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CITY OF LOS ANGELES INCLUSIONARY HOUSING STUDY

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**LOS ANGELES INCLUSIONARY HOUSING STUDY
EXECUTIVE SUMMARY**

BACKGROUND

What is Inclusionary Housing?

Inclusionary housing programs require residential developers to provide a percentage of total units at below market rents or sales prices in conjunction with the market-rate units in the project. Inclusionary housing is used by approximately 110 communities in California to increase the production of housing affordable to very low, low and/or moderate income households.

Why Now?

In recognition of the critical shortage of affordable housing in the City of Los Angeles, and the importance of affordable housing to the overall local economy and livability of the City, Los Angeles policymakers commissioned David Paul Rosen & Associates (DRA) to examine inclusionary housing as one of the strategies the City can pursue to meet its affordable housing needs.

What Effect Has Inclusionary Housing Had on Housing Production in Other Communities?

DRA compiled data on annual housing starts over a twenty year period in California to determine if inclusionary housing programs negatively affect housing production. For the period 1981-2001, DRA reviewed annual new construction residential building permit figures for 28 cities – with and without inclusionary housing programs – located in Los Angeles, Orange, San Diego, San Francisco, and Sacramento counties. DRA also analyzed housing start data for the State of California for the same period. The analysis includes separate tabulations for single family and multifamily housing starts.

The annual housing start data were then compared to passage of the 1986 Tax Reform Act (which significantly reduced favorable tax treatment for the construction of investment property), and key economic indicators: the prime rate, the 30 year mortgage rate, the unemployment rate, and area median home price.

An analysis of these data shows that for the jurisdictions surveyed, adoption of an inclusionary housing program is not associated with a negative effect on housing production. In fact, in most jurisdictions as diverse as San Diego, Carlsbad, and Sacramento, housing production increased, sometimes dramatically, after passage

of inclusionary housing ordinances. Rather, increases and decreases in housing starts most closely track the unemployment rate. While in no case did the adoption of an inclusionary housing program slow housing production, the 1986 Tax Reform Act clearly was associated with a sharp decline in housing starts in most California communities.

Chart 1 summarizes building permit figures over time for the State of California. Chart 2 shows the figures for the City of Los Angeles, and Chart 3 displays trends in the City of Carlsbad (one city with inclusionary housing program). (All 28 charts are included in the full DRA report.)

APPROACH AND METHODOLOGY

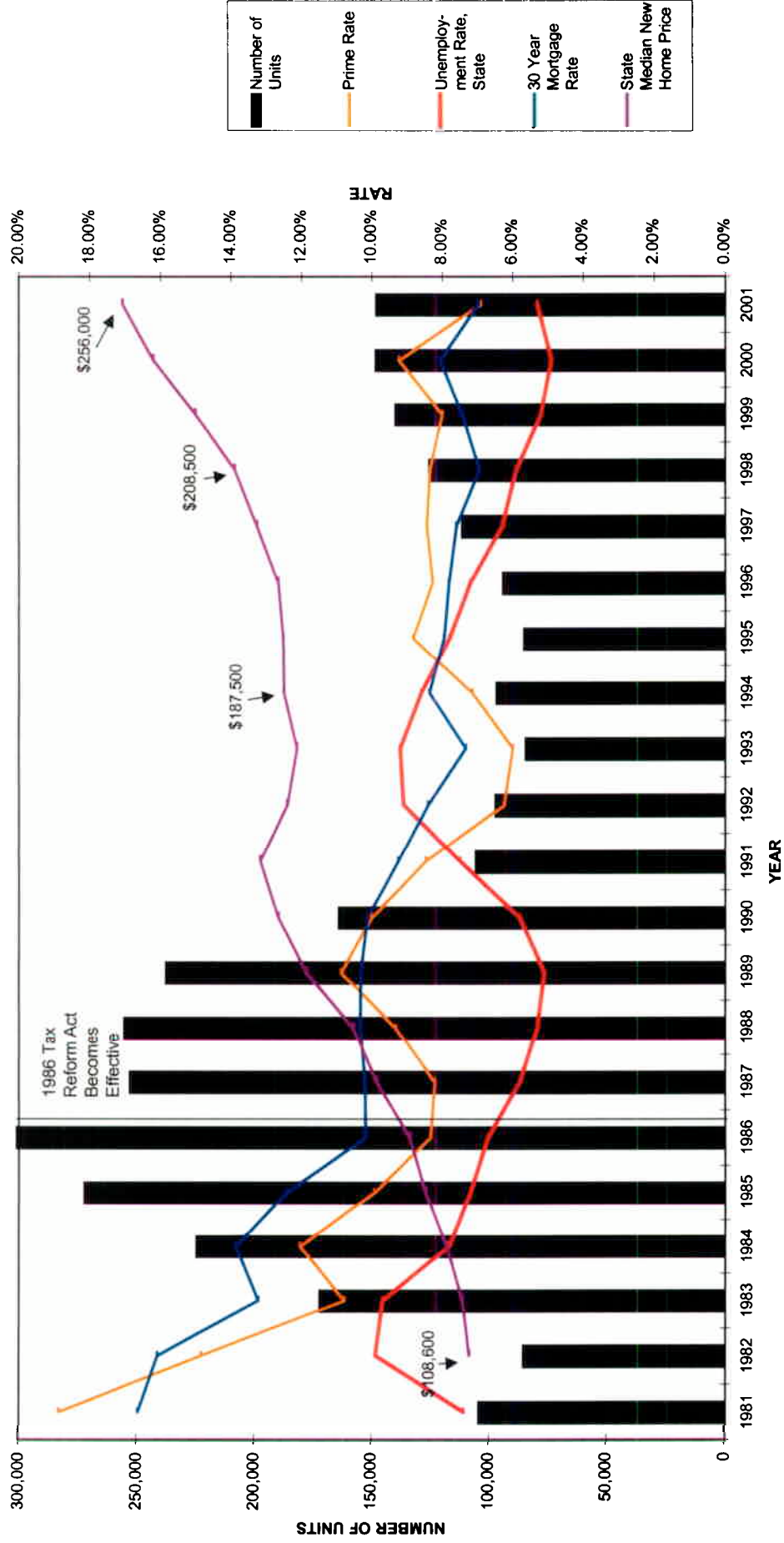
Why This Study?

Inclusionary housing imposes a prospective cost on development which can be partially to completely offset with economic incentives and alternative compliance options. DRA conducted an economic analysis which measures the cost of alternative inclusionary requirements against the value of incentive "packages" to offset costs or otherwise provide incentives to market-rate housing. This analysis will assist policymakers in making informed decisions about inclusionary housing for Los Angeles.

DRA analyzed the potential impact of alternative inclusionary housing requirements and incentives based on how housing actually gets built in Los Angeles today. The cost to build market-rate housing in Los Angeles today was carefully analyzed with the help of a panel of housing developers active in the current Los Angeles market. The study process used a group of for-profit and nonprofit developers to review, revise and validate assumptions about development costs, and to provide assumptions on developer profit and overhead. This collaborative process (detailed in Appendix A of the DRA study) produced the economic assumptions, development prototypes and incentives used in the study. Ten housing prototypes were developed in conjunction with the developer group, representing typical rental and owner housing currently or prospectively being built in Los Angeles.

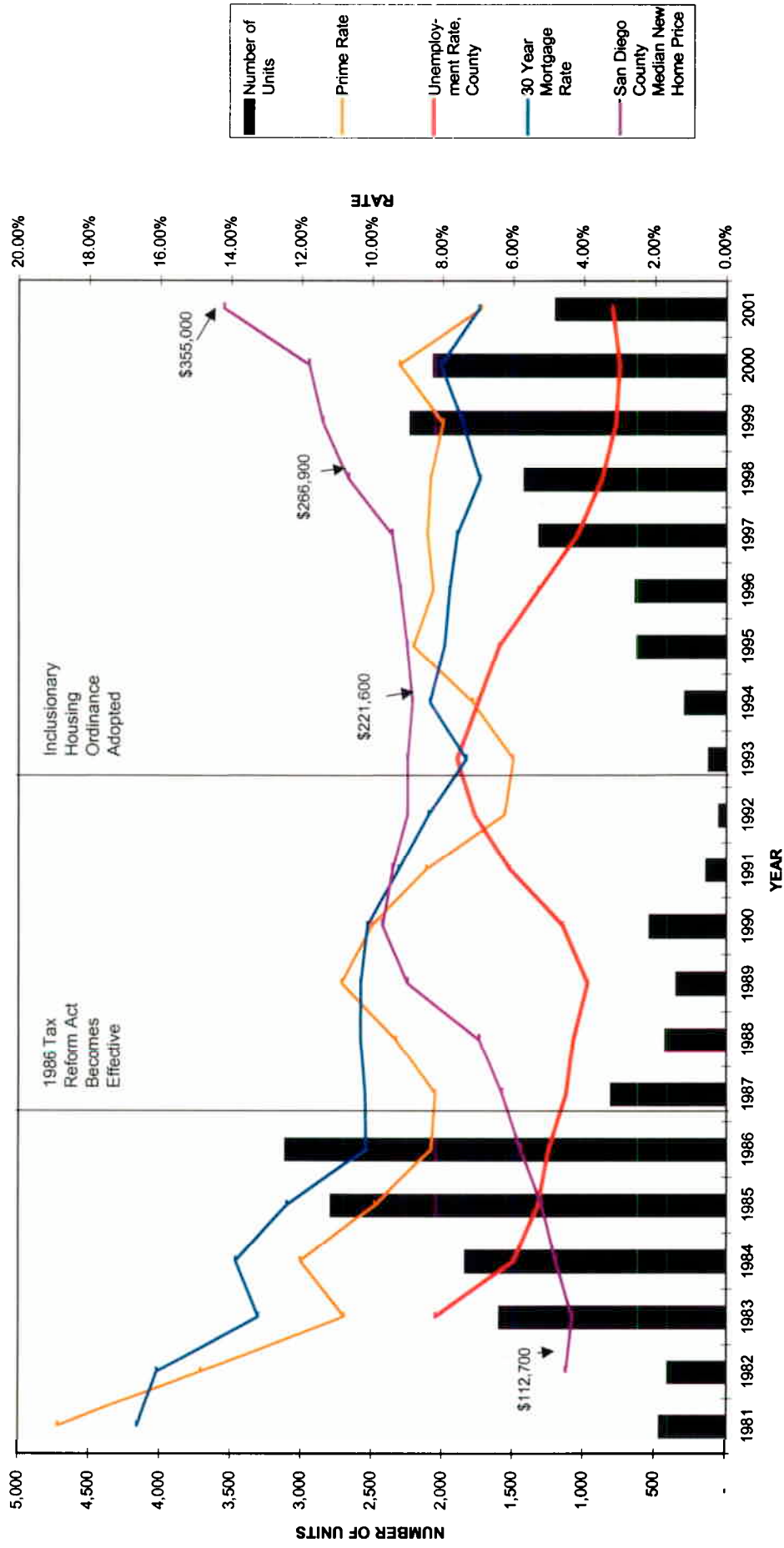
Table ES-1 describes the six rental housing prototypes used in the economic analysis. Table ES-2 describes the four owner housing prototypes analyzed.

STATE OF CALIFORNIA TOTAL RESIDENTIAL BUILDING PERMIT ACTIVITY



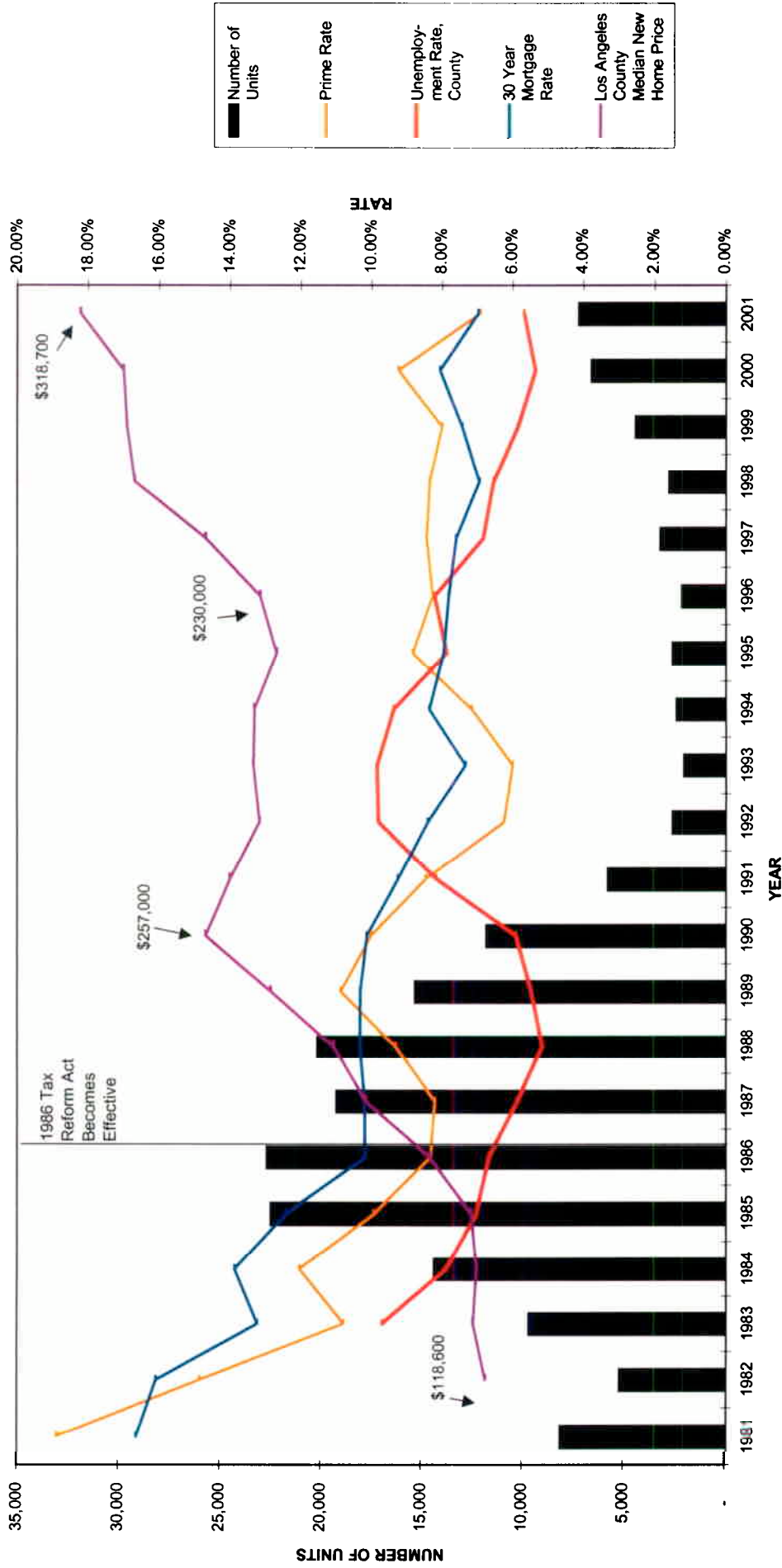
Sources:
 Residential Permit Data - Construction Industry Research Board
 Unemployment Rate - Employment Development Department, Labor Market Information
 Prime Rate - Federal Reserve Board
 30 Year Mortgage Rate - Federal Home Loan Mortgage Corporation (FHLMC) Survey of Major Lenders
 Median New Home Price - Construction Industry Research Board

CITY OF CARLSBAD TOTAL RESIDENTIAL BUILDING PERMIT ACTIVITY



Sources:
 Residential Permit Data - Construction Industry Research Board
 Unemployment Rate - Employment Development Department, Labor Market Information
 Prime Rate - Federal Reserve Board
 30 Year Mortgage Rate - Federal Home Loan Mortgage Corporation (FHLMC) Survey of Major Lenders
 Median New Home Price - Construction Industry Research Board

CITY OF LOS ANGELES TOTAL RESIDENTIAL BUILDING PERMIT ACTIVITY



Sources:
 Residential Permit Data - Construction Industry Research Board
 Unemployment Rate (seasonally adjusted) - Employment Development Department, Labor Market Information
 Prime Rate - Federal Reserve Board
 30 Year Mortgage Rate - Federal Home Loan Mortgage Corporation (FHLMC) Survey of Major Lenders
 Median New Home Price - Construction Industry Research Board (CIRB provides data by county, not city)

**Table ES-1
Rental Housing Prototype Projects
Los Angeles Inclusionary Housing Analysis**

	Renter 1	Renter 2	Renter 3	Renter 4	Renter 5	Renter 6
PROTOTYPE	Type V Low	Type V Medium	Type V High	Type III Modified	Type I >75' High Rise	Adaptive Reuse
Total Unit Count	30 Units	60 Units	60 Units	100 Units	100 Units	70 Units
Zoning	RD 1.5	R3	R4	R4	R5	Existing
FAR	0.53	0.77	1.98	2.32	3.47	2.06
Tenure	Rental	Rental	Rental	Rental	Rental	Rental
Resident Population	Family	Family	Family	Family	Family	Family
Product Type	Stacked Flats 2 Stories	Stacked Flats 3 Stories	Stacked Flats 4 Stories	Stacked Flats 5 Stories	Stacked Flats 6 Stories	Conversion of Exist. Bldg.
Construction Type	Type V	Type V	Type V	Type III	Type I	Existing
Density (DU's/Acre)	25.0	35.0	85.0	100.0	150.0	100.0
Land Area (Acres)	1.200 Acres	1.714 Acres	0.706 Acres	1.000 Acres	0.667 Acres	0.700 Acres
Units by BR Count						
Loft	0	0	0	0	0	69
One Bedroom	6	12	12	20	20	0
Two Bedroom/1 Bath	5	9	9	15	15	0
Two Bedroom/2 Bath	18	35	35	59	59	0
Three Bedroom	0	3	3	5	5	0
Manager's (2 BR/2 BA)	1	1	1	1	1	1
Unit Size (Net SF)						(Lofts)
Lofts	0	0	0	0	0	750
One Bedroom	625	625	625	625	625	0
Two Bedroom/1 Bath	850	850	850	850	850	0
Two Bedroom/2 Bath	900	900	900	900	900	0
Three Bedroom	0	1,100	1,100	1,100	1,100	0
Manager's	900	900	900	900	900	750
Average	837	848	848	848	848	750
Building Square Feet						
Net Living Area	25,100	50,850	50,850	84,750	84,750	52,500
Common Space	0	1,000	1,000	1,000	1,000	1,000
Total Net Bldg. SF	25,100	51,850	51,850	85,750	85,750	53,500
Type of Parking	Covered At Grade	1 Level Podium	2 Levels Subterranean	2 Levels Subterranean	3 Levels Subterranean	Existing/ Off-Site
No. of Parking Spaces	50	101	101	168	168	105 (1.5 per unit)
Amenities		Community Room	Community Room	Community Room	Community Room	

Source: David Paul Rosen & Associates

**Table ES-2
Owner Housing Prototype Projects
Los Angeles Inclusionary Housing Analysis**

PROTOTYPE	Owner 1 Single-Family Detached Infill	Owner 2 Attached Townhomes	Owner 3 Type V Condos	Owner 4 Type 1>75' Condos
Total Unit Count	40 Units	30 Units	100 Units	100 Units
Zoning	RD3	RD3, RZ3	R4	R5
FAR	0.54	0.62	1.97	3.88
Tenure	Owner	Owner	Owner	Owner
Resident Population	Family	Family	Family	Family
Product Type	SFD 2 Story, PUD	Townhomes 2 Stories	Stacked Flats, 4 Stories	Stacked Flats, 6 Stories
Construction Type	Type V	Type V	Type V	Type I
Density (DU's/Acre)	15	20	80	150
Net Site Area (Acres)	2.667 Acres	1.500 Acres	1.250 Acres	0.667 Acres
Streets, etc @ % of Gross:	20.00%	20.00%	0.00%	0.00%
Gross Site Area	3.334 Acres	1.875 Acres	1.250 Acres	0.667 Acres
Units by BR Count				
One Bedroom	0	0	20	30
Two Bedroom/2 Bath	0	9	60	50
Three Bedroom	16	18	20	20
Four Bedroom	24	3	0	0
Unit Size (Net SF)				
One Bedroom	0	0	750	750
Two Bedroom/2 Bath	0	925	925	925
Three Bedroom	1,400	1,300	1,300	1,300
Four Bedroom	1,700	1,500	0	0
Ave. (Exclud. Mgr's)	1,580	1,208	965	948
Building Square Feet				
Net Living Area	63,200	36,225	96,500	94,750
Community Space	0	0	0	1,000
Total Net Bldg. SF	63,200	36,225	96,500	95,750
Type of Parking	Garages	Covered At Grade	2 Levels Subterranean	3 Levels Subterranean
No. of Parking Spaces	90	63	175	170
Amenities	None	Pool or Spa	Pool/Spa	Pool/Spa, Small Community Room

Source: David Paul Rosen & Associates.

How is "Affordable" Housing Defined?

The focus of this study is on housing affordable to working people and retired people on modest fixed incomes. Los Angeles is home to a large number of low-wage workers. Decent affordable housing is out of reach for most of these workers.

This study uses an affordability standard for renters based on a household earning 45 percent of the current area median income in Los Angeles County, or approximately \$25,000 for a family of four in 2002. Some of the occupations earning less than this amount in Los Angeles are: fast food workers, garment workers, cashiers, nurses aides, security officers, janitors, telemarketers, dental assistants, truck drivers, receptionists, data entry clerks, sales agents and bookkeepers.

The affordability standard for owners is based on a household earning 90 percent of the current area median income in Los Angeles County, or approximately \$50,000 for a family of four in 2002. Some of the occupations earning less than \$50,000 in Los Angeles are: firefighters, police officers, bank tellers, City clerks and registered nurses.

The study employs the commonly accepted federal and State affordable housing legal standard of renter households spending 30 percent of their gross income for rent and utilities. For owners, the legal standard employed is 35 percent of gross income for principal, interest, property taxes, insurance, utilities and maintenance.

Affordable housing incomes, wages, rents and sales prices in Los Angeles based on the definitions used in the study are summarized in Table ES-3 below.

Measuring the Cost of Inclusionary Housing in Los Angeles

Inclusionary housing imposes a cost on residential development. The DRA study takes care to quantify the cost of imposing an inclusionary obligation on housing developers in Los Angeles. The study also measures the economic value of various incentives and alternative compliance options the City may provide to offset this cost.

**Table ES-3
Affordable Housing Incomes, Wages, Rents and Sales Prices in Los Angeles
2002**

Percent of Area Median Income (AMI):	45% AMI	90% AMI
Annual Income, Family of Four (2002) ¹	\$24,800	\$49,600
Hourly Wage, Two Wage-Earners	\$6.00	\$12.00
Hourly Wage, One Wage-Earner	\$12.00	\$24.00
Affordable Rent ²	\$563	Not Applicable
Affordable Home Purchase Price ³	Not Applicable	\$158,000
Sample Occupations (earning that annual income)	Bank teller, hotel desk clerk, cashier, janitor, dental assistant, truck driver, receptionist, sales agent, bookkeeper	Police officer, firefighter, County clerk, licensed vocational nurse, registered nurse, teacher

¹Based on HUD 2002 median income of \$55,100 for Los Angeles County for a family of four persons.

²Assumes 30 percent of gross income spent on housing costs (rent plus utilities), less a \$57 monthly utility allowance (gas and electric) for a two-bedroom apartment.

³Assumes 35 percent of gross income spent on housing costs (principal, interest, property taxes, insurance, utilities and maintenance), a 7.5 percent mortgage interest rate and a 10 percent downpayment.

Source: City of Los Angeles; David Paul Rosen & Associates



Why Was a Land Residual Approach Used?

Land residual analysis is commonly used by real estate developers, lenders and investors to evaluate development financial feasibility and select among alternative uses for a piece of property. The land residual methodology calculates the value of a development based on its income potential and subtracts the costs of development and developer profit to yield the underlying value of the land. An alternative land use that generates a negative land value is not financially feasible. Similarly, an alternative use which generates a land value lower than the land seller is willing to accept is infeasible. Recent land sales ("market comparables") provide an indication of the range of land prices sellers may accept.

Land residual analysis is the most realistic way to view the potential impact of inclusionary requirements on residential development in the City of Los Angeles. Since developers and landlords charge the maximum rents and sales prices the market will bear, any increase in development costs resulting from government regulation, or other factors, will ultimately impact the price of land and/or profits to developers and owners. A reduction in developer profit margins does not necessarily render a project infeasible. Developers typically have "threshold" profit and overhead requirements. These requirements are built into the development costs in this analysis.

In some market climates developers are willing to build, and lenders and investors are willing to finance, a development based on a "future value." One example of such "speculative" development is constructing apartments which may later be sold as condominiums.

What Are the Low, Middle and High Rent/Land Value Scenarios?

Residential land sales prices vary widely in different locations in Los Angeles. The land prices are tied to the market rents and/or sales prices in different market areas of the City. DRA analyzed actual land sales prices for 79 residential developments receiving building permits in the City of Los Angeles in 2001.

The market land sales comparables were divided into thirds based on price per square foot of site area to represent "low," "middle" and "high" land price ranges in the City. For the rental land residual analysis, DRA used "low," "middle" and "high" average rent data from 45,000 rental units to calculate rents for the three (low, middle and high) rent/land values scenarios.

FINDINGS

Most prototypes remain feasible with an inclusionary set-aside requirement, offset by one or more incentive package.

One residential prototype is financially infeasible even for an "all market rate" project – a project with no inclusionary requirement – and that is the high rise steel frame construction over 75 feet in height: "Type I Construction" prototype.

For the adaptive reuse prototype, an inclusionary obligation will most often prove infeasible.

The findings of the land residual analysis are displayed in Charts 4 through 13. (See the following "How to Read These Charts" page for details).

Comparing the residual land values generated by the all market-rate prototypes with the various "packages" of inclusionary requirements, incentives and compliance alternatives provides an indication of the financial effect of the "package" upon the development economics of that prototype.

LAND RESIDUAL VALUES
HOW TO READ THESE CHARTS
LOS ANGELES INCLUSIONARY HOUSING ANALYSIS

What Is Land Residual Analysis and Why Should We Care?

Land residual analysis is commonly used by real estate developers and investors to evaluate development financial feasibility. The land residual methodology calculates the value of a development based on its income potential and subtracts the costs of development and developer profit to yield the underlying value of the land. An alternative that generates a negative land value, or a value below the price land sellers are willing to accept, is not financially feasible.

What Are the Incentive/Compliance Options?

DRA analyzed the various combinations of inclusionary requirements, incentives, and compliance options listed in the chart key based on the following definitions:

- All options require 10% of total units to be affordable to households at 45% of area median income for renters and 20% of total units to be affordable to households at 90% of area median income for owners, or approximately \$25,000 and \$50,000, respectively, for a family of four in Los Angeles in 2002.
- No offsets means the developer provides the required affordable units through on-site construction identical to the market-rate units, with no offsets, incentives, or alternative compliance options.
- 25% and 50% density bonuses add units onto the base density of the prototype. The affordability requirement is assumed to equal 10 percent of the higher post-bonus unit count.
- Fee deferrals refer to delaying the payment of development impact fees from the start of construction to construction completion, thereby lowering construction loan interest costs to the developer.

- Affordable unit modifications assume affordable units incorporate the following cost-saving modifications to market-rate units: reduced unit sizes (to 540 square feet for a one-bedroom, 750 square feet for a two-bedroom, 1,000 square feet for a three-bedroom, and 1,100 square feet for a four-bedroom); reduced interior finish quality; and reduced bathroom count (from two baths to one bath in two-bedroom/two-bath and three-bedroom market rate units).
- Off-site compliance assumes the developer is allowed to develop the affordable units off-site, to benefit from lower land prices in different locations in the City.
- Acquisition/rehabilitation compliance assumes the developer is allowed to meet the affordable housing requirement by acquiring, rehabilitating and preserving in perpetuity existing multi-family rental units in place of new construction. Substantial rehabilitation and relocation costs are assumed.

What Do the Bars Represent?

- Market land sales comparables are the actual per square foot sales prices for sites with comparable zoning to the prototype which received building permits for new residential development in the City of Los Angeles in 2001.
- Lowest, middle and highest third rent/land values. The market land sales comparables were divided into thirds based on price per square foot. The range of each third is shown by the corresponding bar in the chart. For the rental land residual analysis, DRA used "low," "middle" and "high" average data to calculate rents for three (low, middle and high) rent/land values scenarios.

What Do the Numbers and Dots Represent?

- The bulls-eye dots represent the residual land value per square foot of site area for the housing prototypes assuming 100 percent market units, providing a benchmark for the feasibility of that housing type in today's market as reflected by the range of market land values.

- The numbered dots represent residual land values for alternative incentive/compliance options. DRA re-calculated the land residual assuming various "packages" of inclusionary housing requirements, incentives and alternative compliance measures designed to lessen the cost of inclusionary housing.
- When the bulls-eye and numbered dots fall within the bar areas, the residual land values generated by the prototype and "package" option are within the range of recent land sales comparables in Los Angeles, and should generally be reviewed as financially feasible.

What Do the Photographs Depict?

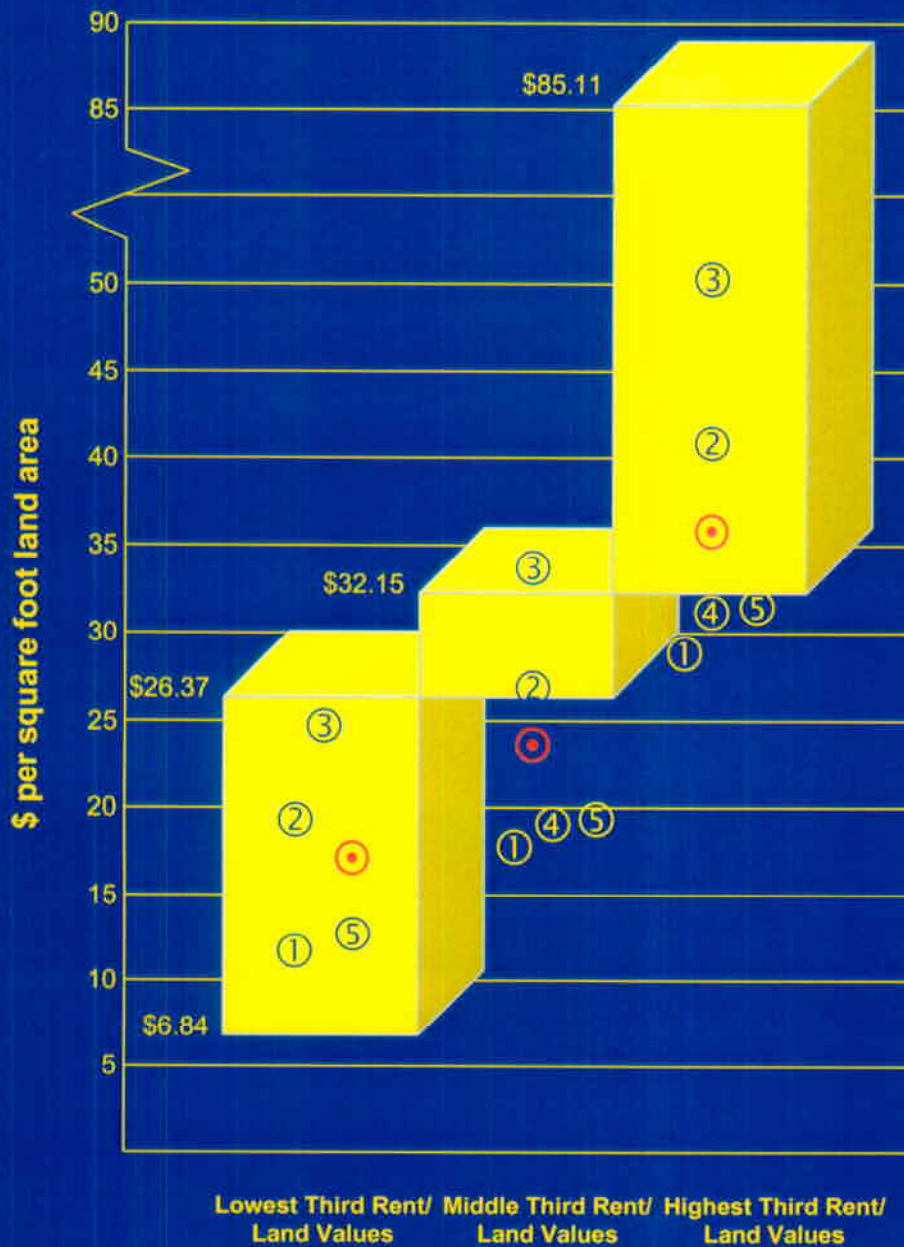
The photographs on each chart depict an actual housing development in Los Angeles representing the key characteristics of the baseline prototype in terms of density, construction type and parking to provide a visual picture of the kinds of housing analyzed in this study.

Los Angeles Inclusionary Housing Economic Impact Analysis Land Residual Values Based on Alternative Incentive/Compliance Options

Chart 4

Renter Prototype 1:
Type V Low Density Construction

FINAL



KEY: Incentive/Compliance Options *

- ① No offsets
- ② 25% density bonus; fee deferrals; affordable unit modifications
- ③ 50% density bonus; fee deferrals; affordable unit modifications
- ④ Off-site compliance; fee deferrals; affordable unit modifications
- ⑤ Multifamily acquisition/rehabilitation compliance; fee deferrals
- ⊙ Market-rate prototype

Lowest Third Rent/ Middle Third Rent/ Highest Third Rent/
Land Values Land Values Land Values

The \$6.84-\$85.11 represents actual land sale comparables in Los Angeles for residential projects permitted in 2001.

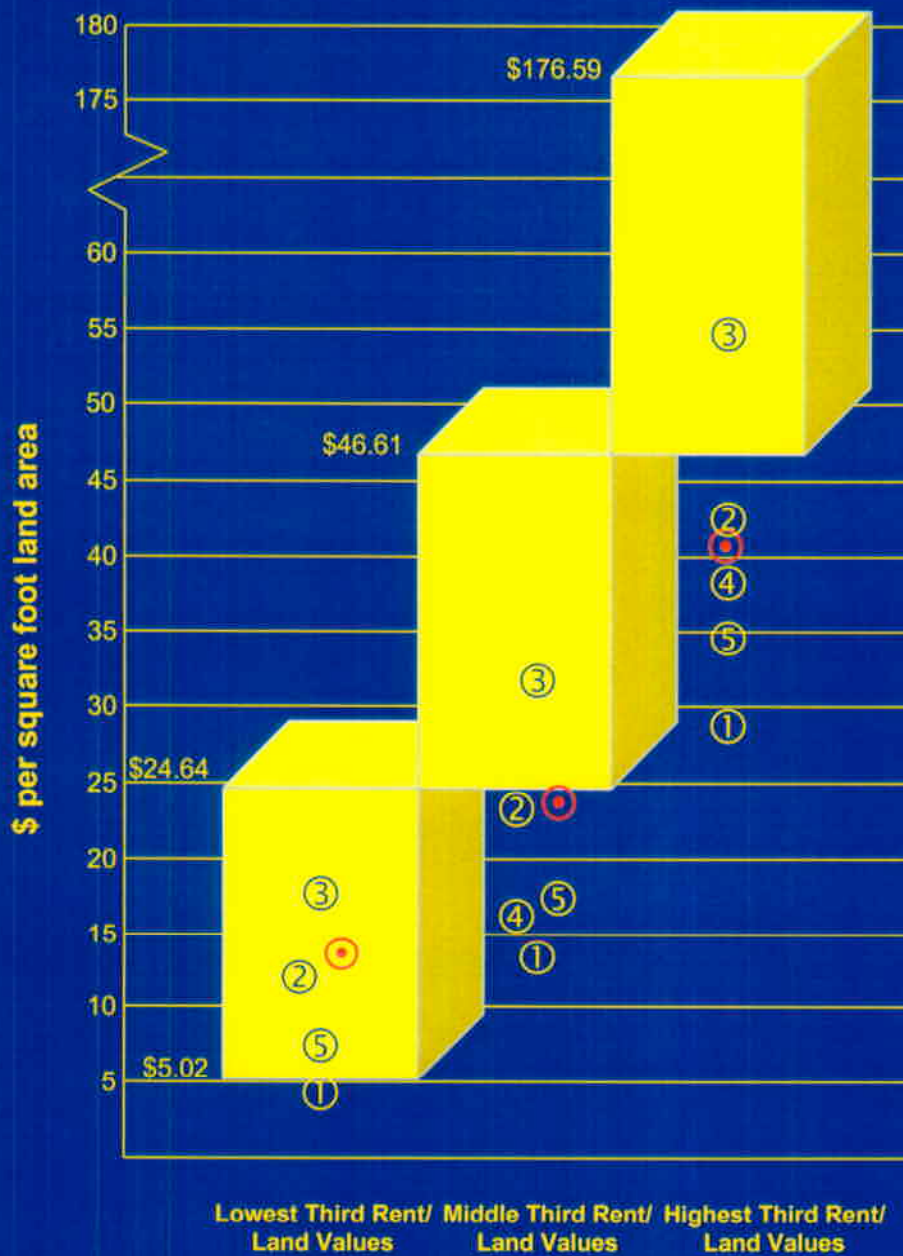
* All options require 10% of total units to be affordable to households at 45% of the area median income; approximately \$25,000 for a household of four in Los Angeles, 2002.

Los Angeles Inclusionary Housing Economic Impact Analysis Land Residual Values Based on Alternative Incentive/Compliance Options

Chart 5

Renter Prototype 2:
Type V Medium Density Construction

FINAL



KEY: Incentive/Compliance Options*

- ① No offsets
- ② 25% density bonus; fee deferrals; affordable unit modifications
- ③ 50% density bonus; fee deferrals; affordable unit modifications
- ④ Off-site compliance; fee deferrals; affordable unit modifications
- ⑤ Multifamily acquisition/rehabilitation compliance; fee deferrals
- ⊙ Market-rate prototype

Lowest Third Rent/ Middle Third Rent/ Highest Third Rent/
Land Values Land Values Land Values

The \$5.02-\$176.59 represents actual land sale comparables in Los Angeles for residential projects permitted in 2001.

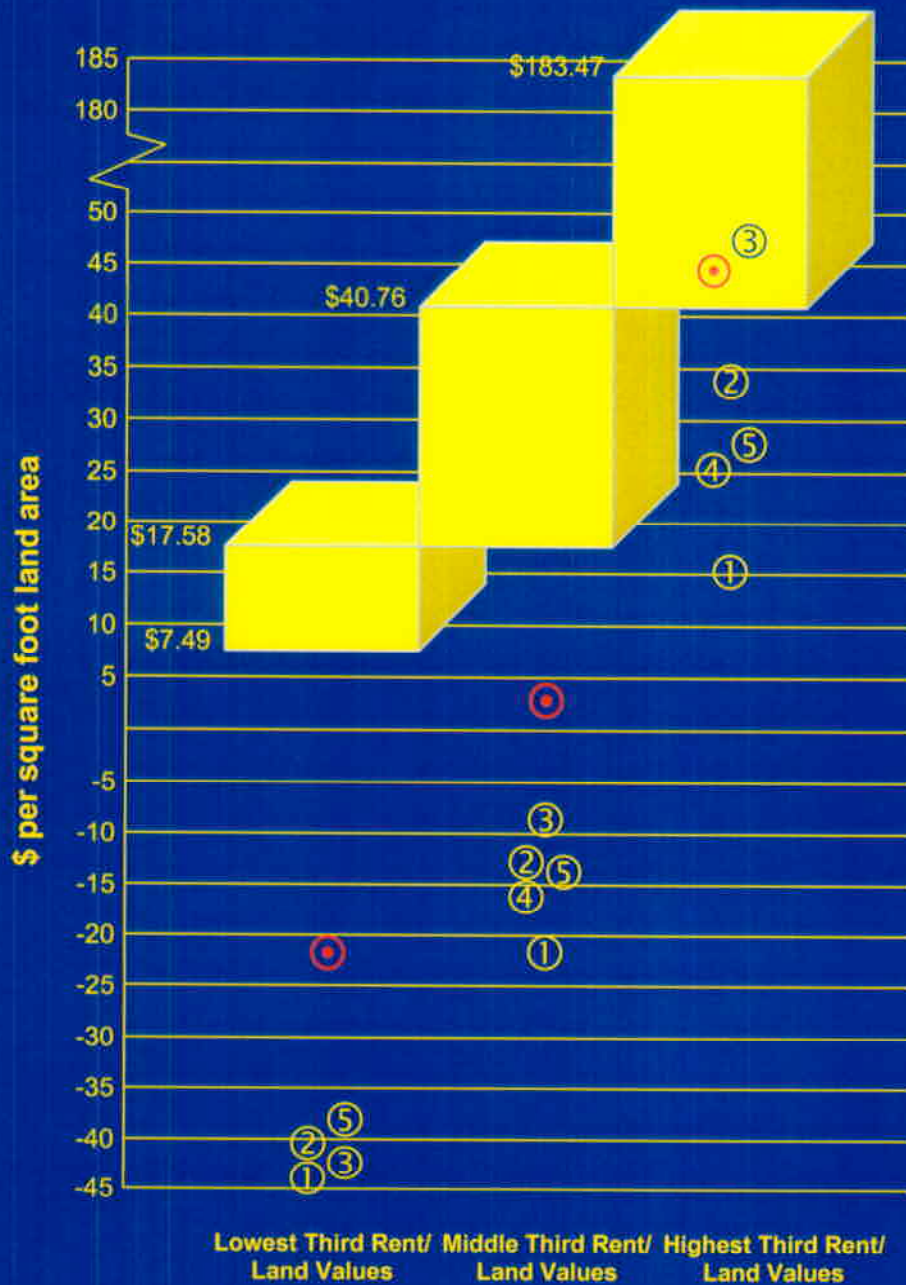
* All options require 10% of total units to be affordable to households at 45% of the area median income; approximately \$25,000 for a household of four in Los Angeles, 2002.

Los Angeles Inclusionary Housing Economic Impact Analysis Land Residual Values Based on Alternative Incentive/Compliance Options

Chart 6

Renter Prototype 3:
Type V High Density Construction

FINAL



- KEY: Incentive/ Compliance Options ***
- ① No offsets
 - ② 25% density bonus; fee deferrals; affordable unit modifications
 - ③ 50% density bonus; fee deferrals; affordable unit modifications
 - ④ Off-site compliance; fee deferrals; affordable unit modifications
 - ⑤ Multifamily acquisition/ rehabilitation compliance; fee deferrals
 - ⊕ Market-rate prototype

The \$7.49-\$183.47 represents actual land sale comparables in Los Angeles for residential projects permitted in 2001.

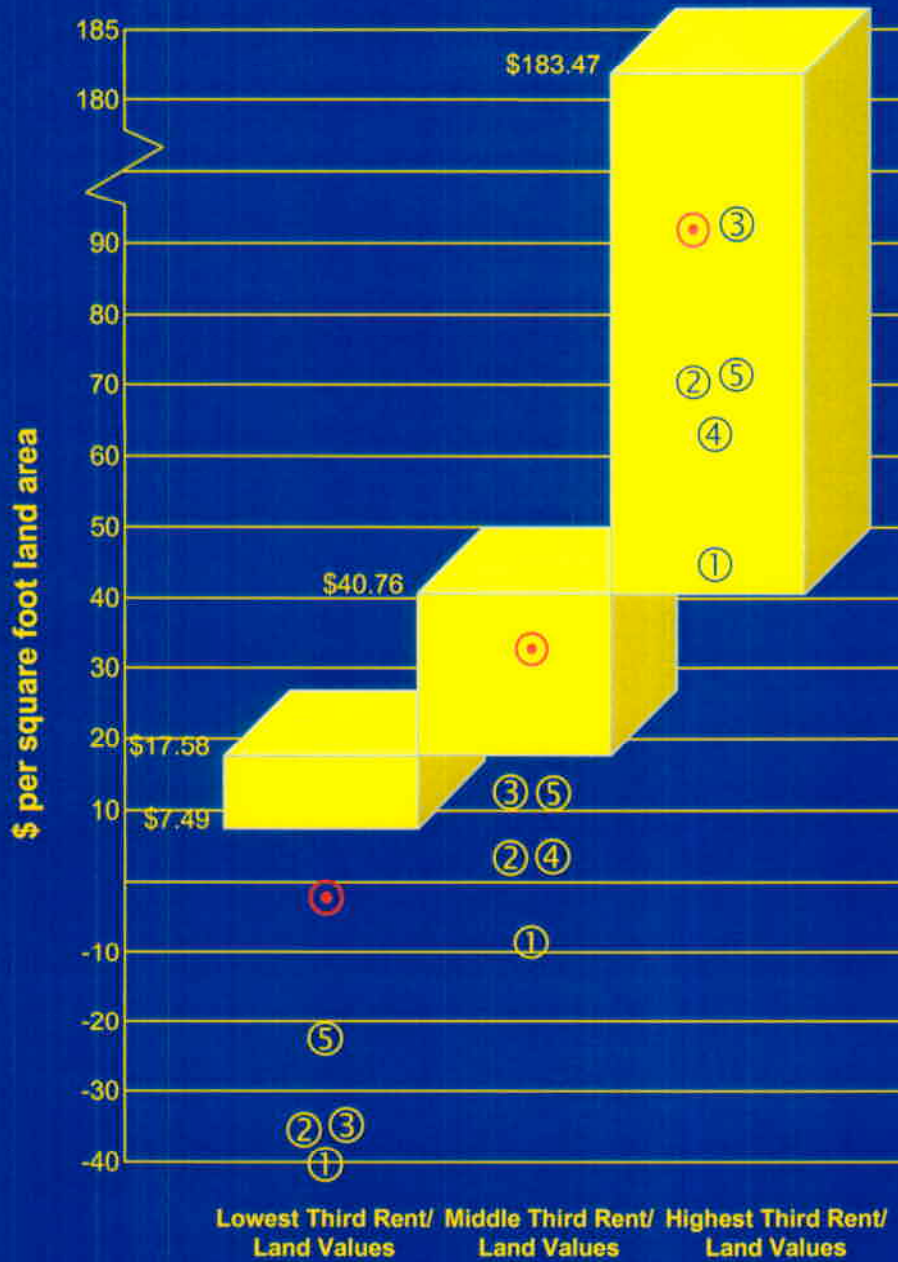
* All options require 10% of total units to be affordable to households at 45% of the area median income; approximately \$25,000 for a household of four in Los Angeles, 2002.

Los Angeles Inclusionary Housing Economic Impact Analysis Land Residual Values Based on Alternative Incentive/Compliance Options

Chart 7

Renter Prototype 4:
Type III Modified Construction

FINAL



KEY: Incentive/ Compliance Options *

- ① No offsets
- ② 25% density bonus; fee deferrals; affordable unit modifications
- ③ 50% density bonus; fee deferrals; affordable unit modifications
- ④ Off-site compliance; fee deferrals; affordable unit modifications
- ⑤ Multifamily acquisition/ rehabilitation compliance; fee deferrals
- ⊙ Market-rate prototype

Lowest Third Rent/ Middle Third Rent/ Highest Third Rent/
Land Values Land Values Land Values

The \$7.49-\$183.47 represents actual land sale comparables in Los Angeles for residential projects permitted in 2001.

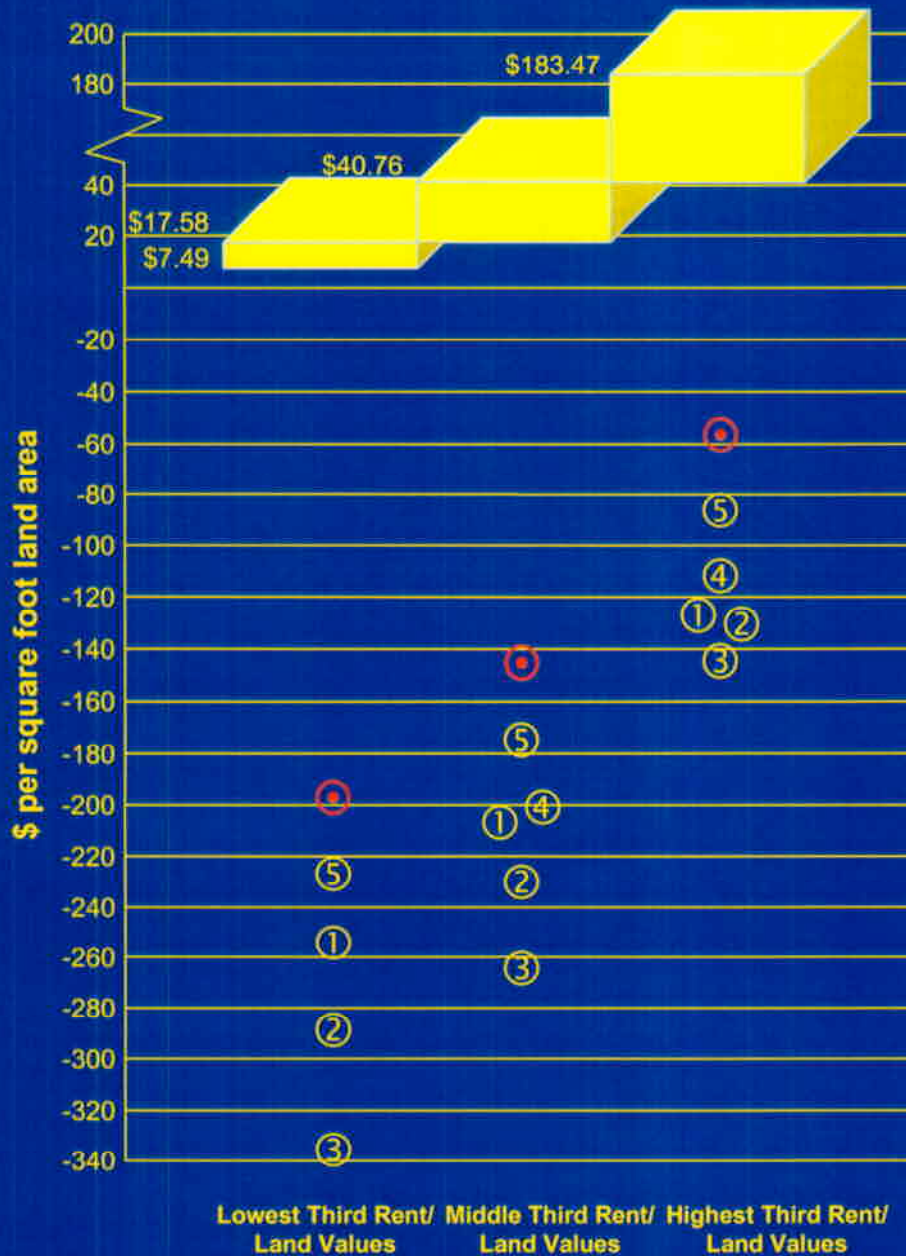
* All options require 10% of total units to be affordable to households at 45% of the area median income; approximately \$25,000 for a household of four in Los Angeles, 2002.

Los Angeles Inclusionary Housing Economic Impact Analysis Land Residual Values Based on Alternative Incentive/Compliance Options

Chart 8

**Renter Prototype 5:
Type I >75' High Density Construction**

FINAL



KEY: Incentive/ Compliance Options *

- ① No offsets
- ② 25% density bonus; fee deferrals; affordable unit modifications
- ③ 50% density bonus; fee deferrals; affordable unit modifications
- ④ Off-site compliance; fee deferrals; affordable unit modifications
- ⑤ Multifamily acquisition/ rehabilitation compliance; fee deferrals
- ⊙ Market-rate prototype

Lowest Third Rent/ Middle Third Rent/ Highest Third Rent/
Land Values Land Values Land Values

The \$7.49-\$183.47 represents actual land sale comparables in Los Angeles for residential projects permitted in 2001.

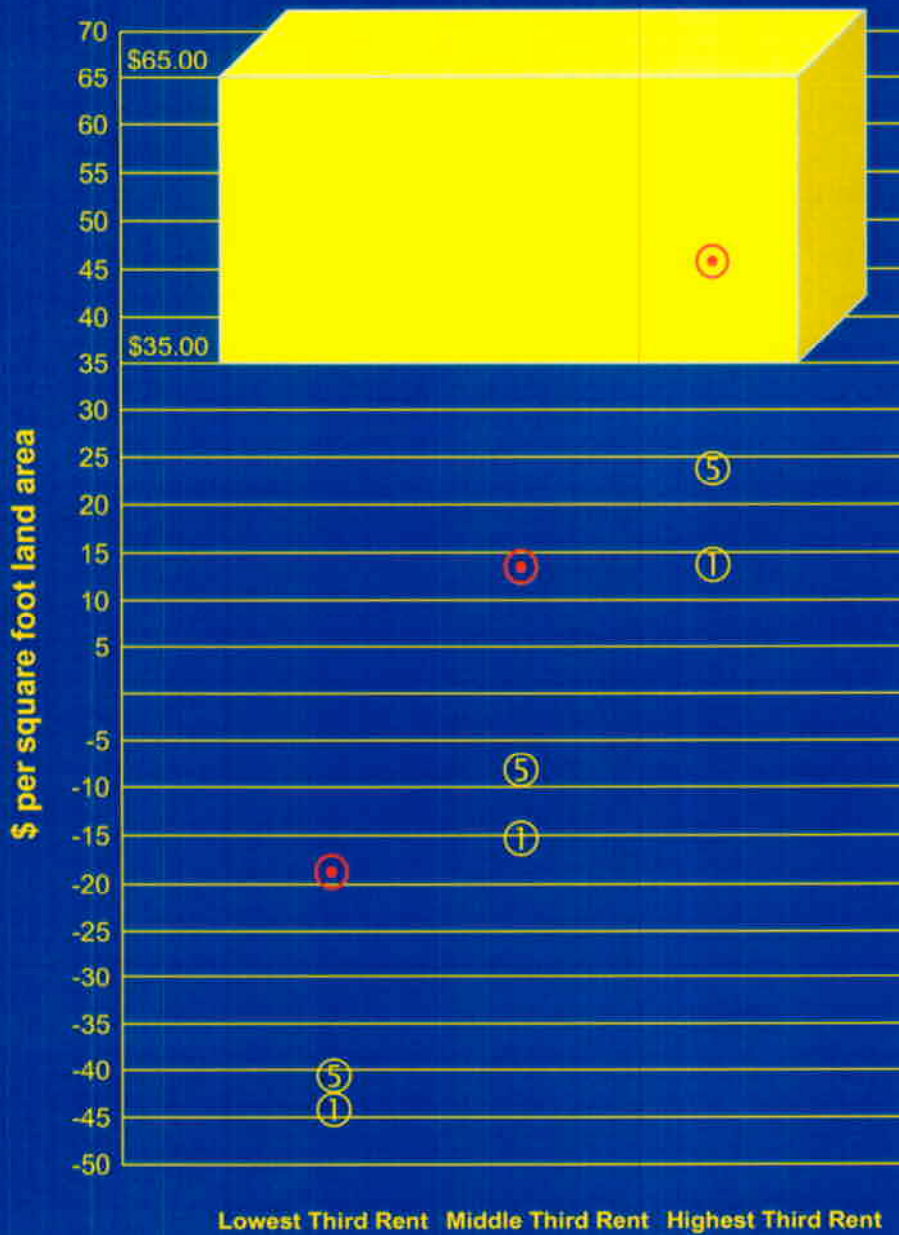
* All options require 10% of total units to be affordable to households at 45% of the area median income; approximately \$25,000 for a household of four in Los Angeles, 2002.

Los Angeles Inclusionary Housing Economic Impact Analysis Land Residual Values Based on Alternative Incentive/Compliance Options

Chart 9

Renter Prototype 6:
Adaptive Reuse Construction

FINAL



KEY: Incentive/Compliance Options *

- ① No offsets
- ② 25% density bonus; fee deferrals; affordable unit modifications
- ③ 50% density bonus; fee deferrals; affordable unit modifications
- ④ Off-site compliance; fee deferrals; affordable unit modifications
- ⑤ Multifamily acquisition/rehabilitation compliance; fee deferrals
- ⊙ Market-rate prototype

Lowest Third Rent Middle Third Rent Highest Third Rent

The \$35.00-\$65.00 per square foot land area bar represents the cost of acquiring actual buildings for adaptive reuse in downtown Los Angeles.

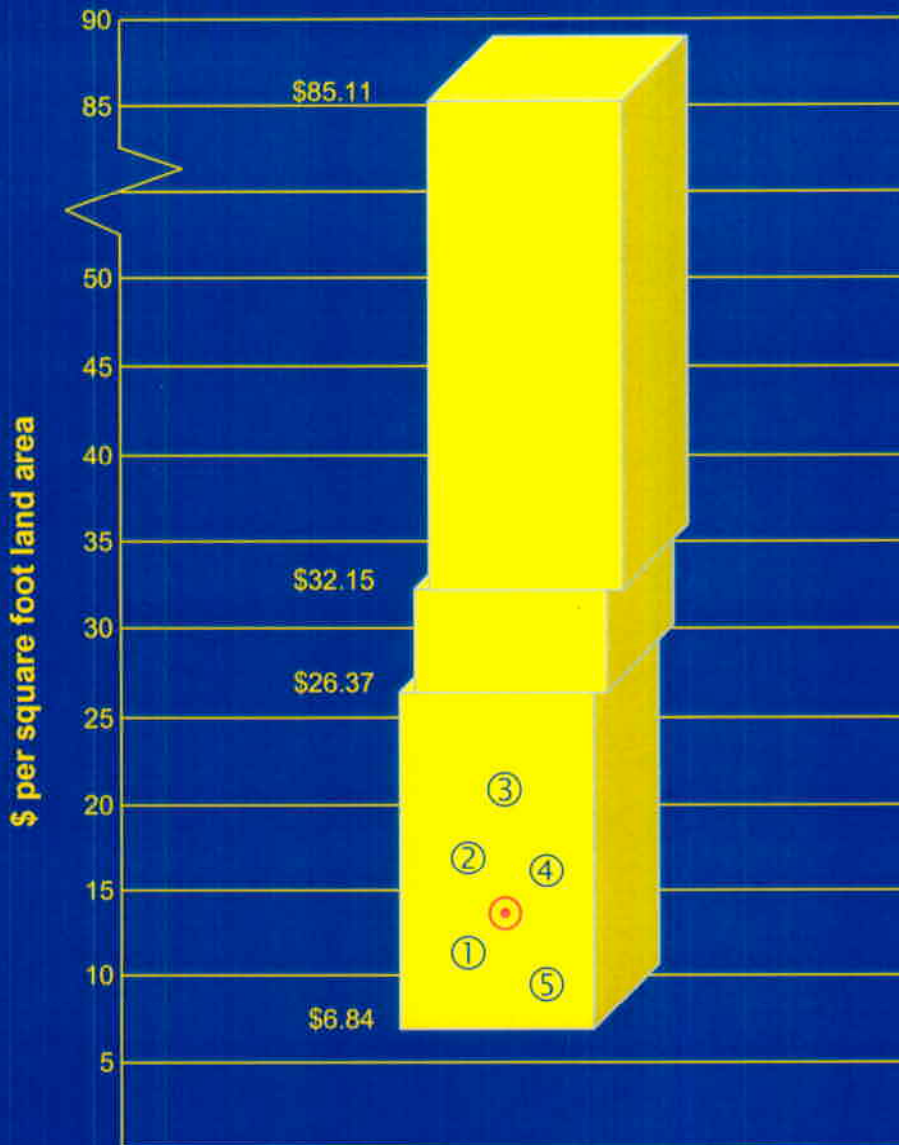
* All options require 10% of total units to be affordable to households at 45% of the area median income; approximately \$25,000 for a household of four in Los Angeles, 2002.

Los Angeles Inclusionary Housing Economic Impact Analysis Land Residual Values Based on Alternative Incentive/Compliance Options

Chart 10

Owner Prototype 1:
Single-Family Detached Infill

FINAL



KEY: Incentive/ Compliance Options *

- ① No offsets
- ② 25% density bonus;
fee deferrals;
affordable unit modifications
- ③ 50% density bonus;
fee deferrals;
affordable unit modifications
- ④ Off-site compliance;
fee deferrals;
affordable unit modifications
- ⑤ Multifamily acquisition/
rehabilitation compliance;
fee deferrals
- ⊙ Market-rate prototype

The \$6.84-\$85.11 represents actual
land sale comparables in Los Angeles
for residential projects permitted in 2001.

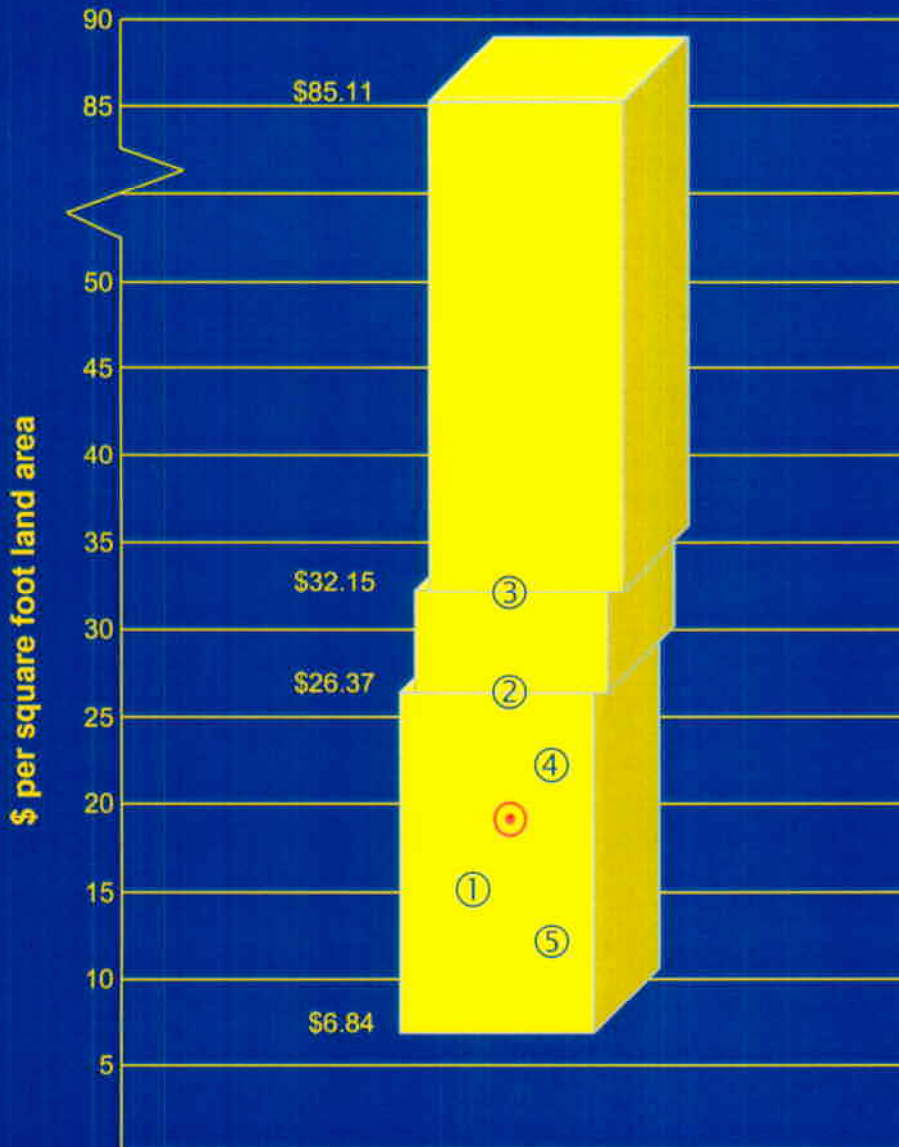
* All options require 20% of total units to be affordable
to households at 90% of the area median income;
approximately \$50,000 for a household of four in Los Angeles, 2002.

Los Angeles Inclusionary Housing Economic Impact Analysis Land Residual Values Based on Alternative Incentive/Compliance Options

Chart 11

Owner Prototype 2:
Attached Townhomes

FINAL



KEY: Incentive/Compliance Options

- ① No offsets
- ② 25% density bonus; fee deferrals; affordable unit modifications
- ③ 50% density bonus; fee deferrals; affordable unit modifications
- ④ Off-site compliance; fee deferrals; affordable unit modifications
- ⑤ Multifamily acquisition/rehabilitation compliance; fee deferrals
- ⊙ Market-rate prototype

The \$6.84-\$85.11 represents actual land sale comparables in Los Angeles for residential projects permitted in 2001.

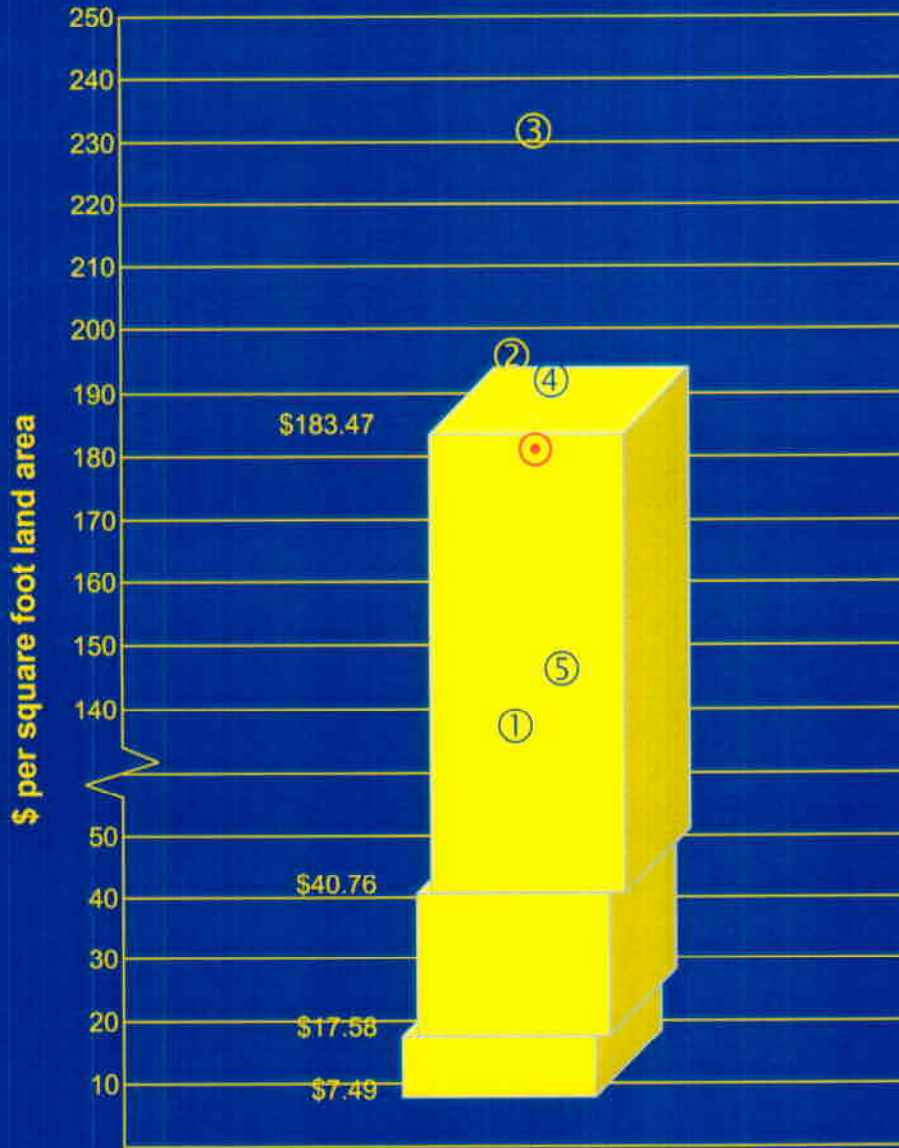
* All options require 20% of total units to be affordable to households at 90% of the area median income; approximately \$50,000 for a household of four in Los Angeles, 2002.

Los Angeles Inclusionary Housing Economic Impact Analysis Land Residual Values Based on Alternative Incentive/Compliance Options

Chart 12

Owner Prototype 3:
Type V Condos

FINAL



KEY: Incentive/ Compliance Options *

- ① No offsets
- ② 25% density bonus; fee deferrals; affordable unit modifications
- ③ 50% density bonus; fee deferrals; affordable unit modifications
- ④ Off-site compliance; fee deferrals; affordable unit modifications
- ⑤ Multifamily acquisition/rehabilitation compliance; fee deferrals
- ⊙ Market-rate prototype

The \$7.49-\$183.47 represents actual land sale comparables in Los Angeles for residential projects permitted in 2001.

* All options require 20% of total units to be affordable to households at 90% of the area median income; approximately \$50,000 for a household of four in Los Angeles, 2002.

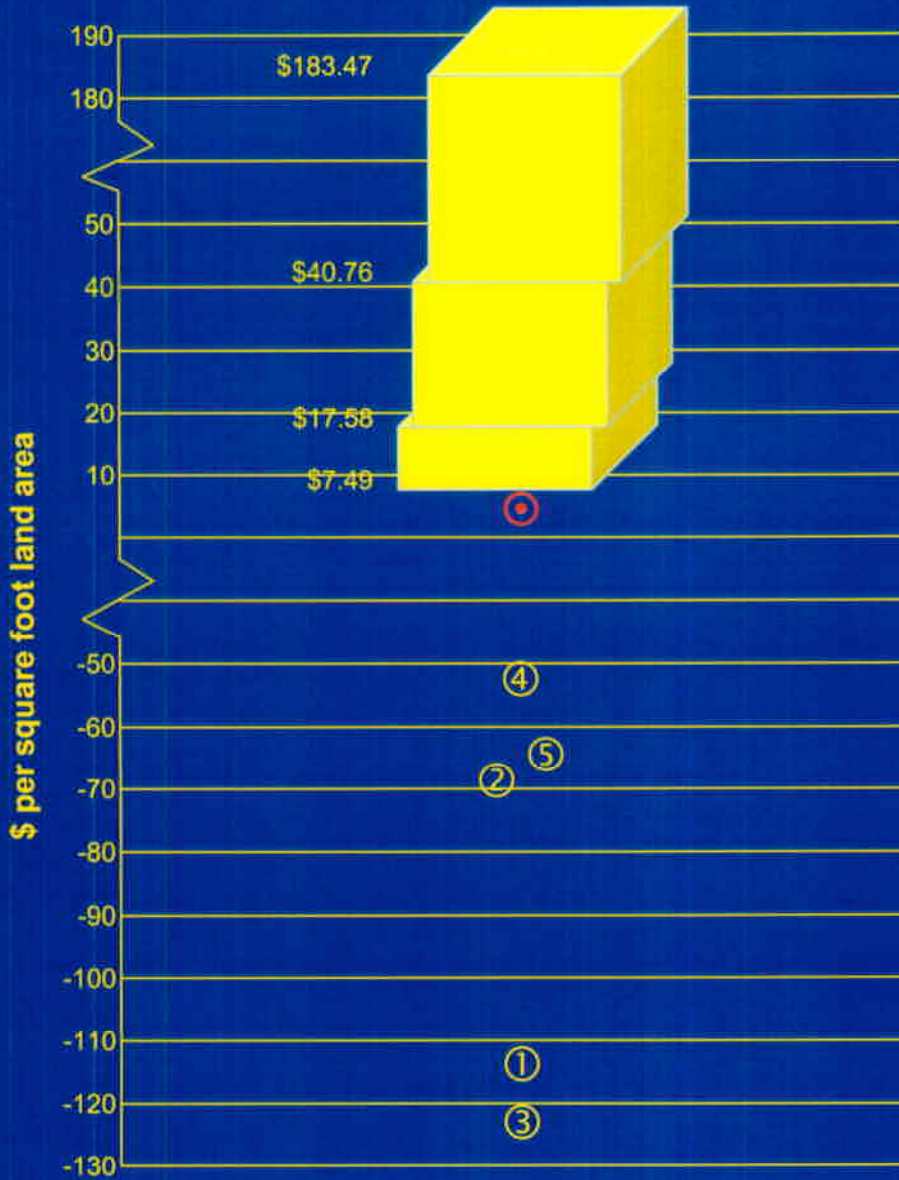
DAVID PAUL ROSEN & ASSOCIATES

Los Angeles Inclusionary Housing Economic Impact Analysis Land Residual Values Based on Alternative Incentive/Compliance Options

Chart 13

Owner Prototype 4:
Type I >75' Condos

FINAL



- KEY: Incentive/ Compliance Options ***
- ① No offsets
 - ② 25% density bonus; fee deferrals; affordable unit modifications
 - ③ 50% density bonus; fee deferrals; affordable unit modifications
 - ④ Off-site compliance; fee deferrals; affordable unit modifications
 - ⑤ Multifamily acquisition/ rehabilitation compliance; fee deferrals
 - ⊙ Market-rate prototype

The \$7.49-\$183.47 represents actual land sale comparables in Los Angeles for residential projects permitted in 2001.

* All options require 20% of total units to be affordable to households at 90% of the area median income; approximately \$50,000 for a household of four in Los Angeles, 2002.