payments). In order to qualify for either SSI or SSDI, a person must have a condition that interferes with basic work-related activities and must have little to no income and few resources. The process to qualify for funds can be lengthy.

The result of low workforce participation and low incomes combined with a lack of affordable housing is a high rate of homelessness amongst persons with disabilities. The City's last "Homeless Count," conducted by the Los Angeles Homeless Services Agency (LAHSA) in 2011, found that approximately 22% of all persons who are homeless in the City had a physical disability, while 33% were mentally ill. These populations represent about 5% and 3% of the City's population, respectively. The prevalence of homelessness amongst the disabled makes the need for increased affordable and accessible options for this population evident, including emergency shelters and supportive housing.

People with vision and/or hearing disabilities often have particular housing needs. Those with vision problems may need accessible signage, auditory alarms, and service dog accommodations to access their housing. People with hearing disabilities, for example, may need visual alerts and accommodations to enable effective communication.

Persons with physical or ambulatory disabilities often require housing with accessible features (i.e., ramps, grab-bars, wider doorways, etc.). One half of adults with disabilities aged 18-64, and more than two-thirds of adults over the age of 65, have some sort of physical limitation due to ambulatory difficulties. Newly constructed multi-family units with four or more units are required to meet the accessibility requirements of the Fair Housing Act. All Federally assisted new housing construction with five or more units must construct 5% of the dwelling units, or at least one unit, whichever is greater, to be accessible for persons with mobility disabilities. These units must be constructed in accordance with the Uniform Federal Accessibility Standards (UFAS) or a standard that is equivalent or stricter. An additional 2% of the dwelling units, or at least one unit, whichever is greater, must be accessible for persons with hearing or visual disabilities. However, many older, and therefore more affordable units, are not physically accessible to persons with disabilities.

Persons with self-care limitations also have unique housing needs because they need the assistance of a companion or family member in order to accomplish

59 U.S. Census Bureau. "Employment Status by Disability Status by Type". 2011 ACS 1-year estimates.

60 "Supplemental Security Income (SSI) In California". January 2012. www.ssa.gov

daily activities, such as dressing, bathing, or getting around inside the home. Twenty-four percent of disabled adults aged 18-64, and almost one-third of adults over the age of 65, have some sort of self-care difficulty. Resources that could be devoted to housing often need to be diverted to cover personal care assistance.

Locating affordable units that are also accessible is a significant challenge. Currently no central public location offers listings of affordable housing, let alone their accessibility traits. While steps in that direction are being made, an accurate count of affordable accessible units is not yet available. Assuming 5% of the current stock of 68,908 publicly-subsidized units in Los Angeles is fully accessible under the UFAS standard, this would translate to approximately 3,445 such units in Los Angeles.

People with disabilities should have options allowing them to live in the most integrated setting possible. To provide for this, a full spectrum of affordable housing is needed, from conventional residences to transitional and permanent supportive housing, including group, congregate and independent housing. Independent, supported living in the most integrated setting possible is preferable, either through individual or shared single-family 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 may include affordable small or large group homes (near retail services and public transit), apartment settings with support, outpatient/day treatment programs, and inpatient/day treatment programs or crisis shelters. Persons who use wheelchairs need affordable, conveniently-located housing which has been specially adapted for wheelchair accessibility, along with other physical needs.

Persons with Developmental Disabilities

A "developmental disability" is defined by the State as "a disability that originates before an individual attains age 18 years, continues, or can be expected to continue, indefinitely, and constitutes a substantial disability for that individual. This includes developmental and intellectual disability, cerebral palsy, epilepsy, and autism."[61]

People with developmental disabilities face many of the housing needs outlined for the larger disability community above, in particular an acute difficulty locating affordable, accessible and/or supportive housing. A person with a developmental disability may have additional special needs if they also have a mental health disability. Those needs may include the need for supported housing, crisis housing, shared housing, and other innovative housing models.

As noted above, there is very little housing stock is available both for those who are employed (at often low wages) and those unable to work due to their disability. Many people with developmental disabilities qualify for SSI, which only pays between $866 and $921 a month for individuals. With that amount of monthly income, an affordable rent would need to cost less than $276/

61 Section 4512 of the State Welfare and Institutions Code.
62 Source: U.S. Census Bureau, 2011 American Community Survey.

month - a virtually unheard of amount in Los Angeles. The Census says there were approximately 18,253 apartments renting for that amount in 2011 (or 2.3% of all rental units)[62], most of which are likely public housing or other highly subsidized units. A cursory search of 6,611 private market apartments for rent on Zillow.com in February 2013 turned up zero valid apartments renting for that amount.

The exact size of the population with developmental disabilities in Los Angeles can be estimated by looking at the numbers of persons served by the Los Angeles area regional centers. Across Los Angeles County, approximately 81,000 persons are served monthly by the seven area regional centers that contract with the State to serve this population (about .8% of the total population). According to the Census, the percentage of City of Los Angeles' persons with "independent living difficulty" and "cognitive difficulty" is about 6% higher than the County. This works out to an approximate figure of 33,311 persons with developmental disabilities being served through the regional centers in the City of Los Angeles. If we assume just 15% of those persons are looking for housing, this is a significant unmet need of over 5,000 housing units.

The housing needs for persons with developmental disabilities are also fast growing[65]. Children and young adults under age 21 are the fastest growing groups of people with developmental disabilities, with a 17% increase from 1997 to 2008. Autism, in particular, appears to be growing rapidly. In addition, persons with developmental disabilities are living longer than previously, due to medical advances. As people with developmental disabilities age and continue to move out into the community, the demand for affordable housing will continue to rise.

Opportunities to provide subsidized housing for people with developmental disabilities are limited by available resources and limits on the actions of the State designated regional centers. The HUD's Section 811 program is the only federal program dedicated to creating affordable, accessible housing for low-income non-elderly people with the most serious disabilities to help them live independently in the community. Historically, it has provided capital dollars to nonprofits for housing development, as well as funding for ongoing rent subsidies to make housing affordable to people who receive SSI. The program has seen deep cuts since it was introduced in 1990 and today provides only about half its original amount, adjusted for inflation. The number of units created by the program has also declined by about a third, to between 700 and 1,000 units a year (nationwide). In 2012, the new Section 811 Project Rental Assistance Demonstration (PRAD) began providing funding directly to state housing agencies that meet new eligibility criteria, including having a partnership with a state health and human services and Medicaid agency to provide essential supports and services. PRAD funds are used to set aside apartments within larger affordable housing developments for supportive housing for extremely low-income people with significant disabilities. This model is just beginning. In addition, federal housing programs such as HOME and CDBG are often used to construct affordable housing for those with special needs, including persons with disabilities. These programs have seen cuts of around 40-50% in recent years. The State offers programs to develop multi-family housing for those with special needs including its Permanent Financing Program and Special Needs Finance Program.

63 California Disability Services Association. "Guide to California's Disabilities Services System". May 24, 2013. http://www.cal-dsa.org/nomorecuts/Includes/Attachments/111007_GuidetoCADisabilityServicesSystem.pdf

64 Assumes a 10% reduction of the City's proportion of an estimated 240,000 developmentally disabled in the State. The 10% reduction is an estimate based on the proportion of persons with cognitive and independent living disabilities versus the State population.

65 Centers for Disease Control and Prevention. "Developmental Disabilities Increasing in U.S.". May 24, 2013. http://www.cdc.gov/features/dsdev_disabilities/index.html

An important new source of revenue for providing housing for persons with mental health disabilities is the Mental Health Services Act Housing Program (MHSA). Administered by the California Department of Mental Health and the California Housing Finance Agency on behalf of counties, the MHSA Housing Program offers permanent financing and capitalized operating subsidies for the development of permanent supportive housing, including both rental and shared housing, to serve persons with serious mental illness and their families who are homeless or at risk of homelessness. Persons with developmental disabilities are included in the definition of mental health disabilities for this program. MHSA Housing Program funds will be allocated for the development, acquisition, construction, and/or rehabilitation of permanent supportive housing. The funds were most recently included in the City's 2011 Affordable Housing Trust Fund Notice of Funding Availability.

At the local level, the City has a number of policies and programs that aim to address the immense needs for affordable accessible housing for persons with developmental disabilities. Policies 1.1.3 and all those Policies under Goals 3 and 4 directly or indirectly relate to the City's commitment to work towards the availability of adequate housing for persons with special needs. On the program side, the City has recently committed $18 million in General Fund monies to support Permanent Supportive Housing (PSH) proposals through the 2013 Affordable Housing Trust Fund (AHTF) Round 1 NOFA and is committing to 30% of all affordable rental units added to the City's housing stock will be Permanent Supportive Housing in Program 6 and 119 of the Housing Element. The PSH housing serves formerly homeless families and individuals with special needs such as a psychiatric disability, mental illness, physical or developmental disabilities. Program 9 outlines the City's approach to facilitating housing for senior and disabled persons such as providing preferential entitlement/permit services for such new housing. Program 11 calls for the facilitation of innovative housing options and to help create and adapt more accessible housing units to employ universal design standards, including the creation of a Task Force on the issue and proposing recommendations for increasing the number of accessible units in multi-family developments occupied by special needs households. Program 20 (Single Family Rehabilitation) provides funding for low-income elderly and disabled persons to provide minor home repair services and installation of safety, security and accessibility features (i.e., locks, peep holes, grab bars, and automatic gas shut-off valves). Local disbursal of Housing Choice Vouchers for seniors and disabled persons is covered in Program 42. Finally, fair housing and reasonable accommodation programs can be found under Programs 99-101.

A large proportion of assistance work is provided by a cadre of committed non-profit organizations whose mission it is to help people with developmentally disabilities. Regional Centers (with the official State mandate to provide services) have supported efforts to create affordable housing for their clients. These strategies include developing apartment complexes to provide subsidized housing or creating separate nonprofit trusts to purchase single-family or small multi-family homes, which these trust often rent to clients at below market rates[66]. However regional centers are barred from owning real property, which limits the effectiveness of this approach.

66 Weingart Foundation. "Assessment of the Weingart Foundation's Developmental Disabilities Initiative: Final Evaluation Report". May 24, 2013. http://www.weingartfnd.org/files/DDI-Final-Report.pdf

Large Households

Large households, defined as those with five-or-more persons, have special housing needs due to the lack of adequately sized, affordable housing. In 2010, there were 213,959[67] large family households, representing approximately 16% of total households in Los Angeles, per the 2010 Census (See Table 1.3). Large families account for 15% (122,744) of the total rental population and 18.1% (91,215) of owner-occupied. Although the change in percentage of large households was quite small compared to 2000, the number of large households increased greatly from 2005. The percentage of households with 5-or-more persons increased by 16.6% between 2005 and 2010[68].

One might expect 5-and-6-person households to have higher incomes than 2-person households; however, this is not the case. The median income of two-person households is about $55,000[69], compared to $49,000 and $51,000 for 5-and-6-person households respectively. While incomes are not much different, the increased housing costs for multiple bedroom dwelling units means that the rent burden amongst large family households is significantly higher than the rest of the population[70]. The housing cost burden is predominately found at the lower income levels.

Large family households need large housing units of three-or-more bedrooms in order to avoid being overcrowded (1.01 or more persons per room, under the Federal standard). According to the 2010 ACS, only 13%[71] of rental units had 3 or more bedrooms, compared to about 69% of owner-occupied units. Consistent with the 2010 Census, large family households comprise 18%[72] of owner-occupied units but only 15% of renter housing. While there are clearly enough large owner-occupied dwelling units, there is a dearth of larger rental units. This is of particular concern considering that a majority of large families (57%) rent their units. The problem becomes more acute as families get larger. For example, there is only about one-quarter the supply of rental housing available for 7-or-more-person households (5-or-more bedrooms) compared to the demand.

Larger housing units are also generally the most expensive; so many low- and very low -income large families are unable to afford them. In addition, large families typically require child care facilities and accessible recreation areas. Given that the majority of large families are renters, there is a continuing need for affordable, large rental units.

Families with Female Heads of Households

Female-headed households also have specific housing needs given that they generally have lower incomes and higher living expenses. Female-headed households with minor children may also lack the resources needed for adequate child care or job training services, often making the search for affordable, decent and safe housing more difficult.

There are a total of 555,048[73] female-headed households in Los Angeles, 196,922 of which are headed by a female householder with no partner present (See Table 1.7). This number is a 6.2% increase from 185,486[74] in 2005.

67 US Census Bureau. "Tenure by Household Size". 2010 Census Summary File 1 (SF1) 100% data.
68 US Census Bureau. "Tenure by Household Size". 2005 ACS.
69 US Census Bureau. "Median Household Income in the Past 12 Months (in 2010 inflation-adjusted dollars)". 2010 ACS 1-year estimates.
70 Los Angeles Department of City Planning, Housing Element of the General Plan 2006-2014., January 14, 2009.
71 US Census Bureau. "Tenure by Bedrooms". 2010 ACS 1-year estimates.
72 US Census Bureau. "Tenure by Household Size". 2010 Census.
73 US Census Bureau. "Household and Families". 2010 Census Summary File 1 (SF1).
74 US Census Bureau. 2005 ACS.

In the City of Los Angeles, there are approximately 164,501 single-parent households[75]. Almost three-quarters of these households are headed by females (118,279), per the ACS 2010[76]. They account for approximately 29% of all family households in the City (or 20% of total households). Of female-headed single-parent families, 49% (96,615)[77] include their own children under 18 years old. Since 2000, the number of female-headed households with children grew at almost 5 times the rate of population growth as a whole (12.8% versus 2.6%) (See Table 1.7).

TABLE 1.7
Female-Headed Households

Householder Type	Number	% of Families
Total Households	1,318,168	100%
Total Female-Headed Households	555,048	42.1%
Total Non-Family* Household, Female Householder (HH)	253,013	19.2%
Total Family Household, Female Householder, (HH)	302,035	22.9%
Female householder Families, no husband present	196,922	14.9%
Female Heads with Related Children under 18	118,279	8.9%
Female Heads with own Children under 18	96,615	7.3%

Source: U.S. Census Bureau, 2010 Census. Household and Families 2010 SF1

*Non-family Households are defined by the Census Bureau as "a nonfamily household consists of a householder living alone or with nonrelatives only, for example, with roommates or an unmarried partner"

Incomes are generally low among single, female-headed families with children, due in large part to the challenges faced in finding suitable employment given their child care needs. The median family income for female-headed households with their own children under 18 years old in Los Angeles was $21,463[78] compared to the median family income of all households ($47,031). More than 31% of single-parent, female-headed households are considered below the poverty line, compared to 11% of married couple households. Similarly, about 44.4% of female-headed households received public assistance, compared to 18% of all married-couple households[79]. The 44.4% figure for 2010 compares to 38.5% receiving public assistance in 2005, reflecting a 15.3% increase in public assistance for this population over 5 years[80]. Historically, female-headed households receiving public assistance generally have had difficulty in securing affordable housing in the private market. Accordingly, female-headed households represent a large segment of those qualifying for, and receiving Section 8 rental subsidy assistance (72% of current voucher holders).

The vast majority of female-headed households (71%[81]) are renters. Given their very low incomes, single, female-headed households need rental units at rents well below the current market rents in Los Angeles and/or significant rental subsidies

75 Single-parent households are defined here as single householders with own children under 18 years.
76 US Census Bureau. "Households and Families". 2010 Census Summary File 1 (SF1).
77 US Census Bureau. "Households and Families". 2010 Census Summary File 1 (SF1).
78 US Census Bureau. "Median Family Income in the Past 12 Months (in 2010 Inflation-Adjusted Dollars) by Family Type by Presence of Own Children Under 18 Years". 2010 ACS 1-year estimates.
79 Public assistance refers to receipt of Supplemental Security Income (SSI), cash public assistance income, or Food Stamps/SNAP in the last 12 months.
80 Cannot compare with ACS 2005 because of different universe (all families vs. families with presence of children under 18).
81 US Census Bureau. "Household Type by Tenure". 2010 ACS 1-year estimates.

to help them pay current market rents. These families also require safe recreational space for their children along with accessible childcare. Resources for developing low-income housing are limited. Therefore, families with female heads of households compete with all other household types for the short supply of affordable housing.

Persons Living With HIV/AIDS

For persons living with HIV/AIDS, access to safe, accessible and affordable housing is an important measure of overall well-being. For many, the shortage of such housing is a primary barrier to consistent medical care and treatment.

As of 2012, there were approximately 15,000 people in the City of Los Angeles living with AIDS[82]. It is estimated that approximately 31,000 people in the City have HIV or AIDS, including those who do not yet know their HIV status. Fortunately, the number of new HIV/AIDS diagnoses has continued to stabilize since 1992 (1,880 in all of Los Angeles County as of 2011). Of those, it is estimated that about 55% are located in the City of Los Angeles[83].

Los Angeles County has the second-highest number of cumulative HIV/AIDS cases in the country, with 80,155 reported cases (New York City having the highest[84]). Of those cases, approximately 45,000 are still alive. Los Angeles residents have been impacted by AIDS more severely than the rest of the U.S. as Los Angeles represents 1.4 percent of the total U.S. population but 55% of all U.S. AIDS cases ever reported[85]. HIV/AIDS symptoms requiring treatment can lead to the loss of jobs due to high rates of absence. A study of 785 people living with AIDS in Los Angeles conducted by Shelter Partnership, Inc. in 1999 indicated that 86% of persons living with AIDS study participants were unemployed[86]. The same study showed that 65% had been homeless at some point in their lives. Moreover, about half of the persons with AIDS who were not currently homeless believed that they were at risk of becoming homeless. A total of two-thirds indicated that they spent more than 30% of their income on housing. As is clear by the survey results, without a steady income, stable housing is hard to maintain for those living with HIV/AIDS.

Access to stable housing is necessary to keep up with the complex drug regimen that minimizes symptoms; many drugs require proper storage and refrigeration in order to be effective. Although new HIV/AIDS cases have declined, the number of living patients has increased due to more effective treatments. While therapies such as combined antiretroviral therapy have greatly increased life span for the persons living with HIV/AIDS, this therapy is very expensive at approximately $2,000 per month, severely impacting the ability to afford housing[87]. A 2003 Shelter Partnership report that collected data from persons living with HIV/AIDS in Los Angeles County identified the following housing options most needed for this population[88]: 1) rent/mortgage assistance to stay in own home, 2) transitional housing, 3) subsidized independent living, 4) emergency shelter, 5) shared housing with services.

82 Los Angeles AIDS Coordinator Office, Department of Disabilities.
83 Ibid.
84 Mayor's AIDS Leadership Council, HIV and AIDS in Los Angeles: 21st Century Challenges and Approaches (December 2003).
85 Ibid.
86 Shelter Partnership Inc. "A Report on Housing for Persons Living with HIV/AIDS in the City and the County of Los Angeles". June 1999.
87 Bruce R. Schackman, PhD, et al. "The Lifetime Cost of Current Human Immunodeficiency Virus Care in the United States" Medical Care 44:11 (November 2006): 990.
88 Shelter Partnership Inc., A Strategic Plan for Providing HIV/AIDS Housing with Supportive Services in Los Angeles County (September 2003).

This publication also noted a severe shortage of housing for people with HIV/AIDS in the County. As of 2003, there were 3,351 available beds with an additional 38,679 people needing some type of housing assistance. Overall, the greatest barrier to housing for people living with HIV/AIDS in LA County is the lack of affordable housing[89]. The Department on Disability's AIDS Coordinator's Office (ACO) is working with the Housing and Community Investment Department (HCIDLA) and the Los Angeles Coordinated HIV Advisory Committee (LACHAC) to better coordinate the City's HIV prevention and treatment programs within the HCIDLA's Housing Opportunities for Persons with AIDS (HOPWA) program. This will ensure a more seamless service delivery system to individuals living with HIV or AIDS in the community. The ACO has long collaborated with our counterparts in the county to ensure that a continuum of services is available for clients on the prevention side.

Homeless Persons

High rates of poverty combined with the limited supply and high costs of housing help explain the persistent problem of homelessness in Los Angeles. While the rate of homelessness is comparable to other cities in California, and has been dropping in recent years, Los Angeles continues to have the highest total number of non-sheltered homeless people in the nation. Significant progress has been made since the previous Housing Element, but there is much more to be done to reach the City's goal of ending and preventing homelessness.

Table 1.8 below details the homeless population in Los Angeles, as enumerated through the biennial Greater Los Angeles Homeless Counts from 2007, 2009 and 2011. Persons were considered homeless and included in the count if they fell within HUD's definition of homelessness as follows:

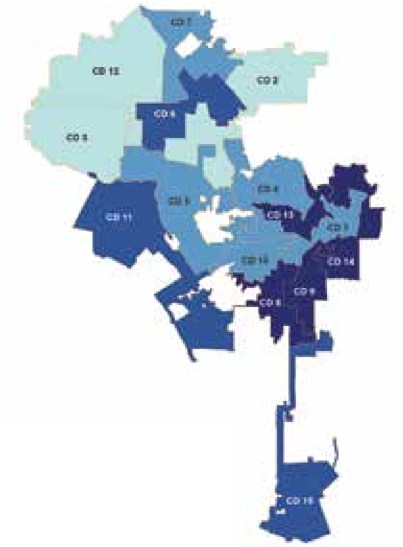
> "A person is considered homeless only when he/she resides in one of the three following places: 1) places not meant for human habitation such as cars, parks, sidewalks, and abandoned buildings; 2) an emergency shelter; or 3) transitional housing for homeless persons and who originally came from the streets or emergency shelter."

In January 2011, using a point-in-time approach, there were an estimated 23,539 homeless persons living in the City of Los Angeles, which represents a 9% decrease from the prior count in 2009[90]. A much deeper 36% drop in homelessness has been recorded from 2007-2011. According to homeless advocates, the declines in overall homelessness can be attributed to the utilization of evidence-based approaches such as prevention, rapid rehousing, and housing first; as well as a new and ongoing sustained infusion of (largely federal) funding necessary to bring them to scale[91]. In addition to the significant decrease in total homelessness since 2007, a much larger percentage of the City's homeless population is now considered "sheltered," i.e. ,they reside in an emergency shelter or transitional housing. In 2007

89 Shelter Partnership Inc. A Strategic Plan for Special Needs Populations in Los Angeles County (September 2005).

90 Based on the annualized estimate of 120,070 persons for the Los Angeles region, the estimated of persons who have experience homelessness within the City of Los Angeles during the 12 months that surround the count is approximately 55,000 persons.

91 http://hollywood.patch.com/groups/ruth-schwartzs-blog/p/on-the-road-to-solving-homelessness



Homelessness Concentrations, City of Los Angeles

2011 Greater Los Angeles Homeless Count

- Low
- Medium
- High
- Very High

the figure was about 21%. It jumped to 39% in 2009 and in 2011 reached 45%. Despite the significant progress, the "sheltered" figure remains far below that of comparable cities like San Francisco and New York City.

In the 2011 count, 58% of homeless persons in Los Angeles were adult men and 27% were adult women. Blacks comprised 49% of the homeless population, while (non-Hispanic) Whites and Latinos comprised 22% and 24%, respectively. The figures indicate a significant increase in Whites and Latinos as a percentage of the homeless since 2009 (from 17% and 16%, respectively), while Blacks have seen their share decrease from 61%.

The homeless population is aging, with nearly 34% of chronically homeless persons aged 55 or older. In comparison, only 20% of the homeless population was 55 or older just two years prior. The aging of the homeless population increases the public cost of homelessness, as more health issues are to be expected. There were 3,589 homeless children (under 18) reported in the homeless count. About 10% of these children (331) were reported to be unaccompanied.

There were 8,265 persons with mental illnesses among the homeless. At a time when homelessness is decreasing, this figure represents a disturbing 36% increase in the number of persons with mental illness among the homeless in just two years. This would appear to be a trend to keep an eye on with future homeless counts. On the other hand, the number of homeless persons with substance abuse problems has decreased dramatically since 2009 – from 10,554 to 7,349 – a 30% drop.

A significant proportion of the homeless population is chronically homeless: 5,579 persons. A chronically homeless person, as defined by HUD, is: an unaccompanied individual with a disabling condition who has been: (a) continually homeless for one year or more; or (b) experienced four or more episodes of homelessness within the past three years.

TABLE 1.8
Homeless Population: City of Los Angeles 2007, 2009 and 2011 Point in-Time Results

	Point-in-Time Results 2007	Point-in-Time Results 2009	Point-in-Time Results 2011	Percent Change (2007-2011)
Total Persons	40,144	25,571	23,539	-36%
Unsheltered	32,350	15,770	12,977	-60%
Adult Men	24,172	N/A	13,585	-44%
Adult Women	9,598	N/A	6,365	-34%
Under Age 18	5,694	N/A	3,589	-37%
Age 18-24	2,959	N/A	N/A	N/A
Age 25-55	26,226	N/A	N/A	N/A
Age 56+	5,265	N/A	N/A	N/A
Black	23,451	N/A	11,599	-51%
Latino	6,641	N/A	5,747	-13%
White	7,204	N/A	5,249	-27%
Multi-Racial and Other	2,848	N/A	944 (other only)	N/A
# People in Families	9,238	3,807	5,284	-43%
Youth in Families	4,854	4,885	3,278	-32%
Veterans	5,338	4,107	3,267	-39%
Chronically Homeless Individuals	13,680	6,195	5,579	-44%
Persons with a Mental Illness	15,012	6,056	8,265	-45%
Persons with a Physical Disability	N/A	N/A	5,049	N/A
Substance Abuse Problems	15,223	10,554	7,349	-52%
People with HIV/AIDS	949	650	793	-16%
Victims of Domestic Violence	4,268	2,206	2,253	-47%
Unaccompanied Youth	840	311	311	-63%

Source: 2007, 2009 and 2011 LAHSA Homeless Counts

Approximately one-half of the homeless population resides in downtown Los Angeles and adjacent areas. Forty-six percent of the City's homeless reside in Council Districts 1 (Westlake, Northeast Los Angeles), 9 (Southeast Los Angeles), 13 (Silver Lake-Echo Park-Elysian Valley) and 14 (Boyle Heights) (2011 Homeless Count, LAHSA).

The 50 downtown City blocks comprising "Skid Row" (more formally known as Central City East) is home to the largest concentration of homeless individuals in the City of Los Angeles. The relatively small area is home to 18% of the homeless population, or approximately 4,316 people on any given day. Skid Row is the most important hub for housing and social services aiding persons who are homeless in the region, with approximately 3,300 beds available to serve the homeless (33% of the City's available beds). Given the preponderance of shelters and services, the homeless individuals living on skid row are much more likely to be sheltered than those living in other geographies (78% sheltered, compared to 41% citywide). However, homelessness in Skid Row has increased by 14% (+514 persons) since 2009, after having fallen from a high of 5,137 in 2007.

The 2011 count found 6,069 persons residing in institutions, which includes local and county jails, hospital emergency rooms and beds, and residential alcohol and drug treatment programs who would be homeless if they were not residing in one of these programs. The 2011 figure is down one percent from the last time LAHSA conducted a similar count of institutions in 2007. The special needs population groups served by these programs include the chronically homeless, domestic violence victims, emancipated foster youth, families with children, the mentally ill, persons living with HIV/AIDS, the post-incarcerated, pregnant women, runaway or unaccompanied youth, seniors, substance abusers, and veterans[92].

In 2011, almost 4,000 homeless individuals were served through permanent supportive programs and just over 3,500 of them, or almost 90%, became stably housed[93]. The expanded Housing Choice Voucher programs that specifically target homeless individuals and families have created 961 new permanent supportive housing units since 2009.

The City has also benefitted from a Federal program introduced in 2009, called the Homelessness Prevention and Rapid Re-housing Program (HPRP). As of March 2012, the program has served some 9,335 people, helping them receive an array of assistance, including utility and rent payments, motel and hotel vouchers, housing location and case management. However, the program funding was depleted in 2012. Additionally, the City has also dedicated a significant portion of its Community Development Block Grant (CDBG) funding to homeless programs and services. Moreover, between 2008 and 2011, 1,650 Veterans Affairs Supportive Housing (VASH) vouchers were awarded to Housing Authorities in the LA Continuum of Care. During this time period, over 1,039 veterans moved into apartments using the VASH subsidy.

92 Shelter Partnership Inc. Short-Term Housing Directory of Los Angeles County (October 2006).

93 Los Angeles Homeless Services Authority. "Housing and Urban Development Awards Los Angeles Nearly $75 Million for Homeless Programs". May 24, 2013. http://www.lahsa.org/docs/press_releases/HUD-Shelter+Care-Comonent-Descriptions.pdf

Short-term shelters for the homeless are funded primarily through the CDBG, Emergency Solutions Grants (ESG), Year-Round Emergency Shelter Program (YRP) and the Permanent Supportive Housing (PSH) programs. As of 2012, a total of 483 emergency shelter beds and 1,740 transitional housing beds are being maintained within the City of Los Angeles.

In addition to the existing shelter programs and beds available for short-term housing, the City of Los Angeles has taken measures to ensure that emergency shelters can be built in the City by right, without conditional use permits or other land use entitlements. Since 1986, the City has permitted the establishment of shelters for persons who are homeless in the R4, R5, C2, C4, C5 and CM Zones as a matter of right (Ordinance 161,427). Of the 21,336 parcels listed in RHNA Inventory of Sites for this Housing Element Update, approximately 13,384 sites have one of these zoning designations.

Single-room occupancy (SRO), transitional, and supportive housing are multi-family housing and are permitted where multi-family is permitted. The City Zoning Code meets the requirements of State law, wherein under SB 2 transitional and supportive housing meeting the Health and Safety Code definition of a regular rental housing development should be treated no different than any other rental housing in the same zone. The requirement applies not only to multi-family housing but also single-family housing. Based on the Health and Safety Code definition of regular rental development (five or more units in a development and not one of the units can be owner-occupied), transitional and supportive housing can be placed in single-family zones, utilizing a group of single-family homes.

While increased resources have become available in recent years to house persons who are homeless, they are still not nearly enough to respond to the housing needs of the population. The housing needs of persons who are homeless require special attention because they have little to no income and may have physical, mental and/or mental health disabilities, experience social isolation, and have limitations related to transportation, all of which influence their access to appropriate and affordable housing. People that have face more than one of these issues face particularly difficult circumstances. Providing appropriate housing is a critical part of the solution to end homelessness.

The lack of income or extremely low incomes is one of the many barriers to adequate housing for people who are homeless. Income supports available, such as General Relief for single adults, TANF for families and SSI for persons with disabilities, are not sufficient to cover housing costs along with other living expenses. The current 5,892 emergency beds and 16,976 units of permanent supportive housing maintained by the LAHSA Continuum of Care for the homeless are available at no charge, but are not sufficient, as evidenced by the large number of people who are homeless sleeping on the street and in cars, nor are they a long-term solution to homelessness.

A particular challenge to obtain housing is faced by formerly incarcerated persons. Many landlords refuse to rent to former felons and many may not be qualified for some subsidized housing units[94]. This difficulty is exacerbated by an often acute difficulty in finding gainful employment.

More short-term housing options (emergency shelters and transitional housing facilities) are needed as well as affordable, accessible housing, permanent supportive housing and other forms of service-enriched permanent housing. In particular, housing options that do not require rent and/or that provide rental subsidies are necessary, especially for persons with disabilities who are homeless as they will generally have limited ability to financially support themselves.

Farmworkers

Farmworkers, defined by the U.S. Census as "agricultural workers and their supervisors," represent a very small percentage of the total population in the City of Los Angeles. A total of 5,446 farmworkers were recorded in the 2010 Census[95]. Although there are no farms in the City of Los Angeles (per business licenses issued by the City of Los Angeles Office of Finance), there were 1,734 farms in Los Angeles County in 2007[96]. Farmworkers generally receive much lower wages than other local occupations. Farmworkers and related laborers (agriculture, forestry, fishing and hunting) in the City had an annual mean wage of $17,818 in 2010, according to the 2010 American Community Survey. These wages severely limit housing options for farmworkers in Southern California's expensive housing market. Overcrowding and substandard housing conditions are often the only option.

The U.S. Census does not distinguish between permanent and migrant farmworkers, so it is not possible to quantify the number of migrant workers living in the City. However, migrant farmworkers have very specific housing requirements. With low incomes and temporary housing needs, migrant farmworkers are challenged to find short-term housing in Los Angeles that is decent and affordable.

C. Housing Stock Characteristics

The characteristics of the City's housing stock, including its growth, type, size and condition should correspond to the City's households and their housing needs. Monitoring trends can help identify areas that require policy intervention, or specific programs.

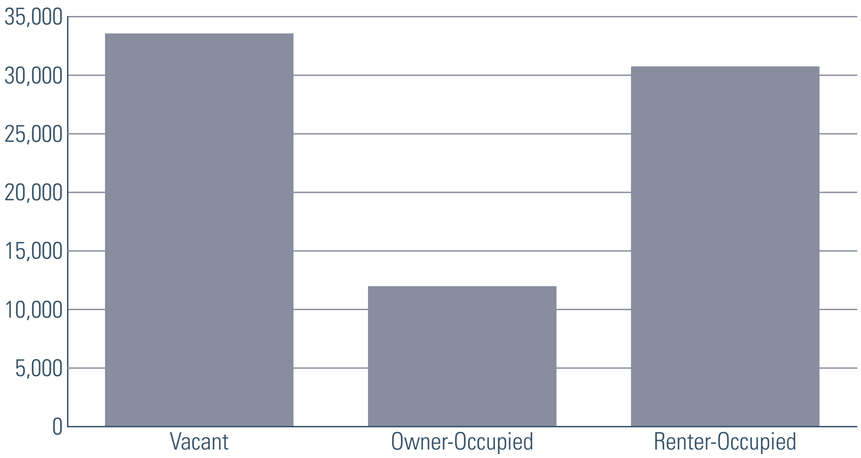
The housing crash, as well as the general economic crisis, has had profound effects on the housing stock of Los Angeles. The biggest change is the massive shift of mostly single-family homes from owner to renter-occupancy. A large increase in vacancies was also recorded in recent years; however that trend had largely abated by 2012.

94 An analysis of the different Federal and local regulations affecting persons with criminal histories can be found in the following report: Los Angeles Homeless Services Agency (LAHSA), The Section 8 Housing Choice Voucher Program: Federal Rules and Local Policies Affecting Individuals with Criminal Histories, April 2008.

95 U.S. Census 2010. PCT 86.

96 U.S. Department of Agriculture NASS, Census of Agriculture, County Profile, Los Angeles (2007).

CHART 1.13
Increase in Housing Units 2000-2010, By Tenure

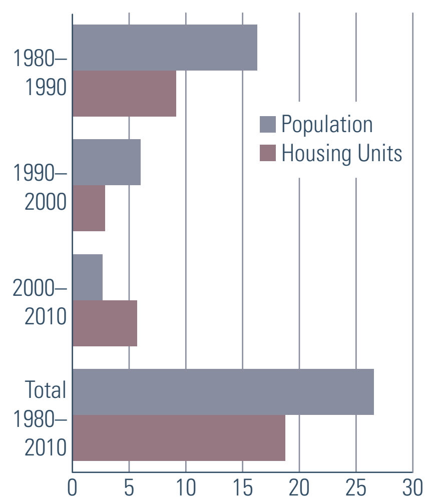


Source: US Census Bureau. "DP-1 - Profile of General Population and Housing Characteristics." 2010 and 2000.

Trend in Housing Unit Production Reversing In Recent Years

- From 1980 to 2010 the rate of growth of population has been 42% faster than the growth in housing units
- Since 2000, however, the City has seen the number of housing units grow at a faster rate than population.

CHART 1.14
Change in Population Vs. Housing Units, 1980-2010 (%)



1. Housing Growth

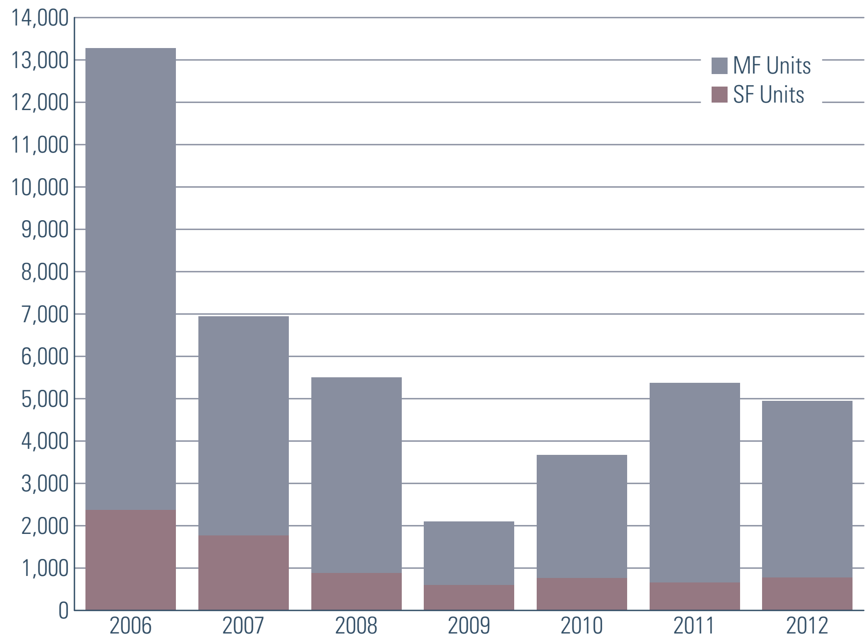
There were 1,413,995[97] housing units in Los Angeles in 2010, according to the U.S. Census. In 2000, there were 76,327 fewer units (1,337,706)[98], which represents an increase of 5.7% over ten years. The percent increase in housing units is more than twice the increase in total population over the same period (2.7%), which would normally indicate a slackening of demand and therefore lower housing costs. However, this has not been the case in Los Angeles (see Section D.1, Housing Costs, below). Part of the reason for this is that much of the increase in housing units occurred in vacant units (44% of the total). The result is that occupied housing units increased by only 3.4% since 2000[99]. Chart 1.13 shows the distribution of the increase in housing units from 2000-2010. Another reason may be due to the historical deficit of housing growth compared to population. Overall, the rate of population growth has exceeded housing growth by 42% from 1980 to 2010. It has only been since 2000 that growth in units has outpaced growth in population, as can be seen in Chart 1.14.

Across geography, housing production outpaced population growth in every area of the City except South Los Angeles[100]. In the North Valley area, the 7.7% increase in housing units barely exceeded the 7.4% increase in population. In the Central and East Los Angeles areas, housing unit growth occurred while population actually fell.

Since the 2010 Census (April 1, 2010), up to the end of 2012, an additional 13,297 dwelling units were added to the housing stock. Therefore the total number of units in the City of Los Angeles at the end of 2012 is estimated to be 1,427,292. Approximately 85% of those post-Census units were located in multifamily buildings, while 15% were single-family.

97 U.S. Census Bureau. "General Housing Characteristics". 2010 Census.
98 U.S. Census Bureau. "Profile of General Demographic Characteristics". 2000 Census 100% data.
99 U.S. Census Bureau. 2000 & 2010 Census.
100 Using the six Los Angeles Area Planning Commission subareas.

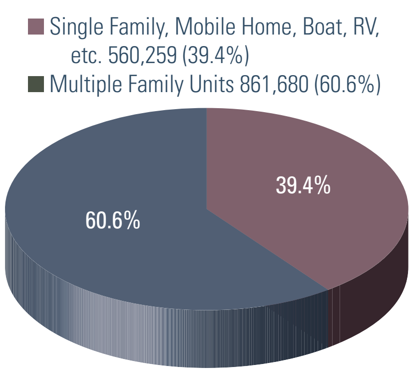
CHART 1.15
Residential Units in Permitted Buildings, 2006-2012



Source: Department of City Planning analysis of permit data, 2013

Another way to look at the growth of housing units is through the number of units permitted each year. The number of housing units permitted grew each year from 2000 to 2005. In 2006 (the first year of the prior Housing Element planning period) a total of 13,276 housing units were permitted by the City[101]. Permitted units then fell to a low of 2,093 in 2009, and have since begun to rebound to total 4,943 in 2012 (see Chart 1.15 and Map 1.1 below).

CHART 1.16
2010 Housing Stock



Source: US Census Bureau. ACS 1-year estimate, 2010.

2. Type and Size

While the number of both single- and multi-family units grew since 2000, Los Angeles' housing stock became slightly more multi-family in the 2000s. Multi-family dwellings increased by 57,881 units to reach 861,680 units, while single-family dwellings grew by a smaller amount (26,389) to total 560,258 units. In 2010, multi-family units comprised 60.6% of the City's housing stock, compared to 60.1% in 2000[102]. The distribution of single-family versus multi-family dwellings can be found in Chart 1.16.

Regarding the size of residential structures, the vast majority of owner-occupied housing units (86%) are in 1-unit structures. Renter-occupied units are more dispersed in different-sized buildings, although much more likely to be in larger buildings. Table 1.9 shows the size of residential structures by tenure in 2010.

101 Department of City Planning analysis of building permits using State reporting criteria.
102 US Census Bureau. 2000, SF 3 General Housing Characteristics. 2010, ACS 1-year estimate.

Permits for New Construction 2006-2012

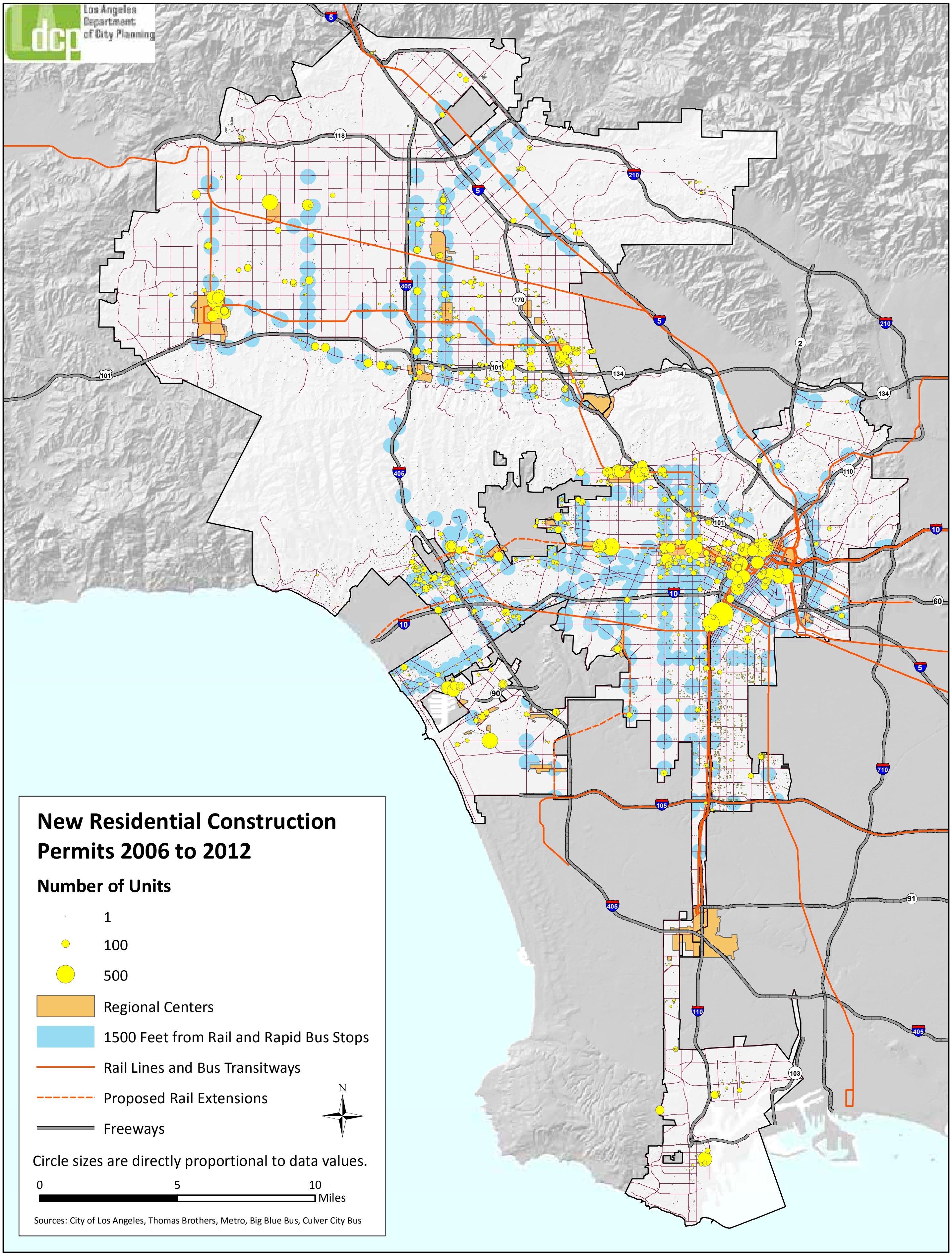


TABLE 1.9
Tenure by Size of Structure, 2010

	Owner Units	Renter Units	Total
1 unit (attached or detached)	425,460 (86.3%)	175,018 (21.4%)	600,487 (45.8%)
2 to 4 units	130,25 (2.6%)	129,067 (15.8%)	142,092 (10.8%)
5 to 19 units	15,866 (3.2%)	229,001 (28%)	244,867 (19%)
20 to 49 units	13,980 (2.8%)	162,675 (20%)	176,655 (13.5%)
50 or more units	19,133 (3.9%)	148,541 (18.2%)	167,674 (12.8%)
Mobile home, boat, RV, etc.	5,564 (1%)	2,339 (0.2%)	7,903* (1%)
TOTAL	**49,3028**	**81,7231**	**1,310,259**

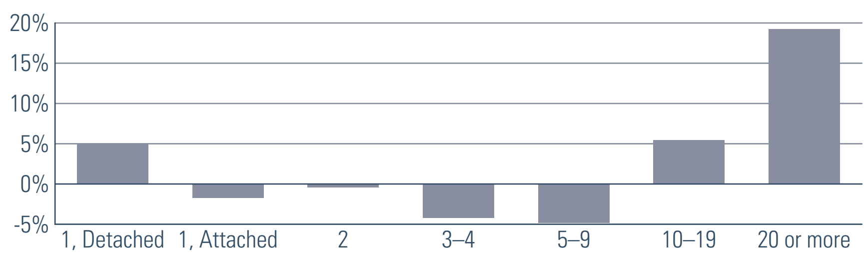
Source: ACS 2010 1-year estimates: Tenure by Units in Structure;; U.S. Census 2010: Units in Structure

*1 year estimate unreliable (CV>15)

Since 2000, the trend is clearly towards larger buildings. All of the growth in multi-family housing stock during the 2000s occurred in large buildings with 10 or more units (69,259 units). The number of multi-family dwellings in buildings with less than 10 units fell by more than 11,000 units. The result is that a total of 45% of all multi-family housing units are now located in buildings with more than 20 units, compared to 40% in 2000. The biggest changes occurred in the largest sector of buildings, those with 50 units or more. There were 19% more units located in these large buildings in 2010 compared to 2000. Chart 1.17 shows the change in the number of units in residential structures from 2000-2010.

With regards to the number of bedrooms in housing units, Census data indicates a clear trend towards an increase in the number of large bedroom

CHART 1.17
Percentage Change in Units in Structure, 2000-2010



Source: US Census 2000 SF3: Units in Structure; ACS 2010 1-year estimates: Units in Structure units between 2000 and 2010, particularly in owner-occupied housing. However, the Census Bureau cautions against making comparisons between the two years because of inconsistency in the wording and response options[103]. Therefore, only 2010 data will be displayed. Table 1.10 compares the number of owner-occupied versus renter-occupied units by bedroom count in 2010.

TABLE 1.10
Housing Tenure by Unit Size

	Owner-Occupied 2010	Renter-Occupied 2010	Total Housing Units
0 bedrooms	3,568* (.7%)	121,217 (14.8%)	124,785 (9.5%)
1 bedroom	19,478 (4%)	303,115 (37%)	322,593 (24.6%)
2 bedrooms	129,143 (26.2%)	283,736 (34.7%)	412,879 (31.5%)
3 bedrooms	212,894 (43.2%)	82,945 (10.2%)	295,839 (22.6%)
4+bedrooms	127,945 (26%)	26,218 (3.2%)	154,163 (11.8%)
Total units	493,028	817,231	1,310,259

Source: U.S. Census Bureau, 2010 ACS 1-year estimates: Tenure by Bedrooms

*1-year estimate unreliable

3. Tenure

Los Angeles residents rent their homes at about double the national rate (61.8%[104]), according to the 2010 Census. While high compared to the national average, the rate is comparable to other large cities such as Chicago and New York. The ratio of renters to owners (i.e., tenure) tilted slightly more towards renter since 2000, when the percentage of renter-occupied units was 61.4% (see Table 1.11). However, this overall ten-year trend masks significant variations in tenure during the decade as a result of the housing crisis.

103 US Census Bureau. "Comparing 2010 American Community Survey Data". May 24, 2013. http://www.census.gov/acs/www/guidance_for_data_users/comparing_2010/

104 US Census Bureau. 2010 Census. General Housing Characteristics.

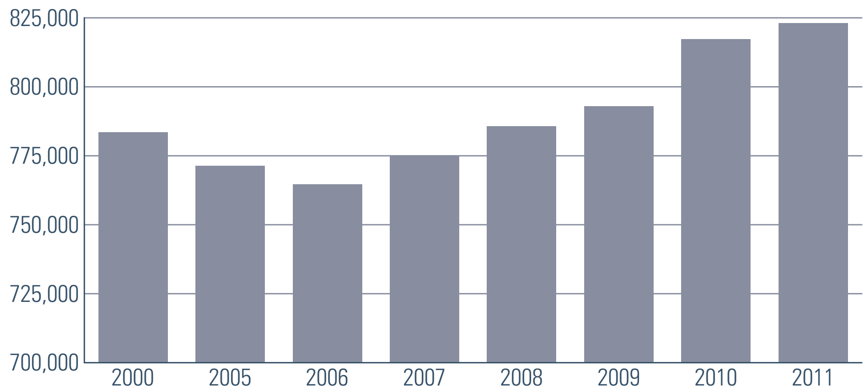
TABLE 1.11
Housing Tenure 2000-2010

	2000	2010	2000-2010	% Change
Owner-Occupied Units	491,882 (38.6%)	503,863 (38.2%)	11,981	2.4%
Renter-Occupied Units	783,530 (61.4%)	814,305 (61.8%)	30,775	3.9%
Total Occupied Units	1,275,412	1,318,168	42,756	3.4%
Vacant Housing Units	62,294	95,827	33,533	44.0%
Total Housing Units	1,337,706	1,413,995	76,289	5.7%

Source: U.S. Census Bureau, 2010 Census. General Housing Characteristics & 2000 Census. Profile of General Demographic Characteristics

CHART 1.18

Renter-Occupied Housing Units, 2000-2010



Source: US Census 2010 SF 1: General Housing Characteristics; 2005-2011 ACS 1 Year Estimates: Tenure

The nationwide housing crisis significantly altered the trajectory of housing growth in Los Angeles, as it did nationwide. From 2000 to 2005, the number of renter-occupied units had been in decline, while owner-occupied units had been increasing. This trend reversed course in the second half of the decade when owner-occupied units began converting to rental properties and vacancies increased significantly (54% from 2005 to 2010).

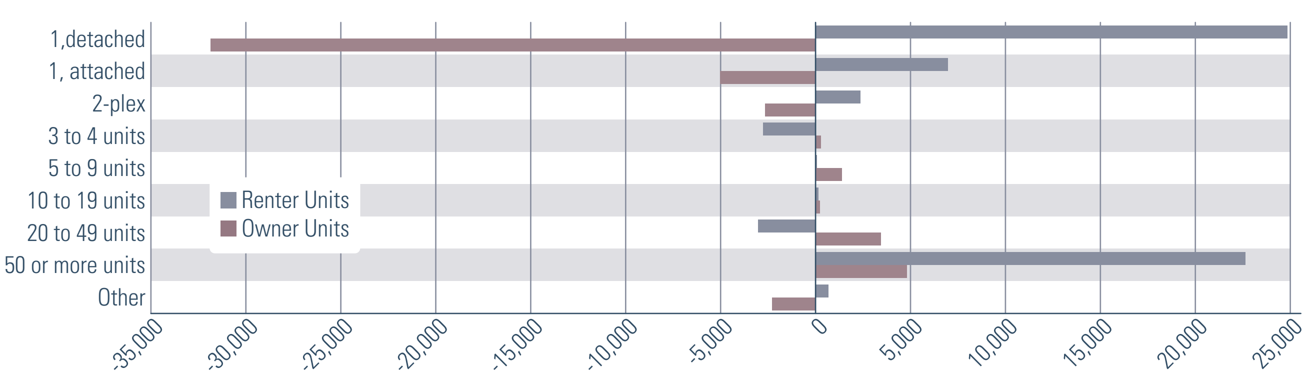
Since 2006, the City's rental housing inventory has grown 7.6%, which is a very large amount in such a short time period. This is largely due to the amount of owner-occupied properties that have been foreclosed upon and/or converted to rental use[105]. Chart 1.18 shows the dramatic increase in the number of rental housing units, beginning in 2006.

Chart 1.19 shows the net change of housing units, by size of structure, during the time of the housing crisis. The most dramatic trend detected is

105 Economic Roundtable. "Rental Housing 2011". May 24, 2013. http://www.scanph.org/files/Econ-Roundtable-Rental_Housing_2011.pdf

CHART 1.19

Net Change in Housing Units, 2005-2011



Source: 2005 and 2011 ACS 1 year Estimates: Tenure by Units in Structure with regards to single-family detached homes, which shifted dramatically from owner-occupancy to renter-occupancy. A total of almost 32,000 owner-occupied single-family detached homes were lost during this five-year span, mostly converted to rentals or becoming vacant. The number of rental, single-family detached homes increased by nearly 25,000. Similar patterns occurred with single-family attached (townhomes) and duplexes.

4. Age and Condition

The median dwelling unit in Los Angeles was built in 1960[106], more than 50 years ago. More than half of the City's housing units were constructed prior to 1950 (51%), while almost 90% were built prior to 1990. The percentage of housing built in the 1990s and 2000s is the lowest of any decades listed in Table 1.12. This table identifies the age of the City's housing stock by decade. Rental housing tends to be a bit newer than owner-occupied housing, with a median year-built of 1964 versus 1956.

TABLE 1.12
Age of Housing Stock, by Tenure

Year Built	Percent of Owner-Occ.	Percent of Renter Occ.
Built 2000 to 2009	4.9%	6.4%
Built 1990 to 1999	4%	6.6%
Built 1980 to 1989	8.5%	11.3%
Built 1970 to 1979	10.3%	15.6%
Built 1960 to 1969	12.8%	16%
Built 1950 to 1959	24.6%	15.3%
Built 1940 to 1949	14%	9.5%
Built 1939 or earlier	21%	19.4%

Source: U.S. Census Bureau, 2010 ACS 1-year estimate: Tenure by Year Structure Built

The advanced age of much of the City's housing stock indicates a greater likelihood of reported habitability problems with units. Unfortunately, the American Community Survey has reduced reporting on housing problems and their severity, making it difficult to determine the level of housing conditions in the City. The 2011 American Housing Survey only has metropolitan-level data for this type of information. But the previous 2003 Survey showed that approximately 10 percent of all units in the City had moderate or severe problems, 83% of which were rental units.

106 US Census Bureau. 2010 ACS 1-year estimate: Median Year Structure Built by Tenure.

The 2010 ACS does report on the availability of complete plumbing and kitchen facilities. Rental properties have a significantly higher rate of incomplete facilities, including 2.9% lacking kitchen facilities and.

8% lacking proper plumbing. Table 1.13 displays the data on units lacking complete facilities.

TABLE 1.13
Housing Units Lacking Complete Facilities

Lacking Complete Facilities	Owner Occupied	Renter Occupied
Plumbing	1,364 (.3%)	6,778 (.8%)
Kitchen	2,821 (.6%)	23,374 (2.9%)

Source: U.S. Census Bureau, 2010 ACS 1 Year Estimates: Tenure By Kitchen Facilities; Tenure by Plumbing facilities

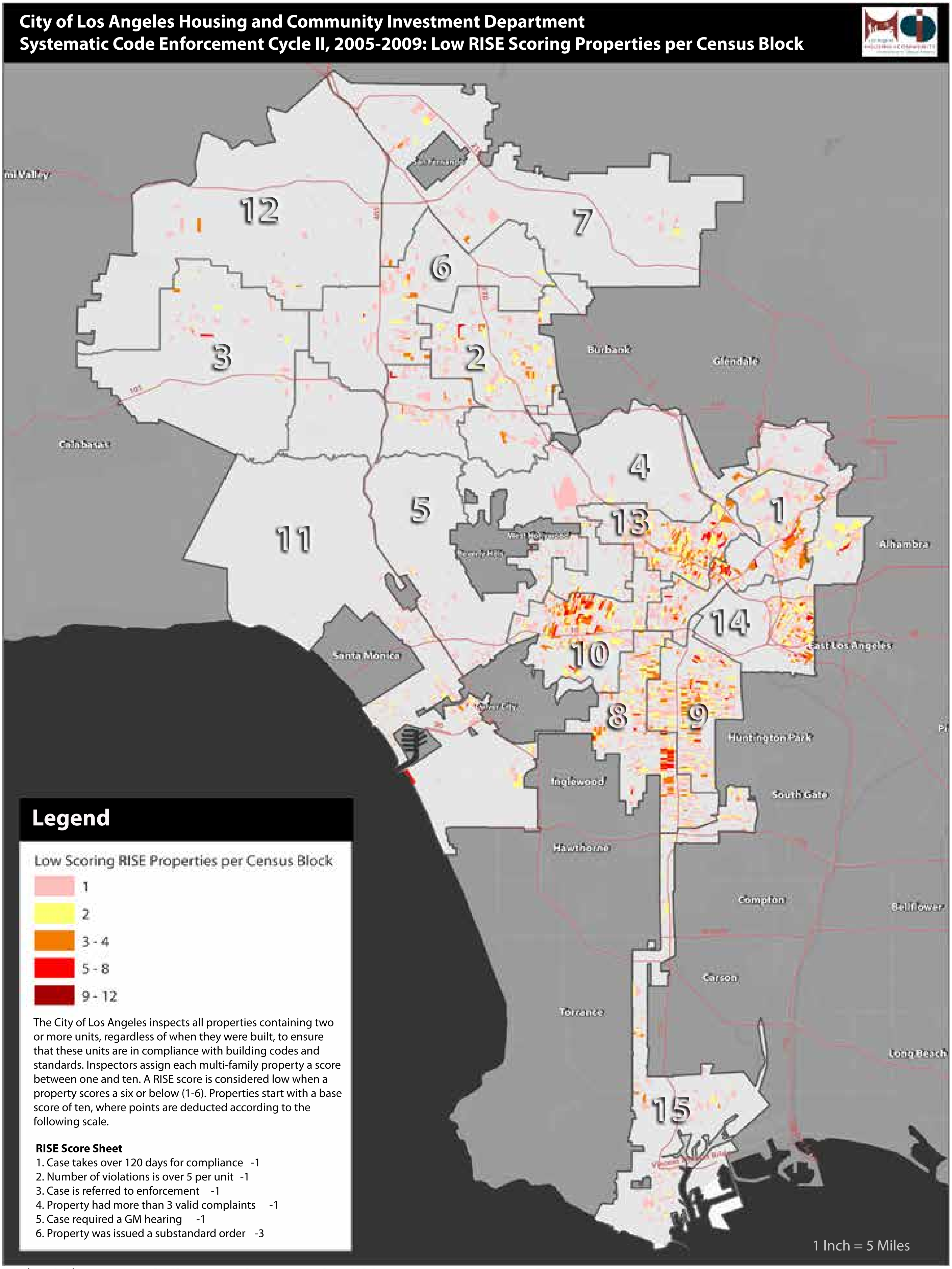
Another way of looking at the conditions of residential buildings is a system the City has developed called the Reliable Information System Evaluation (RISE). RISE is an index that ranks buildings' code compliance based on various factors, such as number of violations, duration of non-compliance and how far cases advance up the chain of command before resolution. The scale of 0-9, 0 being positive (up to code) 9 negative (multiple code violations). HCIDLA places buildings with the worst RISE scores at the beginning of the current inspection schedule. Map 1.2 below shows the most recent RISE scores across the City.

According to the 2010 Census, there are more than 1 million (1,026,068[107]) housing units in the City of Los Angeles that may contain lead-based paint because they were constructed before 1980. A 2002 HUD study estimates that about 25% of these homes (256,517 units) are likely to contain "significant lead-based paint hazards."[108]

Recent City inspections of almost 300,000 housing units within the multifamily housing stock found approximately 800,000 violations of the City's Building Code (Table 1.14). On the owner side, the majority of violations were due to maintenance and repair failures such as faulty plumbing causing leaking, broken or lack of smoke detectors as well as heating and ventilation problems. On the tenant side, the violations were related to poor maintenance of units and the surrounding area, such as sanitation problems and continuously parked, inoperative vehicles.

107 US Census Bureau. 2010 ACS 1-year estimate: Tenure by Year Structure Built.
108 Jacobs, David E. et al., "The Prevalence of Lead-Based Paint Hazards in U.S. Housing," Environmental Health Perspectives, October 2002, 110:10: A599-606.

Map 1.2
Reliable Information System Evaluation (RISE) – Low Rated Properties by Census Block



Policy & Planning Unit [HC] 07.2013 Sources: LA City GIS Repository, LA Housing + Community Investment Department

TABLE 1.14
Building Code Violations in Multifamily Residential Property January 2006 - October 2012

Total SCEP Inspections	294,757
Owner Violations*	805,418
Tenant Violations*	2,014
Total Violations	807,432

Source: Los Angeles Housing and Comunity Investment Department Systematic Code Enforcement Program (SCEP)

*Owner violations are the responsibility of the property owner and must be resolved by the owner. Tenant violations are limited to tenant sanitation.

From 2006 through October 2012, owner neglect was persistent with unaddressed violations and unresolved repairs in a number of multifamily rental properties. As of October 2012, the City was collecting and holding rents due to property owners on 1,240 properties. These were pending required repairs, under the Los Angeles Housing and Comunity Investment Department's Rent Escrow Account Program. (Table 1.15).

TABLE 1.15
Multifamily Properties with Unresolved Building Code Violations January 2006 - October 2012

Rent Escrow Account Program (REAP)	
New cases opened	6,043
Cases still open	1,240
City Attorney Criminal Prosecution	
New cases filed	1,011

Source: HCIDLA Compliance Division

D. Housing Needs Indicators

1. Housing Costs and Overpayment

Many housing problems, from overpayment to overcrowding and poor livability, are directly related to the cost of housing. Housing is generally the largest single expense facing American families. Los Angeles has long been one of the least affordable metropolitan areas in the country due to its high housing costs and relatively low household incomes. While the bursting of the housing bubble in 2007 has generally led to lower home prices, these gains in affordability have been outweighed by the high run-up in housing prices prior to the bust. According to available census data, the number of Los Angeles households paying too much for their housing has never been higher.

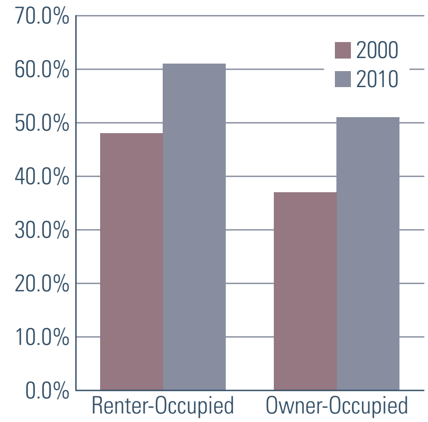
The amount a household pays each month for rent or for owning a home[109] is deemed "unaffordable" if the total payment is 30% or more of the household's monthly income and "severely unaffordable" if the total payment is 50% or more of said income. The terms "cost-burdened" and "severely cost burdened" are also used interchangeably.

In 2010, 55% (721,224) of all households in Los Angeles City paid greater than 30% of their income for housing costs. This includes 60.1% of renter households (472,847) and 50.1% of owner households (248,337)[110]. The number of cost-burdened households in the City increased by an astounding 215,827 households between 2000 and 2010. The percentage increase was 27% for renters and 34% for owners.

The increase in severely cost-burdened Angelenos was even more dramatic. About 55% more owner households and 38% more renters paid in excess of half their income for housing costs in 2010 than in 2000. This represents an increase of 134,309 households who have entered this precarious position over the decade. Close to thirty-three percent (32.7%) of renters and a quarter (25.6%) of owners paid more than half their income for housing costs in 2010. These appear to be the highest levels of cost burden recorded in Los Angeles since at least 1970[111]. Charts 1.20 and 1.21 display the increase in cost burdens and severe cost burdens for renters and owners since 2000.

As may be expected, the housing cost burden is most severe for lower and middle-income households. According to the Census 2010, 88.3% (413,246)[112] of all households making less than $35,000 a year paid more than 30% of their income for their housing. Renters were disproportionately overpaying for housing at this income level; there were 341,246 renter-occupied households versus 72,000 owner-occupied households paying greater than 30% of their income on housing. In addition, more than half (54%) of those middle-income households earning between $35,000 and $75,000 a year paid more than

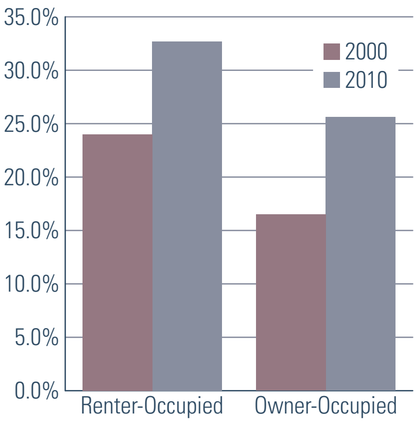
CHART 1.20
Percentage of Households with Housing Cost Burdens, 2000 – 2010



Source: U.S. Census Bureau, 2010 ACS 1-year estimates: Gross Rent as a % of Household Income in the Past 12 Months & Mortgage Status by Selected Monthly Owner Costs as a % of Household Income in the Past 12 Months; U.S. Census Bureau, 2000 Census. Gross Rent as a % of Household Income in 1999 (SF3 Sample Data) & Selected Monthly Owner Costs as a % of Household Income in 1999 (SF3 Sample Data)

109 Costs of homeownership include mortgage payment, mortgage insurance, homeowner association fees, and property taxes.
110 U.S. Census Bureau. 2010 ACS 1-year estimates: Gross Rent as a Percentage of Household Income in the last 12 Months & Mortgage Status by Selected Monthly owner costs as a Percentage of Household Income in the last 12 Months.
111 U.S. Census Bureau. 1970, 1980, 1990, 2000 and 2010.
112 U.S. Census Bureau. "Tenure by Housing Costs as a Percentage of Household Income in the last 12 Months". 2010 ACS 1-year estimates.

CHART 1.21
Percentage of Households with Severe Housing Cost Burdens 2000 – 2010



Source: U.S. Census Bureau, 2010 ACS 1-year estimates: Gross Rent as a % of Household Income in the Past 12 Months & Mortgage Status by Selected Monthly Owner Costs as a % of Household Income in the Past 12 Months; U.S. Census Bureau, 2000 Census. Gross Rent as a % of Household Income in 1999 (SF3 Sample Data) & Selected Monthly Owner Costs as a % of Household Income in 1999 (SF3 Sample Data)

30% of their income for housing. Finally, there was a greater percentage of lower income renters paying more than 30% of their income for housing, while for owners, there was a greater percentage of higher income occupants paying more than 30% of their income on housing (See Chart 1.22).

Homeownership Costs

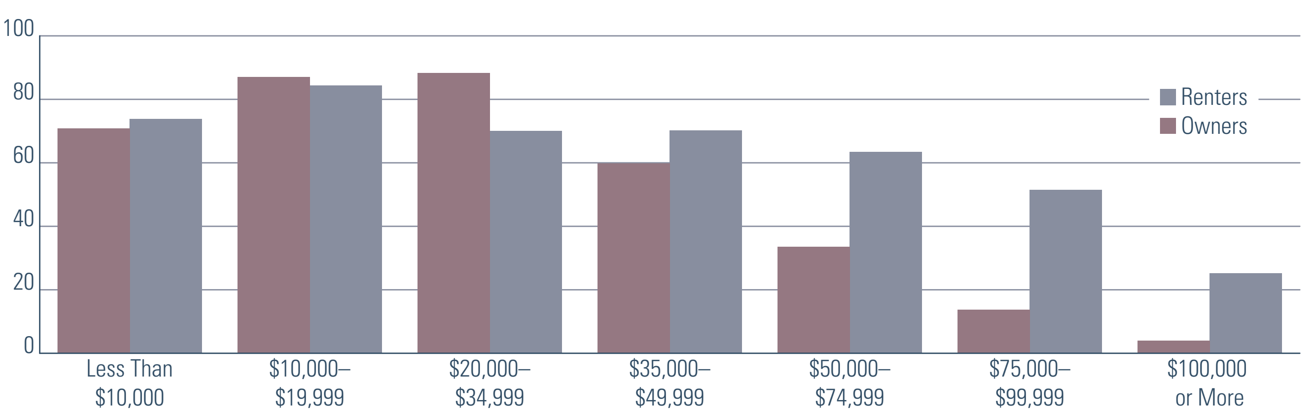
According to real estate data company DataQuick, the median sales price for all homes in Los Angeles in July 2013 was $515,000[113]. Another data source, Zillow.com, reports a slightly lower median price of $466,900 as of July 31, 2013. The DataQuick figure represents a 43% year-over-year increase, while Zillow reports a 25% annual gain.

Chart 1.23 depicts the dramatic changes in median sales prices in the City of Los Angeles in the last ten years. From 2003 to 2007, the median sales price of homes in Los Angeles doubled, from roughly $300,000 to $600,000. After the burst of the housing bubble in in fall 2007, median sales prices fell back to reach a low of $351,500 by February 2012. However, as can be seen, prices have rebounded strongly since then, reaching the $400,000 mark by August 2012 and rising to $450,000 in April 2013. Chart 1.23 Median Sales Price, City of Los Angeles, 1996-2013[114].

While homes are certainly more affordable than they were during the height of the housing bubble, they still remain out of reach for most in the City of Los Angeles. With the median home price at (at least) $466,900, a household would have to earn at least $127,787 annually to afford a home mortgage at this price (assuming a 30-yr fixed rate mortgage, at the then-current interest rate of 4.59%, with a $20,000 down-payment, and no more than 36% of income dedicated to monthly debt payments). Only about 15% of Los Angeles households earn enough to afford

113 DQNews.com reports resale single-family residences and condos as well as new homes.
114 Historical data from Zillow.com was used, as opposed to Data Quick, as it was more readily available. The Zillow Median Home Price is defined as the mid-point of the price homes have sold for in Los Angeles. Half the homes sold above this number and half sold below.

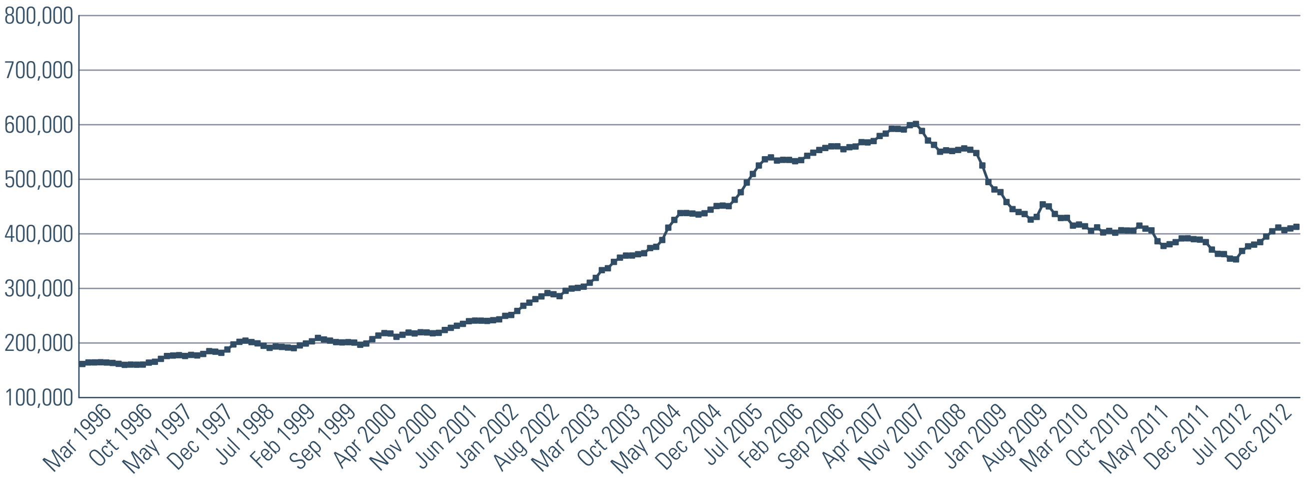
CHART 1.22
Percent of Cost Burdened Households, by Income Bracket, 2010



Source: U.S. Census Bureau, 2010 ACS 1-year estimates: Household Income by Gross Rent as a % of Household Income in the Past 12 Months; Household Income of Selected Monthly Owners Costs as a % of Household Income in the Past 12 Months

CHART 1.23

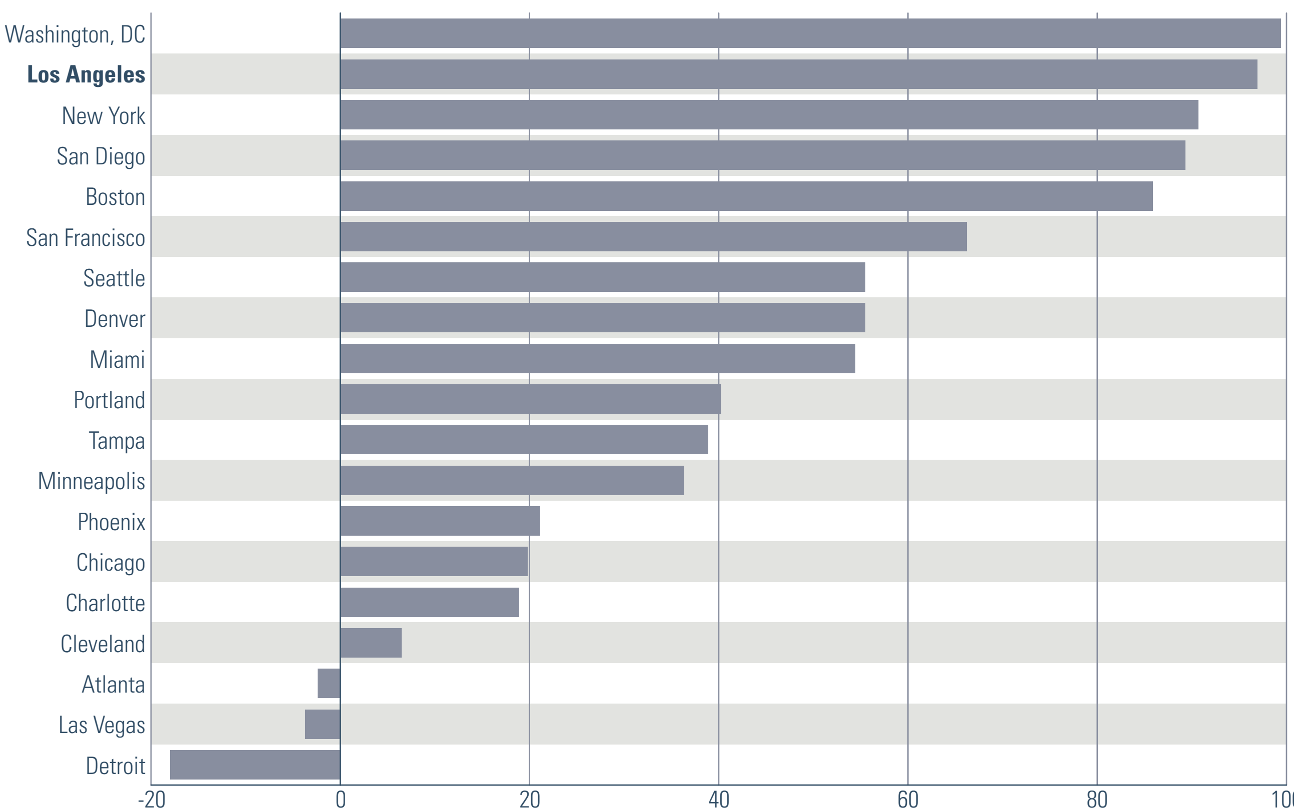
Median Sales Price, Los Angeles-Long Beach-Glendale Metro Area, 2000-2012



Source: Housing Opportunity Index: The NAHB/Wells Fargo Housing Opportunity Index: Complete History by Metropolitan Area (1991-Current). Los Angeles-Long Beach-Glendale, CA ^^^. Median Price. National Association of Home Builders.

CHART 1.24

Variance in Metropolitan House Prices, 1998-2012



Source: Federal Reserve Bank of St. Louis. *The Boom and Bust of U.S. Housing Prices from Various Geographic Perspectives* Federal Reserve Bank of St. Louis Review, September/October 2012.

Why Affordability Matters

- Housing is generally the largest single expense facing American families.
- High housing costs reduce the income to buy other goods and services.
- Lack of affordable housing results in overcrowding, poor livability and homelessness.
- Urban sprawl and traffic are made worse by lack of housing options.
- Access to good schools, healthy food and safe streets is determined by affordability.

this median home. Despite the near-record low mortgage interest rates, the low levels of for-sale housing inventory, a low median income relative to fast-rising home prices and the tight lending procedures are making it very difficult for Angelenos to purchase a home. The particular situation Los Angeles finds itself in is due in large part to the fact that, over the last 15 years, home prices have risen more in Los Angeles than in almost every other major City in the country (see Chart 1.24). While good news for long-time homeowners, the situation has created a difficult situation for younger households and those with more limited means.

The citywide median household income in 2011 was $46,148[115]. At this income level, a household can afford a home priced up to approximately $188,429 using the methodology described above[116]. While this median price varies significantly depending on the location within the city, there are still very few areas with homes priced at affordable levels for an average household in Los Angeles (see Table 1.16).

TABLE 1.16
Los Angeles Home Sales Prices Medians, by Sub Area, 2011-2012

Area of Los Angeles	#Sold	2012	2011	% Change Year-to-Year
Westside	1,238	$1,110,000	$1,100,000	0.9%
West LA	2,378	$640,682	$622,500	2.9%
Central City	4,054	$556,000	$489,750	13.5%
South LA	3,979	$207,000	$200,000	3.5%
North East LA	1,947	$280,000	$259,000	8.1%
West SF Valley	6,965	$355,000	$344,000	3.2%
Northeast SF Valley	4,732	$289,000	$280,000	3.2%
Southeast SF Valley	1,513	$389,000	$365,000	6.7%

DQ News. "California Homes Sales Price Medians by County and City - Home Sales Recorded in 2011 and 2012"

The costs of homeownership have dropped since the recession; yet buying a home still remains out of reach for the majority of Los Angeles residents. Compounded with a relative lack of market supply and continued problems in the lending markets, homeownership remains an elusive goal for many. While the sky-high prices of the mid-2000s have receded, the legacy of those high costs has resulted in a higher percentage of Angelenos paying more than they can afford for mortgage costs than ever before. Table 1.17 shows the housing costs that are affordable to Angelenos at different income levels, by household size.

115 US Census. 2011 11-Year ACS. City of Los Angeles Median Income.
116 Zillow.com Mortgage Affordability Calculator

TABLE 1.17
Affordable Housing Costs, by Income and Household Size

Household	Annual Income	Affordable Cost		Utilities		Taxes and Insurance	Affordable Rent	Affordable Home Price
		Renter	Ownership	Renter	Ownership			
EXTREMELY LOW INCOME (UNDER 30% MFI)								
1-person	$17,750	$444	$444	$71	$112	$89	$373	$42,717
2-person	$20,250	$506	$506	$79	$141	$101	$427	$46,406
3-person	$22,800	$570	$570	$90	$175	$114	$480	$49,573
4-person	$25,300	$633	$633	$99	$205	$127	$564	$52,913
5-person	$27,350	$684	$684	$114	$252	$137	$570	$51,858
VERY LOW INCOME (30 TO 50% MFI)								
1-person	$29,550	$739	$739	$71	$112	$148	$668	$84,203
2-person	$33,750	$844	$844	$79	$141	$169	$765	$93,872
3-person	$37,950	$949	$949	$90	$175	$190	$859	$102,837
4-person	$42,150	$1,054	$1,054	$99	$205	$211	$955	$112,154
5-person	$45,550	$1,139	$1,139	$114	$252	$228	$1,025	$115,845
LOW INCOME (50 TO 100% MFI)								
1-person	$47,250	$1,181	$1,181	$71	$112	$236	$1,110	$146,433
2-person	$54,000	$1,350	$1,350	$79	$141	$270	$1,271	$165,067
3-person	$60,750	$1,519	$1,519	$90	$175	$304	$1,429	$182,997
4-person	$67,450	$1,686	$1,686	$99	$205	$337	$1,587	$201,104
5-person	$72,850	$1,821	$1,821	$114	$252	$364	$1,707	$211,827
MODERATE INCOME (100 TO 120% MFI)								
1-person	$54,450	$1,361	$1,588	$71	$112	$318	$1,290	$203,652
2-person	$62,200	$1,555	$1,814	$79	$141	$363	$1,476	$230,343
3-person	$70,000	$1,750	$2,042	$90	$175	$408	$1,660	$256,536
4-person	$77,750	$1,944	$2,268	$99	$205	$454	$1,845	$282,875
5-person	$83,950	$2,099	$2,499	$114	$252	$490	$1,985	$300,044

Assumptions:

1. California Department of Housing and Community Development income limits 2012
2. Health and Safety code definitions of affordable housing costs (between 30 and 35% of household income depending on tenure and income level).
3. HUD utility allowances
4. 20 percent of monthly affordable cost for taxes and insurance.
5. 10 percent down payment.
6. Five percent interest rate for a 30-year fixed-rate mortgage loan.
7. Taxes and insurance apply to owner costs only, renters to not usually pay.

Sources: HCD Income Limits, 2012; Veronica Tam and Associates

Those who purchased during the most recent run-up in prices during the middle of the last decade are particularly hard-hit, as they are strapped with high mortgage payments and likely "underwater" in terms of owing more than their house is worth. Combined with the significant job losses in the region, the situation created is one where, in some cases, homeowners are no longer able or even willing to pay underwater mortgages and have ultimately defaulted and ended up in foreclosure or a short-sale process. This chain of events has been seen in concentrations on the Eastside of the City, South Los Angeles and the Northeast San Fernando Valley.

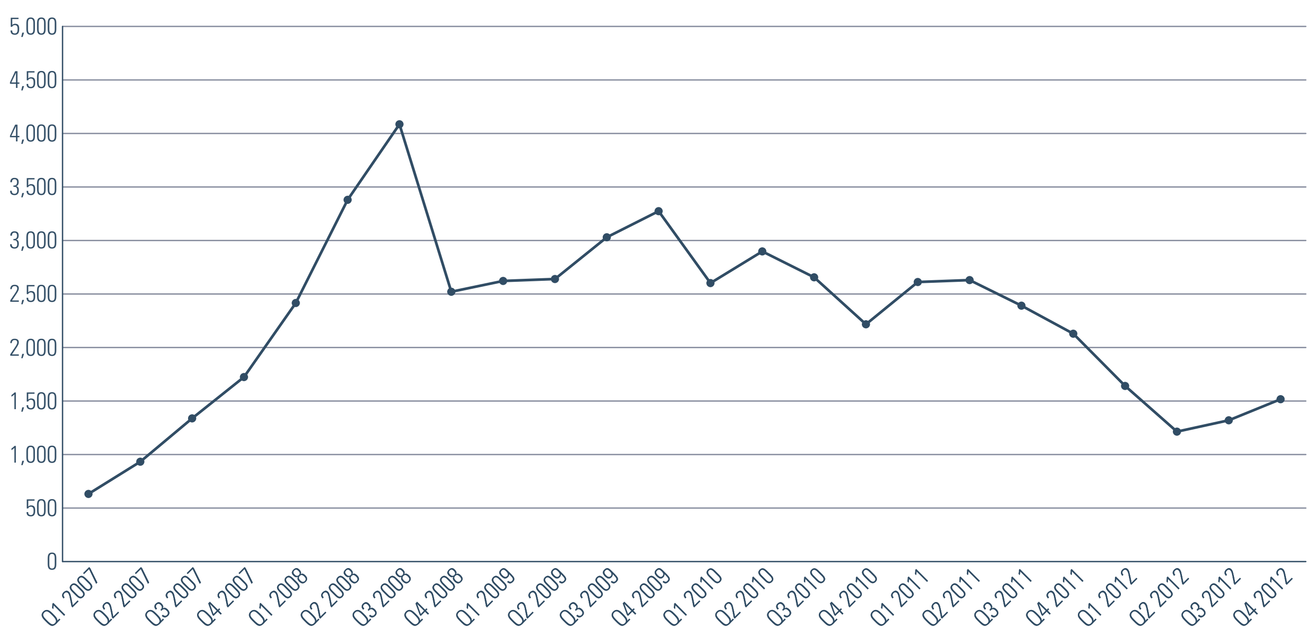
Foreclosures

The foreclosure crisis has moderated since the height of the housing crisis but continues to contribute to economic stagnation for the City and its residents. Since 2007, over 54,423 housing units have been foreclosed upon in the City of Los Angeles[117]. Foreclosures in the City peaked at 12,403 in 2008 and began dropping to 8,762 in 2011. By 2012, foreclosures had fallen to 5,692 (see Chart 1.25 below). Foreclosures in the City of Los Angeles, for the fourth quarter of 2012, account for roughly 42% of the total foreclosures in Los Angeles County and 7% of the total foreclosures for the State of California during the same period.

The vast majority of foreclosures have occurred in neighborhoods in South Los Angeles, the San Fernando Valley, and eastern portions of the City (see the map of 3rd Quarter 2012 Foreclosures below). These hardest hit areas

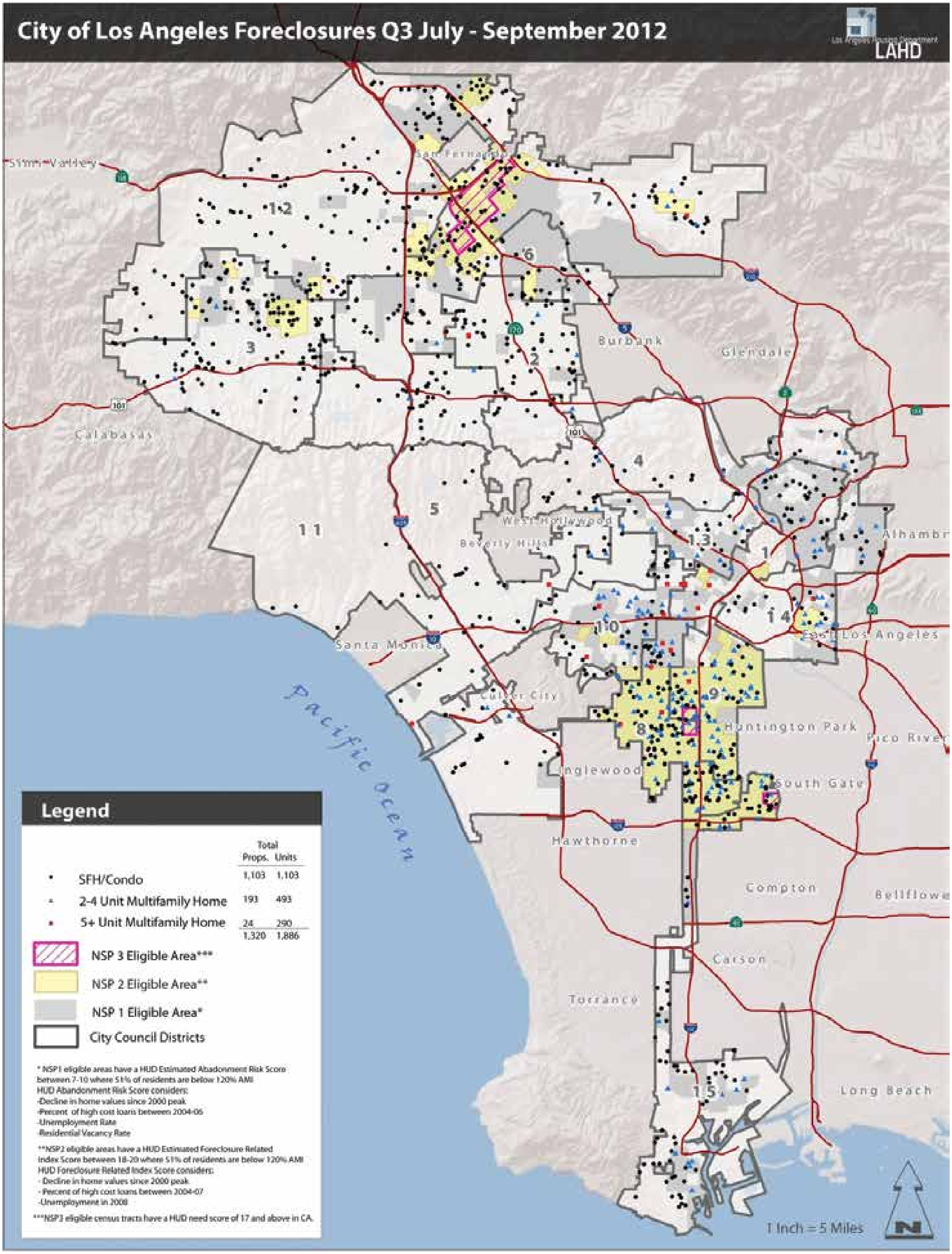
117 Since 2007, the HCIDLA has purchased raw Notice of Default (NOD) and foreclosure (TD) data from DataQuick on a quarterly basis for all Census Tracts in the City of Los Angeles to analyze foreclosure trends in the City. As part of this analysis, the data we purchase is scrubbed and analyzed with Geographic Information Systems (GIS). Data cleaning involves removing duplicate records, ensuring that a foreclosure has not occurred twice on the same property in the past 8 months, verifying Use codes, correcting unit counts, and contacting owners, in some cases, to check for accuracy. Mapping the data ensures that all TDs have occurred within the boundaries of the unique shape of the City of Los Angeles, which does not perfectly correspond to census tract, census block, zip code, or metropolitan statistical area boundaries. GIS analysis adds corresponding Council District information to each foreclosed property and allows the City to analyze geospatial trends occurring within the City boundaries.

CHART 1.25
Foreclosures in Los Angeles 2002-2012



Source: HCIDLA Analysis of Data Quick Trustee Deed Filings: City of LA Zip Codes Q1 2007-Q4 2012

Map 1.3
City of Los Angeles Foreclosures Q3 July-September 2012



Policy & Planning Unit [HC] 2012 Sources: LA City GIS Repository, DataQuick represent communities with high concentrations of poverty and lower median sales prices. This fact is consistent in Los Angeles as it is across the State. DataQuick reports that 2012 foreclosures remain concentrated in the State's poorer communities; zip codes with fourth-quarter 2012 median sale prices below $200,000 collectively saw 4.3 homes foreclosed on for every 1,000 homes in existence. That compares with 2.0 foreclosures per 1,000 homes for zip codes with medians from $200,000 to $800,000, and 0.5 foreclosures per 1,000 homes in the group of zip codes with medians over $800,000.

Foreclosed residences have a destabilizing effect on a neighborhood, most notably, reducing surrounding property values, leaving the remaining homeowners with negative equity, making them more susceptible to default and foreclosure, and in turn, causing a negative domino effect. Many foreclosed homes are not maintained or secured, causing theft and vandalism. Furthermore, many households facing potential foreclosure, particularly minority and senior households, fall victim to scams that claim to assist them with loan modifications in exchange for paying a fee. When cost burdened homeowners can no longer make payments, displacement soon follows. Displaced residents –displaced by a foreclosure of their home, or displaced from a multifamily rental unit – place pressure on citywide rental market that is already very tight.


A home rehabilitated and sold at an affordable price through the City's Neighborhood Stabilization Program (NSP)

To remedy the foreclosure crisis, the City's Neighborhood Stabilization Program (NSP) was designed to focus on areas with the highest incidence of foreclosures. Specifically, target areas were selected using the HUD-issued foreclosure index risk scores that identified those areas most impacted by foreclosures, including the number and percent of foreclosures, subprime mortgages, mortgage defaults and mortgage delinquencies.

As a result of the concentration of foreclosures in these areas, home values have also significantly declined, depressing the economic health of the surrounding community.

- Since 2007, home values have decreased by as much as 50% in neighborhoods most impacted by foreclosures.
- Neighborhoods most impacted by foreclosures have a higher than average residential vacancy rate
- For many households, the equity value in their home represented a significant source of wealth that has evaporated in recent years.

To combat the insidious effects of concentrated foreclosures, the City designed the use of formula and competitive Neighborhood Stabilization Program dollars to focus on foreclosure mitigation, but also to pay attention to putting Angelenos back to work; contributing to overall economic recovery and stabilization in the places that need it most. The NSP has created hundreds of local jobs and has made a concerted effort to hire local, small and minority owned firms and businesses. To date, the City has acquired or made development commitments for over 800 housing units and we anticipate completing up to 1,100 housing units with the NSP grant funding. In addition, all NSP homes were rehabilitated to support a rising interest in "green", cost-efficient living.

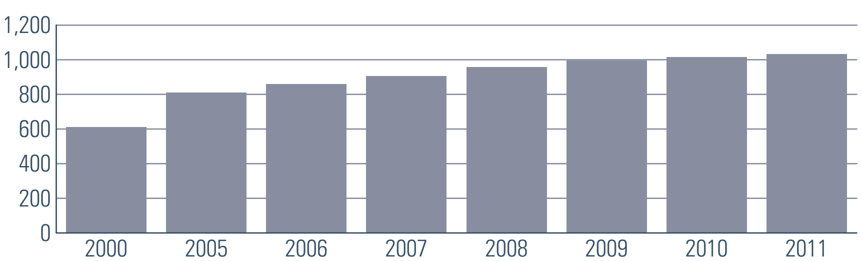
While the City's NSP is successfully remediating some of the negative consequences of foreclosures in targeted areas, on a regional scale, the foreclosure crisis is causing unintended consequences for the rental market as well as for small business investment. The LA Times reports, "The foreclosure crisis destroyed home values — but drove up rents, as repossessions created a new wave of rental demand from would-be owners with ruined credit. Fresh demand from young workers, a short supply of newly built rental units, and stricter mortgage requirements have also made the rental market competitive."[118]

As a result, low home values have enticed large scale investors and private Wall Street equity firms to penetrate the housing market, purchase single family homes in bulk, and turn them into rental properties. Small mom and pop landlords, who typically owned the bulk of rental properties in the City of Los Angeles, now have to compete with large and institutional Investors looking to make a profit given this new market.

This trend is coupled with recent data that indicates the number of homes bought with cash in California is at an all-time high. Cash purchases accounted for a record 32.4 percent of California's overall homes sales in 2012, which is more than double the annual average of 15.6 percent since Data Quick began tracking these statistics in 1991[119]. In Los Angeles County, the number of homes purchased without mortgage financing increased 26.1% between 2011 and 2012. Multi-home buyers in California, accounted for roughly 28% of last year's cash sales, however, 88% of these same buyers purchased fewer than 5 properties with cash. Whether it be large or small scale investors that are seeking to profit from the housing meltdown, the entire housing and rental market is changing and we are only beginning to realize the consequences.

118 Los Angeles Times, "Housing Investors Buy in Bulk" 3/16/2013.
119 DQNews "Record Number of California Homes Bought with Cash", 2/6/2013.

CHART 1.26
Median Contract Rent for Renter-Occupied Housing Units



Source: US Census Bureau. 2000 Sample-Data Census; 2005 & 2006 ACS; 2007, 2008, 2009, & 2010 ACS 1-year estimates.

Rental Costs

Up to date rental costs are more difficult to obtain than homeownership, as there is not one listing that captures every apartment for rent in the City. In addition, there exists a sizable difference between what people are paying for rent and what current market prices are for a new apartment. The Census does not record median rental rates by bedroom size. RealFacts has up-to-date rental cost data for market-rate apartments, but only for those with over 100 units. Zillow.com maintains a listing with more than 6,000 apartments currently for rent in the City of Los Angeles but not at what price the apartments actually get rented. Since each source has pros and cons we are presenting data from each location in this discussion.

According to Zillow, The median rent list price for an apartment in Los Angeles in January 2013 was $1,770, requiring an income of about $5,900 monthly or $70,800 annually to be affordable (rent list price does not include utilities). The median rent list price for a 2-bedroom apartment in Los Angeles City was $1,940 per month, requiring a monthly income of at least $6,466 or $77,582 annually to be affordable. As per the ACS in 2011, only 34% of households in the city could afford this rental rate. Table 1.18 shows the average rents by unit size, the annual income required to afford this rent, and the percentage of the population at each household size that earns this income.

TABLE 1.18
Rental Listing Prices and Annual Income Needed to Afford Rent*

Apartment Size	Average Monthly Rent	Wage Needed to Afford Rent*	Annual Income Needed**	Percent of Total Households
All	$1,770	$5,899	$70,800	33.9%
Studio	$950	$3,166	$37,996	58.8%
1-bed	$1,440	$4,780	$57,594	41.9%
2-bed	$1,940	$6,466	$77,582	30.4%
3-bed	$2,400	$8,0000	$95,999	15.2%
4-bed	$2,600	$8,666	$103,990	13.4%

Assuming 30% of income is allocated to monthly rent.

**Percent of Total Households as per U.S. Census Bureau, 2010 ACS 1-year estimates

* Zillow.com Median Rent List Price, calculated 03/05/2013 (data as of January 2013)

According to RealFacts, an average studio apartment (in 100+ unit buildings) was renting for $1,248 in the 4th quarter of 2012, while an average 2 bedroom rented for $1,822 and a 3-bedroom for $2,656 (See Table 1.19 below).

TABLE 1.19
Market Rents and Annual Income Needed to Afford Rent

Apartment Size	Average Monthly Rent	Wage Needed to Afford Rent	Annual Income Needed to Afford Rent*
Studio	$1,248	$24/hr	$49,920
1Bed/1Bath	$1,605	$31/hr	$64,200
2Bed/1Bath	$1,822	$35/hr	$72,880
3Bed/2Bath	$2,656	$51/hr	$106,240

*Assuming 30% of income is allocated to monthly rent.

Real Facts. Inventory Analysis for the City of Los Angeles. Average Rent. 4th Quarter 2012.

HCIDLA calculations assume 30 percent of income is allocated to monthly rent.

With such high rental rates and relatively low wages, it bears repeating that 59% of renters in the City of Los Angeles pay more than 30 percent of their income toward rent[120]. People in vital occupations such as restaurant cooks, counselors, housekeepers, nursing assistants and pre-school teachers, earn less than $49,000[121], and based on average rents, are unable to afford a studio, much less an apartment with bedrooms. A minimum wage worker earning $8.00 per hour would have to work 120 hours per week in order to make the monthly rental payment of $1,248 for a studio and still have money for groceries, transportation and health care.

120 U.S. Census Bureau, 2011 American Community Survey
121 May 2012 Metropolitan Area Occupational Employment and Wage Estimates

CHART 1.27
Affordable Rental Rate Based on Household Income

Source: FY 2012 Income Limits Summary. Los Angeles – Long Beach, CA HUD Metro Fair Market Rent Area, 30% of Monthly Income towards housing

Census data on median rent levels is shown below to indicate 10-year trends. The rent levels reflected in Census data are significantly lower than current market rents (above) as they reflect what people are paying versus what prospective tenants are facing in the current rental market. Adjusted for inflation, median contract rent increased by 31% over the decade. This compares to an (inflation-adjusted) increase of household incomes of less than 1.2%. The wide difference in change of incomes and rents largely explains the increasing unaffordability of rental units in Los Angeles.

As illustrated in Chart 1.27, extremely low income and single-person households can afford rents of no more than $444, while low-income, large family households can afford no more than $1,821. Such rents are virtually unavailable in Los Angeles private-market rentals.

Rental Costs in Publicly-Subsidized Housing Stock

Rental units with government-restricted rents and occupancies restricted to lower income households address the expansive need for affordable housing. As of 2012, approximately 122,000 very low-, low- and moderate-income households lived in affordable housing that is publicly-subsidized in some way. This includes more than 61,000 privately-owned affordable housing development as well as 6,921 public housing units and households receiving 53,276 monthly housing assistance payments administered by the Housing Authority of the City of Los Angeles (HACLA). There is a tremendous demand for HACLA's housing assistance, as demonstrated by the more than 29,607 families on the public housing waiting list (as of October 2012) and the more than 7,779 families on the Section 8 tenant-based assistance waiting list in 2012. Of this population, 94% and 86% of the families, respectively, were of extremely low income – both up significantly since 2006.

Pueblo del Sol (Boyle Heights)

The roughly 7,000 HACLA public housing units currently serve more than 22,000 residents. On average, families in public housing spend approximately 28% of their income on rent, with the average rent amongst these units being $388, and an average monthly income of $1,490 per family. Table 1.20 shows the voucher payment standard (the maximum amount paid by HACLA for a unit supported by a Section 8 voucher) and the flat rents for public housing units. While residents need to contribute up to 30.0% of their income to supplement these subsidies, these rates are a significantly lower rent compared to the market-rate rents throughout the City.

Pueblo del Rio (Southeast LA)

TABLE 1.20
HACLA Voucher Payment Standards and Public Housing Rents (Maximum Amount Paid by HACLA)

Unit Size	Voucher Payment Standard*	Public Housing Flat Rent**
Mobile Home Space	$660	NA
Single Resident Occupancy	$719	NA
Zero Bedroom	$958	$563
One Bedroom	$1,156	$664
Two Bedrooms	$1,443	$833
Three Bedrooms	$1,939	$920
Four Bedrooms	$2,331	$1,059
Five Bedrooms	$2,681	$1,269
Six Bedrooms	$3,031	NA

Source: HACLA website January 3, 2012; HACLA Flat Rent Schedule for the Public Housing Program October 2012

* As of 12/1/12: Payment standard is the maximum subsidy HACLA can provide toward the median value (rent plus utility allowance for utilities, stove or refrigerator paid or provided by the tenant. If the gross rent is more than the Payment Standard, the family must make up the difference out of its own pocket.

** As of 10/12: Each year the HACLA will reassess the Flat Rent structure as part of the Annual Plan process. The flat rent is based on the market rent charged for comparable units in the private unassisted rental market. It is equal to the estimated rent for which the HACLA could lease its public housing units in the private, unassisted market. Households pay 30% of monthly income toward the flat rent. However, there is no minimum rent, and extremely low income households may have no rental payment.

PWilliam Mead (Chinatown/Lincoln Heights)

Many more affordable rental units are needed because there are more than 650,000 households with incomes below the median income in the city of $47,031, according to the 2010 ACS 1-year estimates. When families cannot afford market rents they are forced to share units and live in overcrowded conditions in order to afford the rents, or worse they are forced into homelessness. Lack of affordable housing supply has facilitated the profusion of illegal units that do not meet building and zoning codes, posing health and safety hazards to occupants and negative impacts on neighborhoods.

2. Overcrowding

According to the Federal Government, overcrowding occurs when a dwelling unit is occupied by 1.01 or more persons per room. Severely overcrowded units are defined as those occupied by 1.51 persons or more per room.

In 2010, 190,953[122] households, or 14.6% of occupied units in the City, were considered to be overcrowded. Approximately 51.3% of the overcrowded

122 US Census Bureau. 2010 ACS 1-year estimates: Tenure by Occupants per Room.

households were severely overcrowded. This is a greater rate of overcrowding than that of the County or the State. In 2000, 12.8% of housing was overcrowded in Los Angeles Count. In the State, 8.6% of housing was overcrowded.

Overcrowding is a much greater problem among renter-occupied units compared to owner-occupied units. In 2010, 19.4% of all renter-occupied housing units were overcrowded and 10.1% were severely overcrowded. Among owner-occupied units, overcrowding is far less significant—6.5% were overcrowded and 2% were severely overcrowded. Table 1.21 shows the number of overcrowded units by tenure.

TABLE 1.21
Overcrowded Units 2010

	Owner Occupied	Renter Occupied
Total Occupied Units	493,028	817,231
Overcrowded	32,074	158,879
Severely Overcrowded	9,578	88,285

Source: U.S. Census Bureau, 2010 ACS 1-year estimates: Tenure by Occupants per room

Overcrowded conditions exist due to many reasons. One reason is the lack of appropriately sized and priced dwelling units, especially for large families. According to the Census 2010, there were 213,959 large family households, or approximately 16% of family households in the City. In order for large families to avoid being overcrowded, they need dwelling units with three or more bedrooms. Although large families were approximately 16% of the family household population, only 10.2% of rental units in the City had three or more bedrooms in 2010.

Overcrowding may also be attributed to the changes in household composition and cultural differences which accompany immigrants from other countries. Latino and Asian households live in overcrowded conditions more frequently than non-Latino White or Black households, often as a result of customary practice, as well as affordability constraints. Even high income Latino and Asian households have a higher incidence of overcrowding than very poor non-Latino Whites and Blacks[123].

One of the common consequences of overcrowding is the creation of illegal dwelling units, such as occupied garages. The HCIDLA systematically inspects multifamily buildings, and when identified, cites property owners for failing to obtain the appropriate building permits and Certificates of Occupancy from the Department of Building and Safety for the change of use or occupancy for the building inspected. The majority of the violations

123 Center on Budget and Policy Priorities, In Search of Shelter: The Shortage of Affordable Rental Housing, 1998, p. 23.

are for garage conversions, recreation room conversions, and basements and attics used as dwelling units. In CY 2012, the HCIDLA cited 827 unapproved units to bring them into compliance with City codes.

3. Discrimination

Housing discrimination occurs when a person is denied an equal opportunity to rent or buy housing of their choice, as defined under state and federal fair housing laws. The Federal Fair Housing Act -- Title VIII of the Civil Rights Act of 1968 -- was enacted on April 11, 1968, and amended in 1988. It prohibits discrimination based on race, color, national origin, religion, sex (gender and sexual harassment), disability (mental and physical, including AIDS and HIV), and familial status (including children under the age of 18 living with parents of legal custodians, pregnant women, and people securing custody of children under the age of 18). The California Fair Employment and Housing Act (FEHA) and the Unruh Civil Rights Act include all the protected categories listed under the Federal Fair Housing Act and also include ancestry, source of income, marital status, medical condition, age, and sexual orientation. In addition, the City of Los Angeles enacted ordinances to prohibit discrimination based on age, student status, AIDS status, and age of mobile homes.

The fair housing laws prohibit discrimination and harassment in housing practices, including:

- Refusing to negotiate, rent or sell housing
- Advertising
- Unlawful evictions
- Public and private land use practices (zoning)
- Setting different terms or conditions for sale or rental of a dwelling
- Application and selection process
- Terms and conditions of tenancy
- Providing different housing services or facilities
- Mortgage loans and insurance, real estate services and transactions
- Unlawful restrictive covenants
- Denying access to someone for inspection, sale, or rental of a unit that is in fact available
- For profit, steering owners to sell or rent
- Denying anyone access to or membership in a facility or service (such as a multiple listing service) related to the sale or rental of housing

Fair housing laws also require housing providers to make reasonable accommodations in rules, policies, practices, and services to

Public Housing Modernization/ Redevelopment
The majority of City's public housing stock was built in the early 1940's and 1950's and requires significant revitalization. HACLA has completed a Physical Needs Assessment (PNA), which helped to identify needs. The capital needs from the PNA total over $533 million, with $103 million needed over the next 10 years. Many sites require major infrastructure (water, sewer, gas line) replacement and others may need comprehensive modernization/revitalization. Two examples of current and future redevelopmnt include the Dana Strand Revitalization Project in Wilmington and the redevelopment of Jordan Downs in Watts.

Dana Strand Phase III - Senior Apartments

permit people with disabilities to use and enjoy a dwelling. The law also allows persons with disabilities to make reasonable modifications of the premises, albeit at their own expense.

Recent Trends

In Los Angeles, the majority of fair housing complaints made to the Housing Rights Center between 2006 and 2011 allege discrimination based on race, familial status, and physical disability. In every year during this period, physical disability ranked first among the most frequent inquiries, accounting for between 27 and 34 percent of the inquiries. By 2011, physical disability was the leading cause of inquiries at 34% (Table 1.22). The continued high number of disability-related complaints is attributed to fact that persons with physical disabilities are now better-informed of their rights, have more access to services, and have a better understanding of when a complaint or inquiry is warranted. Also, as opposed to race or familial status, some apartment owners make direct comments refusing to make reasonable accommodations or modifications for people with disabilities so discrimination is easier to detect.

TABLE 1.22
Fair Housing Inquiries

Type of Inquiry	FY 2006 -2007		FY 2010-2011	
	Total Number	Percent	Total Number	Percent
Race	224	16%	134	11%
Familial Status	218	16%	204	17%
Physical Disability	383	27%	416	35%

Source: HCIDLA

Discrimination cases develop from further investigation into the fair housing inquiries received. Familial status, typically where a landlord refuses to rent a unit to families with children, has recently been cited as the most common form of fair housing complaint leading to a discrimination case (see table 1.23).

TABLE 1.23
Fair Housing Discrimination Cases

Type of Discrimination Case	FY 2005-2006		2004-2011*	
	Total Number	Percent	Total Number	Percent
Race	67	12%	531	15.2%
Familial Status	206	36%	962	27.6%
Physical Disability	137	24%	881	25.2%

Source: HCIDLA; HCIDLA "Analysis of Fair Impediments to Fair Housing Choice 2012" Public Review Draft May 30, 2012

Increasingly, investigations of housing discrimination complaints conducted through the Citywide Fair Housing Program sustain the allegation of housing discrimination. In 2001, only 36% of the cases/investigations resulted in a finding of discrimination. The number increased to 43% for the period between 2004 and 2011 and was up to 49% for the year of 2011. A total of 246 cases were filed in 2011, the majority of which were renters. The increase can likely be attributed to better investigation and testing procedures, which have occurred since the program employed full-time attorneys specializing in housing rights. Remedies for housing discrimination can include injunctive relief, monetary damages and penalties, administrative relief through the State Department of Fair Employment and Housing, and conciliation and mediation conducted by HRC or its subcontractors.

Impediments to Fair Housing

Every five years, HUD requires that the City conduct or update an Analysis of Impediments to Fair Housing Choice (AI). It is an objective assessment of how laws, regulations, policies and procedures affect housing availability, accessibility and location in the City. The most recent assessment was completed in January 2006 and the general areas of concern that emerged from the study include:

- Housing and Household Characteristics: discrimination faced by various population groups;
- Access to Financing: predatory lending, among minorities and residents of low income neighborhoods, in particular;
- Public Policies: local programs, regulations, and lack of coordination which can create barriers to fair housing choice;
- Fair Housing Services: insufficient capacity of agencies in Los Angeles to serve all residents.

4. Vacancy Rates

Los Angeles has a very tight housing market. Vacancy rates in rental and for-sale units are low compared to industry-accepted optimal levels. A certain number of vacant units are needed in any community to allow for sufficient housing choices for residents, to provide an incentive for landlords and owners to maintain and repair existing housing units, and to protect against steep rent increases.

The Southern California Association of Governments considers the optimal vacancy rate to range from 1.5% to 2% for homeowners and 5% to 6% for multifamily rental units. When vacancy rates fall below these levels, residents will

124 The final submission and adoption of the 2012 draft AI is subject to the pending release of HUD guidelines that govern localities' responsibilities to affirmatively furthering fair housing.

likely have a difficult time finding units adequately matched to their household and income needs. Additionally, as the vacancy rate drops, the steeper the competition for units becomes, causing housing prices and rental rates to rise.

According to the most recent information, vacancy rates in the City are below optimal levels in 2012. This comes after a significant increase in vacancy as a result of the housing crisis. Per the Census 2005, the vacancy rate for rental units in the City was 3.3%. In 2010, the vacancy rate for rental units had increased dramatically to 6.1% (2010 Census). The situation is similar but not as drastic in the case of for-sale housing vacancy rates. In 2005, the Census Bureau reported a for-sale unit vacancy rate of 0.9%. In 2010, the same measure registered a vacancy rate of 2.1% (Table 1.24).

TABLE 1.24
Vacancy Rates for Rental and For-Sale Units, 2000, 2005, 2010

	Rental Units	For-Sale Units
2000 Vacancy Rate	3.5%	1.8%
2005 Vacancy Rate	3.3%	0.9%
2010 Vacancy Rate	6.1%	2.1%

Source: Census 2000, ACS 2005

Estimates of vacancy rates by the Los Angeles Department of Water and Power (LADWP) are typically in line with Census figures. In May 2012 (latest data available), the average vacancy rate for multi-family, individually-metered housing units served by the LADWP was 3.9% (individual units in master-metered buildings, excluded)[125]. The average vacancy rate for single-family dwelling, individually-metered housing units served by the LADWP was 0.8 % (Table 1.25).

TABLE 1.25
Vacancy Rates of Individually Metered Housing Units, 2012

Housing Unit Type	Vacancy Rate May, 2012
Multi-Family Units	3.9%
Single-Family Units	0.8%

Source: LADWP

5. Rent Stabilization

The City of Los Angeles' Rent Stabilization Ordinance (RSO) protects tenants from excessive rent increases, while allowing landlords to incrementally raise rents. The RSO, effective May 1, 1979 and incorporated as Chapter XV of the Los Angeles Municipal Code, applies to rental units in the City that for which

125 The LADWP monitors electrical activity at metered apartment buildings as well as activity recorded in single-family residential meters. Inactive or idle meters over a period of time are a good indication of vacancy and this data is used as an estimate (although meters can be idle for reasons other than vacant units).

a Certificate of Occupancy was issued on or before October 1, 1978, generally with two or more units on a lot. Seventy-five percent of properties under the RSO have four or less units and most were built between 1940 and 1969. There are approximately 638,000 rent stabilized units in the City. Since its adoption in 1979, the Los Angeles Rent Stabilization Ordinance has always permitted vacancy decontrol, which allows the rent to be set to market upon vacancy. The effect is to stabilize rents and provide tenants with predictability and consistency regarding increased housing costs, while allowing moderate annual rent increases.

The RSO regulates four key areas of rental unit management:

(1) Allowable rent increases. The RSO limits the annual allowable rent increase to a minimum of 3 percent and a maximum of 8 percent. Rents for units voluntarily vacated may be raised to market rate (known as vacancy decontrol). Thereafter, the unit is again subject to the allowable annual rent increase under the RSO. The allowable increase is based on a twelve-month average of the Consumer Price Index (CPI) – All Urban Consumers for the Los Angeles Area. The current allowable rent increase, effective as of July 1, 2012, is 3%.

(2) Registration of rental units. All property owners subject to the RSO must register the units before they may demand or collect rents. The annual RSO registration fee is $24.51 per unit. Half of the fee ($12.25) may be passed on to the tenant.

(3) Evictions. The RSO permits fourteen legal reasons for eviction: 1) failure to pay rent; 2) material violation of the rental agreement; 3) committing or permitting a nuisance or damage; 4) use of the unit for illegal purposes; 5) failure to extend or renew the rental agreement; 6) denial of access to the unit; 7) the person in possession of the unit is not approved by the landlord; 8) landlord seeks unit as a residence for him/her or a relative; 9) the tenant has failed to relocate in accordance with the Tenant Habitability Plan; 10) the landlord seeks to recover the unit in order to demolish or remove it from the rental market; 11) the government issues an order to vacate; 12) HUD is both the owner and plaintiff and seeks to recover possession; 13) for demolition or conversion of a residential hotel, with certain restrictions; 14) to convert the property to an affordable housing accommodation.

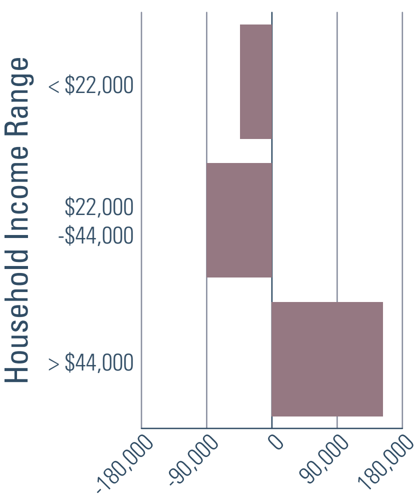
(4) Payment of relocation assistance to tenants. A landlord must provide monetary relocation assistance to tenants that are subject to no-fault evictions due to condominium conversions, primary renovation, for use by the owner or resident manager, permanent removal from the rental market, demolition, government order to vacate, or when HUD seeks to recover possession in order to vacate the property prior to sale, or in order to convert to affordable housing.

Much Less Affordable Housing Available Since 2000

- From 2000 to 2011, 40% of the City's rental units that were affordable to households making less than $22,000 a year became unaffordable.
- 143,000 rental units that were affordable to households making less than $44,000 a year are now too expensive.

CHART 1.28

Change in # of Affordable Rentals by Income, 2000-2011



With restricted rent increases, rents of rent-stabilized units are generally lower than market rate rents, but not substantially lower (due to vacancy decontrol). According to the findings of the 2009 Economic Study of the Rent Stabilization Ordinance and the Los Angeles Housing Market (Study), the rent differential between RSO and non-RSO units ranged from a higher $500 to virtually no difference, depending on the unit size and area of the City. The median monthly rent for an RSO unit was $113 less than the median rent for a non-RSO unit and the average monthly rent for an RSO unit was $142 less.

Current State law (the Ellis Act) allows rental property owners to permanently remove rental units from the housing market. As a result, the City of Los Angeles cannot require an owner to continue to offer a residential property for rent. Since 2001, a total of 17,635 RSO units were removed from the rental market for permanent removal or demolition. Losses of housing units previously regulated by the City's Rent Stabilization Ordinance surged during the housing boom in the mid-2000s and have since receded.

RSO property owners may contend that allowable rent increases do not keep pace with operating costs. This was not supported by the findings of the Study, which found that, on average, investments in RSO apartments performed superior to the average performance of apartment buildings in the United States and comparable to non-RSO apartments in Los Angeles. The Study also found that the rates of appreciation and increases in value between RSO buildings and non-RSO buildings were similar. According to the Study, the average value of RSO apartments increased by 134% between 2001 and 2006, compared to 99% for all Los Angeles apartments. There are RSO provisions that allow owners to increase their operating income and recover their investment in their rental properties. Rent increases are allowed for such expenses as capital improvements, rehabilitation work, and primary renovation work. In addition to the annual allowable rent increase and the increases upon vacancy decontrol, landlords may increase the rent for additional tenants or apply for a rent increase under the "Just and Reasonable" provisions of the RSO based on a financial review of the property's Net Operating Income.

6. Condominium Conversions

The number of rental units being converted to condominiums has been decreasing each year since the last Housing Element. From 223 condo conversion applications to the Department of City Planning in 2006, the number fell to 47 in 2007, then to 10 in 2009 and just 6 in 2011. The reason for the sharp decrease is most likely due to the dramatic change in the homeownership market over those years. The trend is likely to reverse as the economy gains steam in the years ahead. However the slowdown may also have been heightened by a series of policy changes around condo conversions that happened in late 2006.

From applications filed from 2007 through July 2012, 64 apartment buildings containing 1,039 units were approved for conversion to condominiums. This compares to the conversion of 2,363 units during a shorter three year period from 2003 to 2005. Within the more recent five-and-a-half year period, 9 conversion cases were cases were denied by the Advisory Agency and one was initially denied, but approved on appeal with the inclusion of some affordable housing units. Therefore, of the cases that were decided upon by the end of 2012, approximately 86% were eventually approved, with 14% denied. Approximately 13 additional cases were either withdrawn or terminated.

While the City is able to track applications and approvals for the conversion of apartments to condominiums, there is no way to know how many of the approvals are actually effectuated by owners. The City has no authority to require a conversion just because an entitlement has been granted. Many apartment owners who seek an entitlement to convert their buildings to condominiums decide to retain their building as a rental project in response to particular market conditions. Many buildings which have been approved as condominiums therefore continue to operate as rental units. Thus, there is no way to know what the actual balance of rental and ownership units is in the City's multi-family housing stock (or, for that matter, in the single family stock, as homes can also be rented at the discretion of the owner).

The affordability of the multi-family housing stock is likely changed by condominium conversion activity. Much of the approved condominium conversions involve older housing stock that includes rent-stabilized properties. Although a high percentage of units in RSO buildings are rented at market rents as a result of vacancy decontrol, those persons who have remained in their unit for many years are likely paying lower rents. Thus, condominium conversions add to the shortage of multi-family units that are more affordable than market rate rentals.

With conversions, tenants unable to purchase units are faced with having to locate another place to live. Costs are likely significant and include moving expenses, security deposits, first and last months' rent, as well as the likelihood of increased monthly rental rates. In mid-2006, the Los Angeles Housing and Community Investment Department (HCIDLA) estimated that average relocation costs were $4,575. HCIDLA also estimated at the time that the increase in monthly rent from an average RSO unit to an average market rate unit was $670.

In response to these impacts of condominium conversions, the City Council approved and the City is now implementing an enhanced, comprehensive relocation assistance package for displaced tenants. This includes significantly larger relocation payments as well as increased and enhanced relocation services. Prior to the new law, relocation payments were $3,450 for an eligible tenant and $8,550 for a qualified tenant (those who are 62 years of age or over, disabled, or with minor dependent children). The new fee structure is as follows (Table 1.26)[129]:

126 Slightly reduced relocation assistance payments are permitted for Mom and Pop property owners for a good faith eviction for occupancy by the owner, family member or a resident manager, provided that certain requirements are met as prescribed in Section 151.30 of the L.A.M.C.

TABLE 1.26
Relocation Assistance for Displaced Tenants

Type of Tenant	Less than 3 years of tenancy	3 or more years of tenancy	Income Less than 80% AMI
Eligible	$7,450	$9850	$9,850
Qualified	$15,800	$18,650	$18,650

Source: HCIDLA: Effective July 1, 2012 through June 30, 2013
HUD's Area Median Income Limits. In 2007, the 80% AMI for a family of four in the City of Los Angeles was $59,200.

To provide some mitigation for the loss of rental units, condominium conversion developers now pay an increased Rental Housing Production fee to the City's Affordable Housing Trust Fund to fund the development of affordable rental housing. The fee started at $1,500 in 2007 and increases every year thereafter based on inflation.

The City also adopted an ordinance regulating the re-rental of RSO units removed from the rental market, pursuant to the Ellis Act (Los Angeles Municipal Code Section 151.28). If such units are re-rented within a five year period, the new units are either subject to the RSO or 20 percent of the new units must be set aside as affordable units with recorded covenants that keep the units affordable for 30 years. This rule eliminates a previous practice of landlords or developers invoking their Ellis Act right to demolish RSO units, and later rebuilding rental units that were exempt from the RSO. Under the new law, building owners can set the initial rents at market rate for the new units, but all subsequent increases will be limited by the annual percentage prescribed by the RSO. Owners may apply for an exemption if they have occupied a building that consisted of four or fewer rental units for three years prior to the demolition of the building.

Given these regulatory disincentives for demolitions and conversions of RSO units, as well as the poor state of the economy, a report commissioned by the HCIDLA and DCP projects a smaller number of RSO unit losses this decade versus the last[127]. The study projects that the City of Los Angeles will lose approximately 3,463 RSO housing units – or about 0.5% of current RSO stock – during the period 2010 to 2020. The most common types of evictions in RSO Units are due to demolitions and conversions[132].

Apartment buildings built 30 or more years ago, may well continue to be attractive sites for new development, especially as the economy improves. These development projects will displace low- and moderate-income households, whose ability to find replacement housing at comparable rents will be challenged by the rising price of market-rate rental housing and the overall gentrification of some of the City's previously low-cost neighborhoods.

127 Affordable Housing Benefit Fee Study.
128 Los Angeles Housing and Community Investment Department. Landlord Declarations of Intent to Evict. 2008.

7. Assisted Housing At-Risk of Conversion to Market

Housing Elements must include an analysis of existing, affordable multi-family rental units at risk of conversion to market-rate housing within the next ten years due to termination of a public funding subsidy contract, mortgage prepayment, or expiring use restrictions. While the production of new, affordable housing is critical, so is the preservation of existing affordable units to maintain a stock of affordable housing.

Los Angeles has long been committed to monitoring, notification, funding, and outreach activities that support the preservation of affordable housing. From 2003-2011, the City of Los Angeles provided $37.5 million in local subsidies to support the preservation of 1,226 at-risk HUD assisted apartments in 15 developments. Additionally, from 2004-2012 the City of Los Angeles issued $134.7 million in tax exempt multi-family housing bonds to finance the preservation of 2,297 at-risk units. In the last eight years, with the formal establishment of the Los Angeles Affordable Housing Preservation Program (AHPP), a dramatic increase in activity has occurred. This activity includes: expanding resources for preservation program activities; tenant outreach and education to residents of at-risk affordable housing developments; monitoring expiration of rental subsidies and/or affordability restrictions on at-risk units; and ensuring enforcement of legal notice requirements.

Inventory of Assisted Housing Developments

The City of Los Angeles currently has approximately 68,908 affordable housing units in more than 1,764 developments, serving very-low, low and moderate-income households (Appendix A). The majority of these affordable housing units are owned and operated by private entities, and were financed with local, State and Federal public subsidies, administered by State agencies or locally through the HCIDLA, CRA/LA, HACLA and LAHSA. The requirements of the public funding include (but are not limited to) maintaining the affordability for a specific, extended number of years. The other affordable units, approximately 10% (6,921 units), are in public housing developments owned and operated by HACLA. These public housing units, funded primarily with HUD funds, are to always be maintained by HACLA as affordable; however, these units do require maintenance, upgrades or replacement as they age.

As affordability terms are fulfilled, the privately-owned affordable units will likely convert to market rate rents, making them out of reach for lower-income households. It is estimated that over the next ten years, as much as one-third of the City's current affordable housing stock could convert to market rate. Appendix A provides a summary of the total number of affordable housing projects and restricted affordable housing units within the City of Los Angeles.

Inventory of Expiring Units

The City currently has 19,888 housing units at risk of losing their affordability use restrictions between October 1, 2013 and September, 30 2023. These units were designated as at-risk based on the restrictions established by the primary government funding program used to build or rehabilitate the unit, use agreement, covenant and/or rental subsidy program. This primary funding source is interpreted as the most restrictive source of funding in the rental covenant, rental subsidy or funding; it is the source with the most years of affordability and set-aside units. Appendix B provides a summary of the at-risk/expiring properties. Appendix C provides a detailed inventory of the at-risk/expiring properties during this Housing Element Update period.

Units Expired in the Last 10 Years

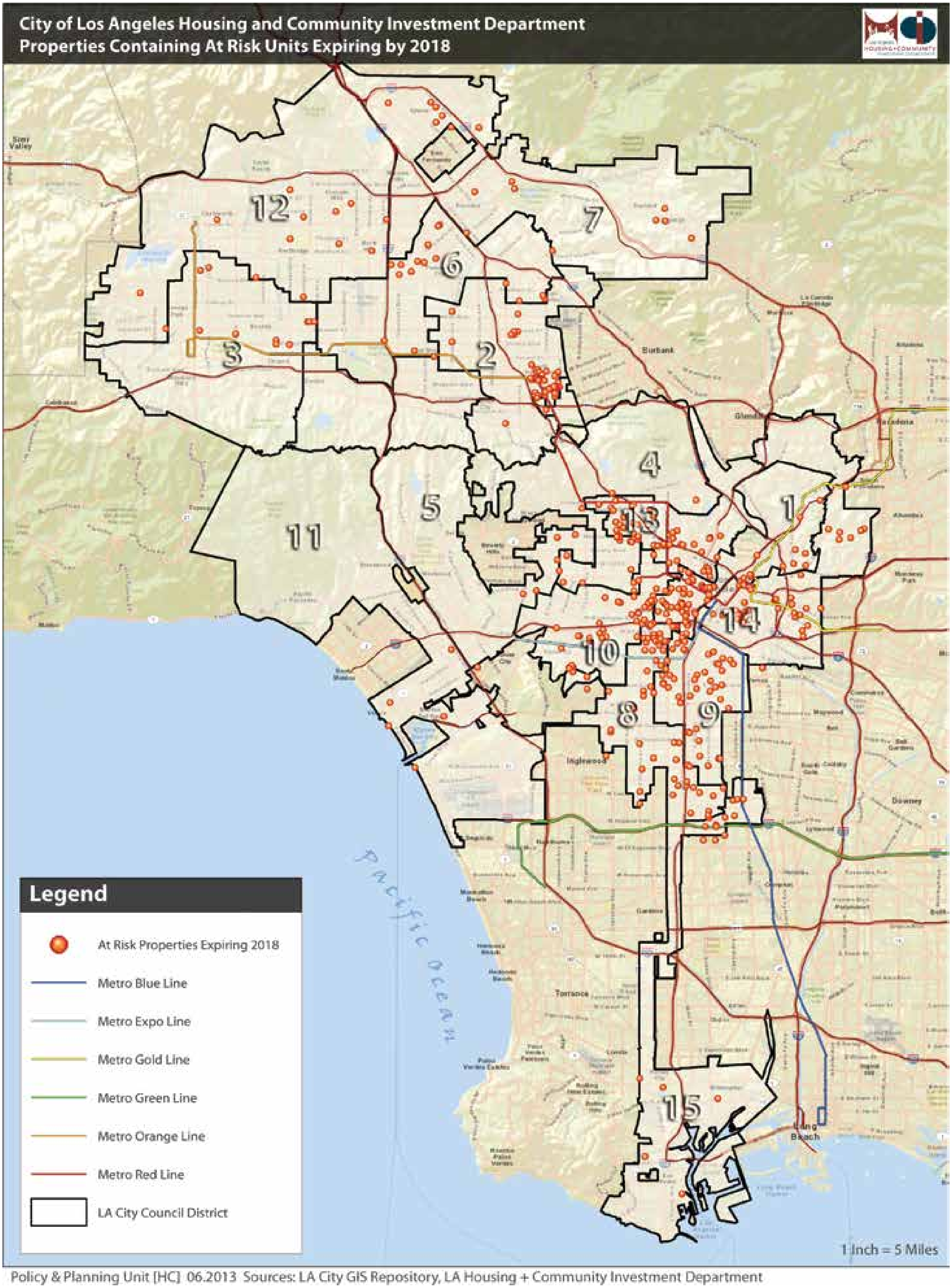
Between September 30, 2003 and September 30, 2013, there were 4,552 housing units located in 325 projects whose affordability restrictions expired or were terminated. The majority of these, 3,127 units (69%), were in projects that had affordability restrictions tied to local agency financing and/or City land use entitlement concessions. Almost half (47%) of the local agency properties were restricted by the Community Redevelopment Agency of the City of Los Angeles. Another 799 units (18%) were located in projects that received HUD assistance; none of these units were in HUD Section 202 or Section 811 projects serving elderly and/or disabled persons. Finally, 626 units (14%) were in State-financed restricted properties.

Units Expiring in 1-5 Years

Between October 1, 2013 and September 30, 2018, 15,354 housing units (22% of the City's affordable housing stock) are at risk of losing their rental subsidies or affordability restrictions through the expiration of covenants and termination of subsidies. The majority of these, 10,225 units (67%), are located in buildings that received financing from HUD in the form of HUD Project-based Section 8 rental subsidies, HUD/FHA 221(D)(3), and 236(J)(1) mortgage insurance programs, and HUD Section 202 and Section 811 loan programs serving elderly and/or disabled. These programs offer reduced mortgage payments in exchange for long-term affordability. Most mortgages have a 40-year term and many owners are allowed to prepay after 20 years. Currently, most owners qualify to prepay their loans or are nearing maturity.

The HUD Project-Based Section 8 rental subsidy program provides deep rental subsidies to enable projects to serve very low income tenants. Of the federally assisted, at-risk inventory, 8,307 units (54%) consist of Project-based Section 8 contracts. These rental subsidy contracts have an original term between five and 30 years, but most commonly 20 years. Most of these contracts have passed their initial terms, and owners may choose to terminate ("Opt-out")

Map 1.4
Properties Containing At-Risk Units Expiring by 2018



or renew them on a year-to-year basis, and are thus, at-risk of conversion to market every year. Renewal of longer-term contracts (i.e., 5-20 years) is also possible, though they are still subject to annual appropriations.

There are 4,438 affordable units (29%) created through City affordability restrictions that are at risk of expiration within the next 5 years. These restrictions resulted from City land use entitlement concessions and/or local funding awards such as HOME, Community Development Block Grant (CDBG), Bond financing, and the now-defunct CRA/LA housing programs. State loan programs such as the California Finance Agency (CalHFA) and State Housing and Community Development (HCD) loans funds subsidized 515 units (3%) expiring in the next five years.

There are 301 (2%) affordable units funded specifically for elderly and/or disabled person at risk of losing their affordability terms within the next 5 years. These units developed with HUD Section 202 and Section 811 funds and receive rental subsidies under Project Rental Assistance Contracts (PRACs).

Units Expiring in 5-10 Years

Between October 1, 2018 and September 30, 2023, fully 7% of the City's affordable housing stock (4,534 units) is at risk of losing rental subsidies or affordability restrictions. Of the 4,534 units at risk of expiration within the next 5 to 10 years, there are 2,074 units (46%) created through City affordability restrictions that are at risk of expiration. These restrictions resulted from City land use entitlement concessions and/or local funding awards such as HOME, Bond financing, and CRA/LA housing programs. State loan programs such as the California Low Income Housing Tax Credit (LIHTC), CalHFA and State HCD loan funds subsidized 1,246 units (27%) expiring in the next 5 to 10 years. An additional 1,214 units (27%) were financed through HUD/FHA mortgage insurance programs (including Section 202 and Section 811 funds), HUD Project-based Section 8 rental subsidies and HACLA.

Assessment of the Conversion Risk

The affordability of the City's affordable housing units is not, permanently assured. Based on the current expiring portfolio, the three major threats to preservation in the City are prepayment or maturity of federally-subsidized mortgages, expiration and termination of subsidy contracts (Project-Based Section 8 rental subsidy contracts), and the expiration of use restrictions of City-funded projects. As previously stated, most of the at-risk developments are owned by private entities and given the high demand for housing at all income levels within the City, expiring affordable units are at serious risk of converting to market rate units.

The reduction and uncertainty of government funds and rental subsidies make property owners wary of new long-term affordability commitments.

Also, government subsidies that would extend affordability come with many requirements governing the operation of the property (such as, but not limited to: restrictions regarding tenant selection, tenant income, rent level, rent increases, regular monitoring), adding challenges to the operation of the building.

Local rental market conditions also contribute to this likely consequence: a vacancy rate of about 4% for both rental and for-sale units in the past decade; increasing demand for rental units due to increases in foreclosures; increase in lending regulations that may impede or slow bank (mortgage) lending; and the continual slow-down in construction of for-sale units due to the current financial crisis. This continuous demand for rental housing leads to higher rents and therefore a more compelling incentive for landlords who own buildings with at-risk affordable units to pursue opportunities for market-rate rents. All of these factors play a significant role in an owner's decision to extend affordability restrictions on income-restricted projects.

Costs of Preserving Affordability: Analysis of Preserving Existing Affordable Units versus Building New Affordable Units

With more than 19,888 affordable housing units at risk of losing their affordability restrictions in the next ten years (October 1, 2013 - September 30, 2023), the cost to preserve or replace these units will be substantial. In 2012, the construction cost (labor and material costs) per unit for a new market-rate 4-story, 74-unit multi-family building in Los Angeles was $210,722[129].

The following presents the costs of preserving an expiring unit's affordability through:

- Acquisition and rehabilitation of an existing affordable housing unit, and extending its affordability through a new covenant;

- Acquisition and Rehabilitation of a previously non-affordable unit and placing affordability terms on the unit, thereby "replacing" the lost affordable unit;

- Building of a completely new unit and imposing affordability terms, thereby "replacing" the affordable unit.

Methodology

The costs associated with preserving the affordability of the units at risk of losing rent restrictions in the next 10 years were derived from the average Total Development Costs (TDC) for 7 projects funded through the HCIDLA's Affordable Housing Bond Program (AHBP) and 7 projects (3 acquisition/rehabilitation and 4 new construction) funded with Affordable Housing Trust Fund (AHTF) dollars in 2012. Data from this subset of projects was used to calculate average, per-unit costs because these projects had secured full funding in 2012, and the

129 Balboni, Barbara. RSMeans Square Foot Costs, 33rd Annual Edition, (Norwell, MA, Construction Publishers & Consultants, 2011).

developers of these projects had advanced to a crucial phase in development – the solicitation of construction bids. At this point in the development process, cost estimates are considered to be useful bases for aggregate costs to be discussed below. No preservation projects were funded by the AHTF in 2012.

Average figures were used for both the preservation and new construction costs analyses. The calculations consider the land cost, hard construction cost and other soft cost items as defined in the HCIDLA Pro Forma required of all developer applicants.

Table 1.26 shows the per-unit, average TDC for AHBP preservation and new construction projects. The HCIDLA has the authority to induce bonds for affordable housing projects that may otherwise not require a public subsidy for their development, rehabilitation, and preservation. Due to the shortage of competitive housing subsidies and other market factors, the HCIDLA has seen an increase in the use of bond financing for the preservation of affordable housing. The issuance of bonds has been one of the primary programs to preserve affordable housing in the City at a minimal cost. Over the last 8 years, the HCIDLA has assisted in the financing of more than 2,000 at-risk units through a commitment of tax-exempt bonds of approximately $135 million.

Based on HCIDLA's calculation, the average per-unit TDC to preserve a unit's affordability through acquisition and rehabilitation of an existing affordable housing unit, and extending its affordability through a new covenant/regulatory agreement is approximately $179,000 (Table 1.27).

A unit's affordability can be replaced either by rehabilitating a previously non-covenanted unit and placing affordability terms on the unit or by building a completely new unit with affordability terms imposed on the unit. Depending on land costs, relocation and/or site preparation costs, design and entitlement costs, and a wide range of other factors, newly-restricted affordable housing units can range from roughly $301,000 per unit for the rehabilitation of an existing, non-covenanted unit, to $358,000 for the construction of a new affordable unit. Therefore, it is more cost-effective to preserve and rehabilitate a unit than to build new.

TABLE 1.27

Average Total Development Costs per Unit for Preservation or Replacement Projects: 2012

Method of Preserving Existing Unit's Affordability	Acquisition (rounded)	Rehabilitation/ Construction (rounded)	Financing/Other (rounded)	Total
Preservation:				
Acquisition and Rehabilitation of Existing Affordable Units	$79,000	$57,000	$44,000	$180,000
New Production:				
Acquisition and Rehabilitation of Previously Non-Affordable Units	$99,000	$137,000	$65,000	$301,000
New Construction				
New Construction	$20,000	$267,000	$71,000	$358,000

Source: HCIDLA

Given the projected number of at-risk units in the periods between 2013-18 and 2018-23, Table 1.28 depicts and aggregate affordability preservation cost that would be required to preserve all at-risk units from expiration based on the 2012 average TDC for each method of preservation.

TABLE 1.28

Estimated Total Cost to Preserve At-Risk Units: 2013-2018 and 2018-2023

Method of Preserving Existing Unit's Affordability	Cost to Preserve/Replace 15,354 Units Expiring between 2013-2018	Cost to Preserve/Replace 4,534 Units Expiring between 2018-2023
Acquisition and Rehabilitation of Existing Affordable Housing Units	$2.8 Billion	$813.8 Million
Acquisition and Rehabilitation of Previously Non-Affordable Units	$4.6 Billion	$1.4 Billion
New Construction	$5.5 Billion	$1.6 Billion

Source: HCIDLA

Non-Financial Strategies for Preserving Expiring Affordable Housing

The City remains steadily committed in its efforts towards the preservation of assisted housing through its various housing programs and available resources. In 2004, the City approved the Affordable Housing Preservation Program (AHPP), and created the Preservation Coordinator position within HCIDLA to implement and manage the program, which includes monitoring the at-risk affordable units, database management, agency coordination, and outreach and education efforts.

In 2009, the City of Los Angeles successfully secured a $1 million dollar, 4-year grant from the John D. and Catherine T. MacArthur Foundation. This grant was part of the Foundation's awards for State and Local Housing Preservation Leaders for the development and expansion of innovative public sector initiatives to preserve and improve the existing stock of affordable rental housing nationwide to 12 public agencies. Over the last four years, the HCIDLA has used these funds to enhance its Affordable Housing Preservation Program (AHPP) data system, engage in a robust data collection effort on affordable housing; develop criteria to identify and prioritize at-risk projects; enhance owner and tenant outreach components; improve coordination with other City and financing agencies; hire one program support staff person; and direct more resources toward preserving affordable rental housing. The CRA/LA used part of the fund to conduct an education and outreach effort for tenants and property owners, and to initially build the capacity of two nonprofit developers to ensure preservation of SRO housing units in the Skid Row area of the City. The City will continue to look for funding to conduct studies, research and training to assist identify and prioritizing at-risk projects.

The HCIDLA has funded tenant and landlord outreach for preservation purposes since early 2000. The outreach to residents of at-risk affordable housing includes information on alternate housing opportunities, expiring/terminated affordability restrictions, State and Federal notice compliance, tenants' rights and responsibilities, the interaction of the City's Rent Stabilization Ordinance (RSO), Code Enforcement programs and existing affordability restrictions, as needed. With the formal establishment of the AHPP, between 2005 and 2012, tenant outreach was conducted at approximately 8,000 units. Outreach was primarily conducted to properties with expiring Section 8 contracts, to properties opting out, and on the first-time properties with expiring City covenants, land use concessions or foreclosed properties. HCIDLA is uniquely positioned to manage this process because it enforces the State notice law at expiring and/or terminating properties, the Rent Stabilization Ordinance and the Systemic Code Enforcement Program; this ensures a better information flow between in-house departmental programs.

Through the AHPP, the HCIDLA assists property owners and managers of expiring or terminating properties with guidance on compliance with the State notification law, preservation/renewal support and technical assistance, rent increases following expiration under the RSO, HUD Section 8 Enhanced Voucher requirements and renewal options. Due to these efforts, owners are able to comply with State law notification requirements and RSO allowable rent increases, while other projects continue to be affordable and have renewed affordability beyond their annual contract or notice compliance period. The HCIDLA will continue to ensure compliance with noticing requirements (when properties are set to expire), continue to conduct outreach and education of tenants and property owners of at-risk housing.

Not only is effective coordination among housing entities and decision-makers essential for accurate ongoing data collection, it also makes for effective problem solving and leads to creative solutions. The regular convening of the spectrum of housing agencies and stakeholders, coupled with the capacities of the AHPP's up-to-date, at-risk rental data, will result in a greater net gain of units preserved.

The City, through the HCIDLA, will continue to dedicate staff time to support the L.A. Preservation Working Group and other related activities. The LAPWG's mission and goals are to protect and preserve the City's affordable housing stock by sharing information, tracking the expiring inventory, and developing creative preservation strategies and transactions. The HCIDLA is a core member of the L.A. Preservation Working Group (LAPWG) and, since 2009 the HCIDLA, has actively collaborated with the group's members by helping to develop the agenda topics and by meeting with member organizations of the LAPWG on an ongoing basis. The LAPWG is comprised of the federal and local housing agencies in the City, affordable housing advocates, non-profit developers and legal services organizations. The HCIDLA will continue to dedicate staff time to support the L.A. Preservation Working Group, and provide information and continue with efforts to establish partnerships with entities qualified to acquire and manage at-risk units (See Appendix D).

The City strives to collaborate with local non-profit organizations to acquire and manage at-risk projects, and with financial institutions to preserve affordable units by exploring creative financing as well as debt refinancing. In the past planning period, HCIDLA provided financing to affordable housing developers such as the Little Tokyo Service Center (LTSC) Community Development Corporation, A Community of Friends (ACOF), Beyond Shelter Housing Development Corporation, Retirement Housing Foundation, and Preservation Partners Development (PPD) to permanently preserve more than 2,000 at-risk housing units.

Entities with the Capacity to Acquire and Manage Affordable Units

There are a number of experienced housing development agencies that are active in the City of Los Angeles. Many of these organizations focus their efforts within targeted neighborhoods while others work throughout the City and County of Los Angeles. The organizations and agencies listed in Appendix D have expressed an interest in acquiring and managing expiring and at-risk properties within the City of Los Angeles through the "Notice of Opportunity to Submit an Offer to Purchase" qualified entity criteria pursuant to California State Government Code Section 65863.11.

The City will continue to establish partnerships with these qualified entities to develop a preservation action plan upon notice of conversion, sale or other actions that threaten the affordability of these properties.

Financial Resources Available for Preservation of Affordable Units

Community Development Block Grant (CDBG)

This source of funding, allocated on an annual basis, is allocated to programs that fund the development of new affordable housing, single-family and multi-family rehabilitation, and minor home repairs. Due to adjustments related to the 2010 U.S. Census Bureau and federal government budget cuts, the City's entitlement CDBG grant was reduced from a high of $77.98 million in 2010 to $52.67 million in 2012, an almost 32% decrease. In the 2012-2013 Plan Year (PY), CDBG was further reduced by 19% and funds over this term will likely be no greater than in the current $52 million range. In the 2012/13 PY, the HCIDLA received approximately $18 million of the entire City allocation of CDBG funds.

HOME Investment Partnerships Program (HOME)

The City of Los Angeles receives approximately $21 million annually in HOME funds which are combined with about $7.5 million in program income to be used for housing development activities. The HOME entitlement grant was substantially reduced from a high of $43.44 in 2009 to $21.35 million in 2012, an almost 51% decrease in HOME funding since 2009. The largest decrease, approximately $17 million, occurred between 2011 and 2012. The HCIDLA uses these funds for its housing production lending activities, through the Affordable Housing Trust Fund and the Permanent Supportive Housing Programs. HOME funds are available to any preservation project that meets program guidelines.

City General Fund

The City of Los Angeles has allocated a portion of its General Fund for acquiring, developing, constructing, and rehabilitating multi-family residential housing developments. Funds have also been used for the purpose of making loans to finance or refinance these activities. These funds are administered by HCIDLA through the Affordable Housing Trust Fund. Over the years, the City of Los Angeles' own budgetary constraints have hampered its ability to make a permanent financial commitment to affordable housing development. Since early in 2005, the City's Affordable Housing Trust Fund has not received any General Fund dollars. These circumstances have inadvertently increased the City's dependence on State and Federal resources. Nevertheless, this year, the City Council and Mayor approved an $18 million commitment to the Affordable Housing Trust Fund from the City General Fund. This commitment will be used strictly for the financing of permanent supportive housing for the homeless, and the first time since 2008, the City will have contributed General Fund monies to the Affordable Housing Trust Fund. This is a one-time commitment from the City's General Fund.

Mortgage Revenue Bonds

Since 1982, the City has issued tax-exempt revenue bonds for the development of multi-family rental housing. Tax-exempt revenue bonds are used as a resource for acquiring and preserving at-risk units. Part of the City's preservation strategy is to refinance such projects with tax-exempt bond proceeds in exchange for extended and strengthened affordability controls. The City through the HCIDLA acts as a conduit and provides assistance to applicants navigating through the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) hearing process and other phases of the bond issuance process. In addition, through HCIDLA the City induces bonds for affordable housing projects, allowing for reimbursement of project costs incurred prior to the bond issuance.

State Bond Financing (Prop 1C)

The availability of financing at the state level, typically funded through voter-approved general obligation bond issuances is another source for local preservation activities. In 2006, Proposition 1C, the Housing and Emergency Shelter Trust Fund Act, allocated $2.85 billion into twelve different programs throughout the State. While most of the funds have been depleted, this year, the State will make available funds though a Notice of Funding Availability ("NOFA") for the Infill Infrastructure Grant Program ("IIG") and the Transit-Oriented Development Housing Program ("TOD"). Both of these programs can be used for the preservation and construction of new affordable housing. Pursuant to the funding authority in AB 1585/Ch. 777, Statutes 2012 ("AB 1585"), the Department of Housing and Community Development (HCD) will be issuing NOFAs to appropriate $25 million each for IIG and TOD, respectively. The final amounts and future funding may increase subject to additional funds being made available through the disencumbrance of prior awards and any proposed legislation to allocate funding.

Low Income Housing Tax Credits (LIHTC)

Low Income Housing Tax Credits are an important source of funding for affordable housing in Los Angeles, but the system presents a unique challenge in that program guidelines and priorities are set by the State of California's Tax Credit Allocation Committee (TCAC) rather than the City of Los Angeles. The City works with developers of affordable rental housing projects (both preservation and new construction) to ensure that they meet LIHTC thresholds and awarding criteria. While the City of Los Angeles continuously provides commitments to projects that ultimately secure their array of leveraged funding, including the lion's share of funding from state resources, there is no systematic method to ensure that projects in Los Angeles will receive LIHTCs based on TCAC's point system. Additionally, TCAC sets aside a dedicated pool of tax credit funds for self-designated "at-risk" projects.

In 2013, TCAC established a City of Los Angeles Geographic Region from which all projects located within the City will be funded. The City will proactively manage access of this resource, and by doing so, provide the determining influence necessary to effectuate the housing priorities of the City The City will establish and maintain a managed pipeline of approximately 24 projects annually. The managed pipeline will create certainty for both the City and the development community, and allow for better planning and allocation of limited resources.

New Generation Fund

The New Generation Fund (NGF) is a $52 million predevelopment and acquisition loan fund that provides loans to affordable housing developers to purchase vacant land for development, as well as to purchase and preserve at-risk projects.

The Supportive Housing Loan Fund

In 2007, HCIDLA collaborated with the Corporation for Supportive Housing (CSH) to develop SHLF. The Supportive Housing Loan Fund (SHLF) is a $30M fund for acquisition and predevelopment loans for the production of permanent supportive housing for homeless persons; HCIDLA has invested $5M into the Loan Fund. In response to developers' difficulty in gaining site control, SHLF meets the need for flexible, readily-deployed acquisition and predevelopment funding while developers secure permanent financing. In addition, a loan loss guarantee from HCIDLA enables CSH to leverage funding needed to make acquisition and predevelopment loans at below market rates to supportive housing developers in Los Angeles.

Allocation and Streamlining of Financial Resources

The Los Angeles Housing and Community Investment Department (HCIDLA) will streamline its efforts into three primary programs, 1) Preservation, 2) New Production, and, 3) Pre-development and Acquisition Financing.

Preservation

Under the Preservation program, the HCIDLA will focus on preserving 500 units annually. Preservation will happen through various efforts including (a) facilitating the renewals of Project-based Section 8 (or similar) contracts, (b) facilitating the re-structure and/or purchase of properties with Project-based Section 8 (or similar) contracts, and (c) re-capitalizing existing affordable housing projects in exchange for lengthening their current affordability restrictions. Preservation projects will target all populations, including, homeless, large families, and seniors. Preservation projects will also have varying levels of affordability citywide or within designated transit-oriented districts (TOD).

In 2013, the City undertook efforts to strengthen its Affordable Housing Bond Program (AHBP). The new and improved AHBP is now streamlined by reducing application processing time by approximately eight weeks. In addition, new policies for re-capitalization of projects that have met their tax credit compliance period (15 year period over which a project must continue to satisfy the various tax credit requirements in order to avoid tax credit recapture) were incorporated into the Bond Program. These policies will assist in facilitating the re-structure and/or purchase of federally-assisted, at-risk properties and the re-capitalization of existing affordable properties

New Production

The HCIDLA will focus on adding 500 units annually to the City's affordable housing stock. The new production Program will add units to the City's affordable housing stock through New Construction and acquisition and rehabilitation. New production projects will target all populations, including, homeless, large families, and seniors, with the goal that at least 30% of the annual production serve the homeless through service-enriched housing (i.e., 150 units). New production projects will also have varying levels of affordability and located Citywide. Finally, the HCIDLA will accept the land assets of the former CRA/LA and use them to minimize costs and maximize production of new units. The City is inheriting approximately 60 lots assembled into approximately 21 developable parcels.

Predevelopment and Acquisition

In order to support preservation and new Production efforts, the HCIDLA will facilitate pre-development and acquisition financing through the New Generation Fund (NGF) and the Los Angeles Supportive Housing Loan Fund (SHLF). Both funds will be used to feed both the preservation and new production pipelines. Moreover, the managed pipeline described under new production will allow for the certainty of "take-out"[130] financing for all predevelopment and/or acquisition loans. The City has not been able to provide this level of certainty in the past, which has caused significant hardship for projects and limited the use of the NGF and the SHLF fund.

E. Regional Housing Needs Assessment

Under California state law, every jurisdiction is obligated to provide housing to meet its "fair share" of the regional need. The California Department of Housing and Community Development (HCD) is mandated to determine the state-wide housing need for a given planning period. In order to do this, HCD works with regional Councils of Government (COGs) to determine growth projections for the areas they represent. This growth projection is then translated into a Regional Housing Needs Assessment (RHNA), which consists of the total number of new units required to meet the growth needs. Each COG then develops a methodology for assigning each jurisdiction its share, based on factors such as employment, migration, growth and building activity. The number of units assigned to each city or county is known as the "RHNA allocation."

For the RHNA cycle relevant to this Housing Element Update (January 1, 2014 through September 30, 2021), HCD determined that 412,721[131] additional housing units are needed for the six-county region covered by the Southern California

Association of Governments (SCAG) COG. Of the SCAG region allocation, the total assigned to the City of Los Angeles is 82,002 units. Of these, 20,426 are for very low-income, 12,435 are for low-income, 13,728 are for moderate-income and 35,412 are for above moderate-income households (Table 1.29).

TABLE 1.29
City of Los Angeles Regional Housing Needs Assessment Allocation (2014-2021)

Income Category	% of total	Number of units
Extremely low income households (≤ 30% AMI*)	12.5	10,213
Very low income households (31-50% AMI)	12.5	10,213
Low income households (51-80% AMI)	15.2	12,435
Moderate income households (81-120% AMI)	16.8	13,728
Above moderate income households (> 120% AMI)	43.2	35,412
Total**	**100.1**	**82,002**

Source: DCP

*AMI = Area Median Income **Percentages add up to more than 100% due to rounding.

State law further requires that jurisdictions account for the housing needs of extremely low-income households (those earning less than 30% of the area median income) in addition to the other income categories. As the current RHNA allocations do not include this income category, cities and counties are allowed to calculate it either from census data or by assuming that 50% of the very low-income need is extremely low income. In either case, the total extremely low and very low needs should equal the RHNA allocation for the very low category (20,426 units for Los Angeles). The City has calculated its extremely low-income need to be 10,213 units using the 50% method.

The City of Los Angeles RHNA allocation represents one-fifth of the total SCAG RHNA. The City's current share of the RHNA allocation compared to the SCAG region has increased from the previous 4th Round, when it was approximately one-sixth. The increasing share for Los Angeles represents the RHNA Plan's compliance with the Sustainable Communities Strategy of the Regional Transportation Plan (SCS/RTP), which is required by SB 375, State legislation that passed in 2008. The City of Los Angeles has a very high proportion of the region's High Quality Transit Areas, which affected SCAG's development of its Integrated Growth Forecast.