



City of Los Angeles
Department of City Planning

In-Lieu Fee Study for Compliance with City of Los Angeles Measure JJJ
2019 Affordability Gaps Study
September 2019

Based on 2017 Affordability Gaps Study prepared by BAE Urban Economics

TABLE OF CONTENTS

- EXECUTIVE SUMMARY i**
 - Overview of Measure JJJ Affordable Housing Requirementsi
 - Rental Affordability Gaps Analysis.....ii
 - For-Sale Affordability Gaps Analysisii
 - Implementation.....iv
- INTRODUCTION 1**
 - Study Purpose..... 1
- OVERVIEW OF MEASURE JJJ AFFORDABLE HOUSING REQUIREMENTS 2**
 - Affordable Housing Requirements 2
 - Calculation of In-Lieu Fee..... 3
- RENTAL AFFORDABILITY GAPS ANALYSIS 4**
 - Methodology..... 4
 - Findings.....11
- FOR-SALE AFFORDABILITY GAPS ANALYSIS12**
 - Methodology.....12
 - Findings.....18
- IMPLEMENTATION.....24**
 - Rental In-Lieu Fee Calculations.....24
 - For-Sale In-Lieu Fee Calculations28
- APPENDIX A: CONDOMINIUM COST DIFFERENTIALS33**
- APPENDIX B: AFFORDABLE SALE PRICE CALCULATIONS.....34**

EXECUTIVE SUMMARY

City of Los Angeles voters approved Measure JJJ in November 2016, which added provisions to the City’s municipal code to require developers of certain residential projects to either provide affordable units or pay an in-lieu fee. Per the requirements of Measure JJJ, this study identifies the affordability gaps for rental and for-sale units. This executive summary provides a brief overview of the methodology used for this study, which is described in further detail in the full report, and the rental and for-sale affordability gaps.

To determine the in-lieu fee schedule, the City commissioned consultants BAE Urban Economics to conduct the initial Affordability Gaps Study in 2017 using the methodology outlined in Measure JJJ. Measure JJJ requires the City to update the Affordability Gaps study every two years for the purpose of updating the in-lieu fee rates (LAMC Section 11.5.11(b)(3)(iii)). In 2019, the City completed this 2019 Affordability Gaps Study based on the same methodology utilized in the 2017 BAE Study.

Overview of Measure JJJ Affordable Housing Requirements

The affordable housing requirements in Measure JJJ apply to projects that receive a discretionary General Plan amendment, zone change, or height district change resulting in either an increase in residential density of more than 35 percent or development of a residential use where residential uses were not previously allowed. The measure requires that rental projects that receive more than a 35 percent increase in density provide at least five percent of the total number of units at rents affordable to extremely low-income households, plus either six percent of units to very low-income households or 15 percent of units to lower-income households. Rental projects receiving discretionary approvals to allow for residential uses where not previously allowed must provide at least five percent of units affordable to extremely low-income households, plus either 11 percent of units affordable to very low-income households or 20 percent of units to lower-income households. For-sale projects must provide at least 11 percent of units affordable to very low-income households, 20 percent affordable to low-income households, or 40 percent affordable to moderate-income households, regardless of whether a project triggers the requirements due to an increase in density or a zone change to a residential use.

Calculation of In-Lieu Fee

Measure JJJ allows developers to meet the affordable housing requirements by building units on site, building units off-site, acquiring and preserving existing at-risk affordable properties, or paying an in-lieu fee. The in-lieu fee amount specified in Measure JJJ is equal to 1.1 times the number of affordable units that the developer would otherwise be required to provide, multiplied by the applicable “affordability gap”, as defined below.

Measure JJJ requires the City to update the Affordability Gaps study every two years for the purpose of updating the in-lieu fee rates.

Rental Affordability Gaps Analysis

Measure JJJ defines the rental affordability gap as the difference between the total development cost by unit type (i.e., number of bedrooms) for recently-completed local affordable housing projects and the amount of permanent financing by unit type and affordability level that each unit can support based on the restricted rent. To calculate the average per-unit development costs, this study used data from the Los Angeles Housing and Community Investment Department (HCID) on 1,995 units in 32 affordable developments that were completed in Los Angeles between 2016 and 2018 (inclusive). The supportable loan amount is a function of the amount of net operating income (rental income minus expenses and vacancy allowance) that is available to pay loan debt service and the financing terms.

Table ES1 below shows the rental affordability gaps calculated in this study. These figures represent the per unit subsidy amounts that would be necessary to support development of affordable units, after accounting for the permanent loan that an apartment operator could support from rent payments.

Table ES1: Rental Affordability Gaps, City of Los Angeles, 2019

Unit Size	Income Level		
	Extremely Low	Very Low	Lower
Studio	\$455,091	\$427,315	\$413,367
1 Bedroom	\$485,845	\$453,981	\$438,110
2 Bedroom	\$539,308	\$503,476	\$485,561
3 Bedroom	\$599,620	\$559,820	\$539,980

Source: City of Los Angeles, 2019.

For-Sale Affordability Gaps Analysis

For units that would be offered for sale, Measure JJJ defines the affordability gap as the difference between the median home sale price by unit type and the restricted affordable sale price. Measure JJJ requires separate affordability gap calculations for each of the City's 37 Community Plan Areas (CPAs) to reflect the difference in median sale prices between each CPA.

This study calculated the median home sale price for single-family homes and condominiums by number of bedrooms for each of the 35 CPAs in Los Angeles that include residential units, using data from the Los Angeles County Assessor on sales that occurred between January 1st and October 31st of 2018.¹

Due to the variation in the housing markets across the City, most CPAs had at least one category of market-rate for-sale units with zero or very few sale records. This analysis discarded all median values based on two sales or fewer, and interpolated the market sale prices for the unit types with fewer than three sale records, including those with no sale records. These sale price interpolations

¹ Two CPAs, The Los Angeles World Airport and Port of Los Angeles, have no residential development.

were based on the sale prices for similar units in the same CPA and the typical relationships between sale prices for various unit types across the City.

This study calculated the restricted sale prices for affordable for-sale units for households of various sizes with incomes corresponding to the for-sale affordability requirements in Measure JJJ. The affordable sale prices are a function of household income, which determines the amount that a household can afford to pay for mortgage payments (principal plus interest), property taxes, homeowner's insurance, and any homeowner association fees.

Per the requirements of Measure JJJ, this study calculates the for-sale affordability gaps by subtracting the restricted sale prices at each affordability level by unit size from the median sale price by CPA, unit size, and building type. This results in a total of 1,050 for-sale affordability gaps (35 CPAs x 5 unit sizes x 2 building types x 3 affordability levels).

Table ES2 shows the range in single-family and condominium affordability gaps for each of the CPAs in the City. **Table 9** and **Table 10** of the full report show all 1,050 for-sale affordability gaps by CPA, number of bedrooms, and single-family/condominium building type. The affordability gap calculations found that market sale prices for some unit types in some CPAs were lower than the restricted sale prices, meaning that market rate sale prices for some unit types are affordable to lower- and moderate-income households in some CPAs. In these cases, it is unlikely that market rate developers will build new units of that type in those CPA until market conditions support higher market rate sale prices. As the Affordability Gaps Study is updated every two years, the market medians for these areas will be revised to reflect any future increases in market rate sales prices, and the updated affordability gap calculation could indicate a gap between the market sale price and the affordable sale price. However, because Measure JJJ requires that developers pay a fee for all applicable projects, the City requires developers to apply the next highest income level with a positive affordability gap for the same unit type in any case where an affordability gap is negative or zero.

Table ES2: Summary of For-Sale Affordability Gaps, City of Los Angeles, 2019

Community Plan Area	Single-Family		Condominium	
	Minimum	Maximum	Minimum	Maximum
Arleta - Pacoima	\$52,735	\$278,319	\$131,932	\$360,741
Bel Air - Beverly Crest	\$812,361	\$2,271,938	\$1,096,430	\$1,672,533
Boyle Heights	\$49,065	\$411,919	\$18,078	\$313,139
Brentwood - Pacific Palisades	\$1,482,081	\$2,961,945	\$1,083,941	\$2,241,760
Canoga Park - Winnetka - Woodland Hills - West Hills	\$180,396	\$526,920	\$196,932	\$381,741
Central City	\$800,378	\$1,761,855	\$754,183	\$1,299,740
Central City North	\$629,990	\$1,420,752	\$658,437	\$1,050,445
Chatsworth - Porter Ranch	\$178,210	\$556,920	\$163,932	\$344,241
Encino - Tarzana	\$430,713	\$1,263,927	\$242,933	\$398,741
Granada Hills - Knollwood	\$156,587	\$426,919	\$21,321	\$287,964
Harbor Gateway	\$74,753	\$420,919	\$164,298	\$320,964
Hollywood	\$694,197	\$2,205,437	\$528,936	\$1,623,931
Los Angeles World Airport	N/A	N/A	N/A	N/A
Mission Hills - Panorama City - North Hills	\$90,046	\$398,419	\$123,932	\$332,490
North Hollywood - Valley Village	\$291,265	\$804,923	\$251,323	\$452,965
Northeast Los Angeles	\$263,877	\$711,922	\$376,978	\$547,966
Northridge	\$177,481	\$533,192	\$157,432	\$379,464
Palms - Mar Vista - Del Rey	\$566,492	\$1,494,930	\$666,937	\$1,104,657
Port of Los Angeles	N/A	N/A	N/A	N/A
Reseda - West Van Nuys	\$126,129	\$388,919	\$103,822	\$280,964
San Pedro	\$162,825	\$540,920	\$286,433	\$549,243
Sherman Oaks - Studio City - Toluca Lake - Cahuenga Pass	\$509,880	\$1,466,930	\$468,935	\$1,084,194
Silver Lake - Echo Park	\$408,695	\$1,191,927	\$473,935	\$883,208
South Los Angeles	\$58,375	\$399,419	\$50,912	\$304,003
Southeast Los Angeles	\$0	\$166,917	\$0	\$134,079
Sun Valley - La Tuna Canyon	\$111,904	\$404,419	\$272,933	\$466,742
Sunland - Tujunga - Lakeview Terrace - Shadow Hills - East La Tuna Canyon	\$122,459	\$542,920	\$185,932	\$408,881
Sylmar	\$46,375	\$307,320	\$143,932	\$361,741
Van Nuys - North Sherman Oaks	\$247,430	\$561,921	\$214,933	\$422,767
Venice	\$1,004,654	\$2,566,941	\$1,263,943	\$1,791,755
West Adams - Baldwin Hills - Leimert	\$210,532	\$611,921	\$293,933	\$459,310
West Los Angeles	\$845,389	\$1,991,935	\$799,938	\$1,086,748
Westchester - Playa Del Rey	\$503,557	\$1,263,927	\$548,936	\$2,071,758
Westlake	\$346,310	\$893,119	\$266,929	\$664,824
Westwood	\$1,091,258	\$2,336,438	\$1,018,941	\$1,719,674
Wilmington - Harbor City	\$67,413	\$311,918	\$151,432	\$491,742
Wilshire	\$621,538	\$1,916,934	\$503,935	\$1,413,079

Source: City of Los Angeles, 2019.

Implementation

Per the requirements of Measure JJJ, in-lieu fee payments for projects subject to the Measure JJJ affordability requirements would be equal to 1.1 times the number of affordable units that a developer would provide to meet the affordability requirements with units on site, multiplied by the applicable affordability gap. Measure JJJ requires affordable units to be comparable to market-rate units in terms of the number of bedrooms and other factors, and therefore this study assumes that the unit mix used to calculate in-lieu fee payments would mirror the unit mix in the project.

Measure JJJ provides multiple options for developers to meet affordability requirements by providing units on site, but does not specify which of these options would be used as the basis for in-lieu fee calculations. This study assumes that developers will select the in-lieu fee

calculation that leads to the lowest fee rate, unless the City adopts policies to require that fee calculations will be based on higher rates.

Rental In-Lieu Fee Calculations

The in-lieu fee payment for rental developments subject to the Measure JJJ affordability requirements would be consistent across projects for each unit size. **Table ES3** shows the in-lieu fee schedule for projects that are subject to the affordability requirements due to discretionary approvals for a General Plan amendment, zone change, or height district change resulting in an increase in density of more than 35 percent.

Table ES3: Rental In-Lieu Fee Schedule: Projects Resulting in Density Increase of >35%, City of Los Angeles, 2019.

Unit Size	In-Lieu Fee Per Unit in Project
Studio	\$53,233
1 Bedroom	\$56,684
2 Bedroom	\$62,891
3 Bedroom	\$69,927

Source: City of Los Angeles, 2019.

These fee rates represent fees in-lieu of providing five percent of units affordable to extremely low-income households and six percent of units affordable to very low-income households. This results in a lower fee amount than a fee in-lieu of providing five percent of units affordable to extremely low-income households and 15 percent of units affordable to lower-income households.

Table ES4 shows the in-lieu fee schedule for projects that are subject to the affordability requirements due to discretionary approvals for a General Plan amendment, zone change, or height district change to allow residential uses where not previously allowed.

Table ES4: Rental In-Lieu Fee Schedule: Projects Resulting in Residential Use Where Not Previously Allowed, City of Los Angeles, 2019.

Unit Size	In-Lieu Fee Per Unit in Project
Studio	\$76,735
1 Bedroom	\$81,653
2 Bedroom	\$90,583
3 Bedroom	\$100,717

Source: City of Los Angeles, 2019.

These fee rates represent fees in-lieu of providing five percent of units affordable to extremely low-income households and 11 percent of units affordable to very low-income households. This results in a lower fee amount than a fee in-lieu of providing five percent of units affordable to extremely low-income households and 20 percent of units affordable to lower-income households.

For-Sale In-Lieu Fee Calculations

The for-sale in-lieu fees vary substantially based on CPA, number of bedrooms, and whether the fee rate reflects a fee in lieu of providing 11 percent of units affordable to very low-income households, 20 percent affordable to lower-income households, or 40 percent affordable to moderate-income households. Depending on the unit mix in a particular project, the lowest and highest for-sale in-lieu fees could be based on any of the three on-site affordability options for for-sale units. Overall, fee rates could vary from a few hundred dollars per market-rate unit to over \$400,000 or more per market-rate unit. The Measure JJJ in-lieu fee formula for for-sale units requires project-by-project in-lieu fee calculations to determine the appropriate fee amounts.

INTRODUCTION

In November 2016, the City of Los Angeles electorate approved Los Angeles Measure JJJ, which adds affordable housing requirements and construction labor standards for new residential development projects with ten units or more seeking zoning changes or General Plan Amendments, along with other provisions. Measure JJJ provides an in-lieu fee option for developers that choose not to provide affordable units directly, and stipulates the basis for calculating the in-lieu fee amount.

Study Purpose

Measure JJJ required that the City produce a study that identified the Affordability Gaps for rental and for-sale units, which are the basis for the calculation of in-lieu fees, within 90 days of the enactment of the ordinance. In 2017, the City of Los Angeles commissioned consultants BAE Urban Economics to conduct the initial Affordability Gaps Study using the methodology outlined in Measure JJJ. Measure JJJ requires the City to update the Affordability Gaps study every two years for the purpose of updating the in-lieu fee rates (LAMC Section 11.5.11(b)(3)(iii)). In 2019, the City completed this 2019 Affordability Gaps Study based on the same methodology utilized in the 2017 BAE Study.

This 2019 Affordability Gaps Study and resulting Measure JJJ in-lieu fee schedule supersede those that were published in 2017.

OVERVIEW OF MEASURE JJJ AFFORDABLE HOUSING REQUIREMENTS

This section provides an overview of the affordable housing requirements in Measure JJJ as they relate to the Affordability Gaps study. Measure JJJ includes a number of provisions in addition to those described below, including requirements for construction contractors to conform to local hire and prevailing wage standards.

Affordable Housing Requirements

Measure JJJ institutes affordable housing requirements for projects that receive a discretionary General Plan amendment, zone change, or height district change resulting in either an increase in residential density of more than 35 percent or development of a residential use where residential uses were not previously allowed. Projects with increases in residential density of less than 35 percent are covered by the California Density Bonus Law, which provides for density bonuses up to 35 percent for projects that provide affordable housing. **Table 1** summarizes the Measure JJJ affordability requirements, which are described in further detail below. Since these requirements apply only to those projects seeking these specific discretionary approvals, developers essentially “opt-in” to these requirements in exchange for entitlements for additional residential density.

Table 1: Measure JJJ Affordable Housing Requirements

	Rental Projects	For-Sale Projects
Increase in Residential Density >35%	5% extremely low income and 6% very low income - or - 5% extremely low income and 15% lower income	11% very low income - or - 20% lower income - or - 40% moderate income
Residential Use Where Not Previously Allowed	5% extremely low income and 11% very low income - or - 5% extremely low income and 20% lower income	11% very low income - or - 20% lower income - or - 40% moderate income

Rental Affordability Requirements

Under the provisions of Measure JJJ, rental projects that receive discretionary approvals for General Plan amendments, zone changes, or height district changes resulting in an increase in density of more than 35 percent must provide at least five percent of the total number of units in

the project at rents affordable to extremely low-income households, plus either six percent of units to very low-income households or 15 percent of units to lower-income households. Projects that receive discretionary approvals to allow residential uses in an area where not previously allowed must provide at least five percent of units affordable to extremely low-income households, plus either 11 percent of units affordable to very low-income households or 20 percent of units to lower-income households.²

For-Sale Affordability Requirements

Measure JJJ requires for-sale projects that receive discretionary approvals for more than 35 percent added density or for residential uses where not previously permitted to provide at least 11 percent of units affordable to very low-income households, 20 percent affordable to low-income households, or 40 percent affordable to moderate-income households.³

Alternatives to On-Site Affordable Units

For projects subject to the affordable housing requirements, Measure JJJ provides three alternatives to providing affordable units on site. Developers may satisfy the affordability requirements off site by either constructing new affordable units or acquiring a property with at-risk affordable units and transferring ownership of the property to a non-profit entity, Community Land Trust, or tenant ownership that will preserve the affordability of the units. Both off-site options are subject to specific requirements, including requirements for additional units if the off-site units are more than one-half mile from the site of the project that triggers the affordability requirements. Alternatively, developers may elect to pay an in-lieu fee that accrues to the City's Affordable Housing Trust Fund.

Calculation of In-Lieu Fee

Measure JJJ identifies the manner in which the City will calculate the in-lieu fee for projects that elect to pay the fee rather than providing units on or off site. For both rental and for-sale projects, the in-lieu fee is equal to 1.1 times the number of affordable units that the developer would otherwise be required to provide, multiplied by the applicable "affordability gap." According to Measure JJJ, the affordability gap for rental units is the difference between the total affordable unit development cost and the amount of permanent financing that the restricted rents would support. The affordability gap for for-sale units is equal to the difference between the median home sale price and the restricted affordable sale price. The rental and ownership affordability gap calculations are described in further detail in the applicable sections below. Measure JJJ requires the City to update the Affordability Gaps study and resulting in-lieu fees every two years.

² Extremely low-income units target households earning up to 30 percent of the Area Median Income (AMI), very low-income units target households earning up to 50 percent of AMI, and lower-income units target households earning up to 80 percent of AMI. Per the City's policy for density bonus units, the rent limit for lower-income units is set at the rate affordable to households earning 60 percent of AMI, though households earning up to 80 percent of AMI can qualify for lower-income units.

³ Very low-income units target households earning up to 50 percent of the Area Median Income (AMI), lower-income units target households earning up to 80 percent of AMI, and moderate-income units target households earning up to 120 percent of AMI.

RENTAL AFFORDABILITY GAPS ANALYSIS

The City calculated the affordability gaps for rental units in accordance with the provisions set forth in Measure JJJ. As mentioned previously, Measure JJJ defines the rental affordability gap as the difference between the total development cost by unit type for recently-completed affordable housing projects and the amount of permanent financing by unit type and affordability level that each unit can support based on the restricted rent.

Methodology

Following is a detailed description of the methodology used to calculate the rental housing affordability gaps, and the associated in-lieu fees.

Affordable Unit Development Cost

Measure JJJ stipulates that the rental affordability gaps will be calculated using total development costs for recently-completed projects funded by the City’s Affordable Housing Trust Fund (AHTF), by unit type (i.e., number of bedrooms) and affordability level.

Projects Analyzed

The Department of City Planning again worked with the Housing and Community Investment Department (HCIDLA) to collect data on recently constructed affordable housing developments. The projects recently funded by the AHTF do not represent the complete spectrum of apartment unit bedroom sizes or affordability levels and therefore generate an insufficient sample size to calculate the rental affordability gaps. Consequently, data from these projects do not provide information on development costs for projects that include larger units (i.e., units with two or more bedrooms) or projects that serve families or seniors. In addition, because costs can vary substantially between projects, the development costs among the relatively small sample of projects funded by the AHTF may not be representative of typical development costs, even for those unit types included in the sample.

Given the limitations of the data regarding projects that were funded through the AHTF, this study analyzed a larger sample of affordable housing projects built in Los Angeles in 2016, 2017, and 2018. In addition to the data on projects funded by the AHTF, this study also incorporated data on local projects completed with the following other sources of funding: (1) HOME funds, (2) Community Development Block Grant funds (CDBG), (3) Tax Credits and (4) Community Redevelopment funds, among others.

Table 2 below provides a summary of the development cost data from the projects analyzed in this study. These data represent 32 projects with a total of 1,995 units, including 280 studios, 941 one-bedroom units, 336 two-bedroom units, 428 three-bedroom units, and 10 four-bedroom units. The projects included a mix of family, senior, and permanent supportive housing. Across all projects analyzed, total development costs averaged \$369 per square foot and approximately \$492,181 per unit.

Table 2: Summary of Affordable Housing Development Cost Data, City of Los Angeles, 2016-2018

Project #	Total	Number of Units					Total	Total Dev.	Cost	Avg. Cost
	Sq. Ft.	Studios	1 bdrm	2 bdrm	3 bdrm	4 bdrm		Cost (a)	per SF	per Unit
1	58,484	42	42	1	0	0	85	\$31,590,561	\$540	\$371,654
2	69,765	0	20	8	12	0	40	\$26,203,302	\$376	\$655,083
3	35,876	24	23	1	0	0	48	\$21,144,608	\$589	\$440,513
4	50,896	0	27	13	0	0	40	\$26,471,037	\$520	\$661,776
5	97,400	17	13	8	16	0	54	\$33,994,925	\$349	\$629,536
6	98,247	0	12	21	55	0	88	\$32,946,338	\$335	\$374,390
7	77,570	0	30	4	16	0	50	\$26,864,108	\$346	\$537,282
8	115,603	0	22	8	19	0	49	\$31,945,773	\$276	\$651,955
9	84,378	0	38	12	0	0	50	\$27,933,877	\$331	\$558,678
10	63,337	63	0	0	0	0	63	\$28,288,655	\$447	\$449,026
11	75,442	24	13	15	23	0	75	\$30,653,343	\$406	\$408,711
12	17,122	0	21	0	0	0	21	\$13,677,539	\$799	\$651,311
13	28,598	7	11	0	8	0	26	\$17,650,742	\$617	\$678,875
14	74,663	16	51	0	0	0	67	\$30,785,230	\$412	\$459,481
15	69,163	0	31	10	8	0	49	\$26,363,978	\$381	\$538,040
16	130,893	2	41	24	33	0	100	\$53,510,400	\$409	\$535,104
17	45,086	0	0	0	11	10	21	\$7,686,212	\$170	\$366,010
18	169,104	0	80	15	30	0	125	\$66,869,681	\$395	\$534,957
19	58,165	0	13	7	9	0	29	\$22,134,472	\$381	\$763,258
20	173,257	0	13	28	18	0	59	\$30,432,451	\$176	\$515,804
21	49,220	33	31	1	0	0	65	\$32,669,489	\$664	\$502,608
22	113,143	0	29	27	24	0	80	\$39,619,577	\$350	\$495,245
23	136,981	0	12	34	20	0	66	\$39,548,841	\$289	\$599,225
24	36,150	0	48	1	0	0	49	\$23,491,882	\$650	\$479,426
25	157,988	0	25	38	38	0	101	\$47,850,589	\$303	\$473,768
26	50,754	3	42	1	0	0	46	\$21,826,918	\$430	\$474,498
27	121,930	0	102	6	0	0	108	\$41,251,446	\$338	\$381,958
28	54,238	49	0	1	0	0	50	\$24,809,453	\$457	\$496,189
29	85,584	0	27	10	16	0	53	\$25,293,100	\$296	\$477,228
30	98,247	0	12	21	55	0	88	\$32,946,227	\$335	\$374,389
31	93,894	0	18	20	17	0	55	\$32,789,898	\$349	\$596,180
32	69,117	0	94	1	0	0	95	\$32,655,676	\$472	\$343,744
Total/Overall Average	2,660,295	280	941	336	428	10	1,995	\$981,900,327	\$369	\$492,181

Note:

(a) All development costs adjusted to 2018 costs based on the Turner Building Cost index.

Source: City of Los Angeles HCID, 2019.

Approach to Estimating Construction Costs for Rental Units by Number of Bedrooms

The affordable housing development cost data include total development costs for each project in its entirety rather than for individual units. Since most of the affordable housing projects analyzed in this study, including all projects with units that have two or more bedrooms, include a mix of unit sizes, the development cost data do not allow for a direct calculation of the average development cost by unit type across projects. Consequently, the City calculated the average development cost per unit by number of bedrooms using the following methodology:

1. Calculated the average cost per unit across all properties in which 85 percent of units or more are one-bedroom units. In total, five projects with a total of 319 units meet this

threshold, one of which has one-bedroom units only. In total, 0.9 percent of units in these projects are studio units and 2.8 percent are two-bedroom units. For the purposes of this study, the average per unit development cost among these projects was assumed to represent the average development cost for a one-bedroom unit. Although these five projects included a limited number of studio or two-bedroom units, inclusion of these units provided a wider data set than would be possible using only those projects comprised entirely of one-bedroom units. This calculation resulted in an estimated average one-bedroom unit development cost of approximately \$466,187 per unit.

2. The 2017 Affordability Gaps Study repeated Step 1 for properties in which 85 percent of units or more were studio units in order to calculate the aggregate cost for all studio units in the project sample. The 2016-2018 project sample contained only two projects that met this criteria, which was an insufficient sample size for this method. Additionally, as in the 2017 Study, none of the recently-developed projects are sufficiently weighted toward any one of the larger unit types to isolate the costs for an individual unit size with two or more bedrooms. Therefore, the methodology utilized in the 2019 study was adjusted slightly, to benchmark all per-unit costs to the average one-bedroom unit development cost. This benchmarking was accomplished by finding the ratio of estimated cost differential of each unit type compared to a one-bedroom unit, based on the per-unit development costs that were identified in the 2017 Study. This resulted in the following price ratios: average development cost of a studio unit is 7.9% lower than a one-bedroom unit, while the average development cost of a two-bedroom, three-bedroom, and four-bedroom unit is approximately 12.8%, 27%, and 33.5% higher, respectively, than a one-bedroom unit.
3. Applied the price ratios found in Step 2 to the average one-bedroom unit development cost found in Step 1. The resulting estimated development cost averages approximately \$429,541 for a studio unit, \$525,662 for a two-bedroom unit, \$591,986 for a three-bedroom unit, and \$622,264 for a four-bedroom unit.

Although Measure JJJ calls for a calculation of development costs by affordability level and number of bedrooms, this study does not differentiate development costs based on affordability levels. Given the wide variation in development costs across projects, the development cost data do not provide sufficient information to cross-tabulate development costs by unit sizes and affordability levels. Moreover, while unit size can have a significant impact on development costs, affordability levels may have little to no effect on development costs. For example, projects that are 100 percent affordable will have the same general development costs for all units of a particular number of bedrooms, despite potentially targeting households at various income levels.

Supportable Financing Amount

The second variable that factors into the Affordability Gaps calculation is the amount of permanent financing that the restricted rents for affordable units can support. This represents the amount that an affordable housing developer/operator can borrow to finance an affordable development, based on the loan payments that the operator can make using rent income. The permanent loan

amount that an affordable housing operator can qualify for is based on net operating income (NOI) – i.e., rental income less operating expenses and vacancy allowance – and the financing terms that apply to the loan.

The restricted affordable rents determine the rental income from an affordable unit. This analysis calculates rental income based on the restricted rental rate for extremely low-, very low-, and lower-income households, corresponding to the income levels for the on-site unit requirements stipulated in Measure JJJ, per the HCID Rent Limits provided in Land Use Schedule VI (effective June 2018). The Schedule VI rent limits for lower-income households are set to the rents affordable to households earning 60 percent of AMI.

Per the requirements of Measure JJJ, this study uses data from HCID on recently-completed affordable developments in Los Angeles to estimate operating expenses. Measure JJJ specifies that the operating cost assumptions should be based on projects funded by the AHTF. However, due to the relatively limited sample of recent projects that received funding from the AHTF (see discussion above), this analysis uses the larger project sample shown in **Table 2** to calculate average operating expenses. As shown in **Table 3**, the data indicate that operating costs for affordable units average \$6,390 per year.

Measure JJJ calls for the Affordability Gaps study to calculate the average operating cost by unit type and affordability level. The City analyzed the operating cost data and found no distinct correlation between operating costs and either unit size or affordability level, and therefore used the average per unit operating cost across all units for this analysis.

Table 3: Affordable Housing Operating Expenses, City of Los Angeles, 2019

Project #	Number of Units						Total	Annual Avg. Cost	
	Studios	1 bdrm	2 bdrm	3 bdrm	4 bdrm	Operating Cost (a)		per Unit	
1	42	42	1	0	0	85	\$542,539	\$6,383	
2	0	20	8	12	0	40	\$240,554	\$6,014	
3	24	23	1	0	0	48	\$353,855	\$7,372	
4	0	27	13	0	0	40	\$402,068	\$10,052	
5	17	13	8	16	0	54	\$387,570	\$7,177	
6	0	12	21	55	0	88	\$503,605	\$5,723	
7	0	30	4	16	0	50	\$288,997	\$5,780	
8	0	22	8	19	0	49	\$280,223	\$5,719	
9	0	38	12	0	0	50	\$250,500	\$5,010	
10	63	0	0	0	0	63	\$468,476	\$7,436	
11	24	13	15	23	0	75	\$471,331	\$6,284	
12	0	21	0	0	0	21	\$172,623	\$8,220	
13	7	11	0	8	0	26	\$234,595	\$9,023	
14	16	51	0	0	0	67	\$372,743	\$5,563	
15	0	31	10	8	0	49	\$331,665	\$6,769	
16	2	41	24	33	0	100	\$561,031	\$5,610	
17	0	0	0	11	10	21	\$119,875	\$5,708	
18	0	80	15	30	0	125	\$915,485	\$7,324	
19	0	13	7	9	0	29	\$175,390	\$6,048	
20	0	13	28	18	0	59	\$319,765	\$5,420	
21	33	31	1	0	0	65	\$466,574	\$7,178	
22	0	29	27	24	0	80	\$474,048	\$5,926	
23	0	12	34	20	0	66	\$393,670	\$5,965	
24	0	48	1	0	0	49	\$409,889	\$8,365	
25	0	25	38	38	0	101	\$611,723	\$6,057	
26	3	42	1	0	0	46	\$318,389	\$6,922	
27	0	102	6	0	0	108	\$595,838	\$5,517	
28	49	0	1	0	0	50	\$374,810	\$7,496	
29	0	27	10	16	0	53	\$285,161	\$5,380	
30	0	12	21	55	0	88	\$503,605	\$5,723	
31	0	18	20	17	0	55	\$353,963	\$6,436	
32	0	94	1	0	0	95	\$566,553	\$5,964	
Total/Overall Average	280	941	336	428	10	1,995	\$12,747,112	\$6,390	

Note:

(a) HCID provided operating cost data from the year of project construction. DCP adjusted all costs to 2018 dollars based on CPI.

Source: City of Los Angeles HCID, 2019.

The City used conventional financing assumptions to determine the supportable loan amount by unit type and affordability level. As shown in **Table 4**, the supportable loan amounts range from \$0 per unit for extremely low-income units (i.e., operating expenses exceed NOI, leaving no NOI to support debt payments) to \$52,006 per unit for three-bedroom units serving lower-income households.

Affordability Gaps Calculations

Per Measure JJJ, the rental affordability gap is calculated by subtracting the supportable permanent loan amount for each unit type from the unit development cost, as shown in **Table 4**. This represents the amount of subsidy funds needed to finance each unit. The supportable loan amount is a function of the amount of NOI that is available to pay loan debt service, the debt

service coverage ratio, and the loan term (number of years) and the loan interest rate. These assumptions are shown in the notes at the bottom of **Table 4**.

To the extent that affordable units generate negative NOI, this study adds an additional amount to the affordability gaps to account for this negative value. Since units with negative NOI reduce the total NOI at both the unit and project level, these units reduce the loan amount that a project can support overall, which increases the public funding sources needed to cover the financing gap for the project. For example, **Table 4** shows that the operating expenses for a two-bedroom unit serving an extremely low-income household exceed rental income by \$108 per month, while a two-bedroom unit serving a very low-income household generates \$175 per month in NOI after accounting for operating expenses. In a project composed of two-bedroom units serving extremely low- and very low-income households, each extremely low-income unit would require a subsidy equal to \$108 dollars per month to cover operating expenses, which would come from the \$175 in monthly NOI from a very low-income unit. The remaining NOI from each very low-income unit providing a cross-subsidy to an extremely low-income unit would therefore be reduced to \$67 per month (\$175 minus \$108). This cross-subsidy reduces the loan payment that these very low-income units can support by \$86 per month ($\$108 \text{ NOI} / 1.25 \text{ debt coverage ratio}$), which reduces the loan amount that the very low-income unit can support by \$13,645. The affordability gap for a two-bedroom unit serving an extremely low-income household is therefore equal to the total unit development cost (\$525,662), plus the \$13,645 in cross-subsidy needed from other units in the development.

Table 4: Rental Affordability Gaps Calculations, City of Los Angeles, 2019

	Extremely Low	Very Low	Lower	Extremely Low	Very Low	Lower
	Studio			One-Bedroom Unit		
Maximum Affordable Monthly Rent per Unit (a)	\$348	\$579	\$695	\$397	\$662	\$794
Monthly Operating Expenses (b)	\$532	\$532	\$532	\$532	\$532	\$532
Vacancy (c)	5%	5%	5%	5%	5%	5%
Net Operating Income per Unit (d)	(\$202)	\$18	\$128	(\$155)	\$96	\$222
Monthly Supportable Debt Service per Unit (e)	\$0	\$14	\$102	\$0	\$77	\$177
Loan Amount (f)	\$0	\$2,226	\$16,174	\$0	\$12,206	\$28,078
Operating Subsidy from Units with Positive NOI (g)	\$202	\$0	\$0	\$155	\$0	\$0
Reduction in Project-Level Loan Payments (h)	\$161	\$0	\$0	\$124	\$0	\$0
Foregone Loan Amount Due to Cross-Subsidy (i)	\$25,549	\$0	\$0	\$19,657	\$0	\$0
Total Development Costs Per Unit	\$429,541	\$429,541	\$429,541	\$466,188	\$466,188	\$466,188
Affordability Gap per Affordable Unit (j)	\$455,091	\$427,315	\$413,367	\$485,845	\$453,981	\$438,110
	Two-Bedroom Unit			Three-Bedroom Unit		
Maximum Affordable Monthly Rent per Unit (a)	\$447	\$745	\$894	\$497	\$828	\$993
Monthly Operating Expenses (b)	\$532	\$532	\$532	\$532	\$532	\$532
Vacancy (c)	5%	5%	5%	5%	5%	5%
Net Operating Income per Unit (d)	(\$108)	\$175	\$317	(\$60)	\$254	\$411
Monthly Supportable Debt Service per Unit (e)	\$0	\$140	\$253	\$0	\$203	\$329
Loan Amount (f)	\$0	\$22,186	\$40,102	\$0	\$32,166	\$52,006
Operating Subsidy from Units with Positive NOI (g)	\$108	\$0	\$0	\$60	\$0	\$0
Reduction in Project-Level Loan Payments (h)	\$86	\$0	\$0	\$48	\$0	\$0
Foregone Loan Amount Due to Cross-Subsidy (i)	\$13,645	\$0	\$0	\$7,633	\$0	\$0
Total Development Costs Per Unit	\$525,662	\$525,662	\$525,662	\$591,986	\$591,986	\$591,986
Affordability Gap per Affordable Unit (j)	\$539,308	\$503,476	\$485,561	\$599,620	\$559,820	\$539,980
Assumptions						
Total Affordable Unit Development Costs (k)						
Studio	\$429,541					
1 Bedroom	\$466,188					
2 Bedroom	\$525,662					
3 Bedroom	\$591,986					
Financing Terms						
Debt Coverage Ratio	1.25					
Interest Rate	6.50%					
Term of Loan (years)	30					

Notes:

- (a) City of Los Angeles - 2018 Income and Rent Limits; Land Use Schedule VI.
- (b) Data from funding applications for recent projects.
- (c) Typical required assumption for loan underwriting.
- (d) Affordable monthly rent less operating expenses and vacancy.
- (e) Previous row divided by Debt Coverage Ratio; units with negative NOI cannot support any loan amount.
- (f) Based on financing terms.
- (g) NOI from other units needed to cover operating expenses.
- (h) Previous row divided by Debt Coverage Ratio.
- (i) Based on financing terms.
- (j) Total development costs less loan amount, plus foregone loan amount.
- (k) HCID data from recent projects.

Sources: City of Los Angeles, 2019.

Findings

Table 5 below shows the rental affordability gaps. These are the per unit subsidy amounts that would be necessary to support development of affordable units, after accounting for the amount of conventional loan debt service that the apartment operator could support from estimated NOI. In the case of extremely low-income studio, one-bedroom, two-bedroom, and three-bedroom units, the affordability gaps include the additional subsidy needed to offset the net operating loss, due to per unit operating costs which exceed the restricted rent levels.

Table 5: Rental Affordability Gaps, City of Los Angeles, 2019

Unit Size	Income Level		
	Extremely Low	Very Low	Lower
Studio	\$455,091	\$427,315	\$413,367
1 Bedroom	\$485,845	\$453,981	\$438,110
2 Bedroom	\$539,308	\$503,476	\$485,561
3 Bedroom	\$599,620	\$559,820	\$539,980

Source: City of Los Angeles, 2019.

FOR-SALE AFFORDABILITY GAPS ANALYSIS

As with the rental affordability gaps, the City calculated the affordability gaps for ownership units in accordance with the provisions set forth in Measure JJJ. Measure JJJ defines the ownership affordability gap as the difference between the median sale price by unit type and Community Plan Area (CPA) and the restricted sale price for ownership units by unit type and affordability level.

Methodology

Following are detailed descriptions of the methodological steps, assumptions, and data inputs used to determine the affordability gaps for for-sale units.

Median Sale Price

Measure JJJ stipulates that the Affordability Gaps study shall identify the “market median sales prices by unit type in the 37 Community Plan areas”, which factor into the ownership Affordability Gaps calculation prescribed in the measure. For the purposes of this study, the City analyzed current property records from the County Assessor on single-family home and condominium sales between January 1, 2018 and October 31, 2018. Using data on sales over a ten-month period provided a sample sufficiently large to calculate medians for most unit types in each CPA, with the exception of unit types that are uncommon in particular CPAs, while ensuring that the sale price data represent relatively current home sale prices.

The City used the information provided in the property records to categorize the sale records into unit types based on number of bedrooms (studios and one-, two-, three-, and four-bedroom units) and either single-family or condominium building type, and determined the CPA for each property using GIS software. The City then calculated the median sale price for each of the resulting 370 categories of market-rate ownership units (37 CPAs x 5 unit sizes by number of bedrooms x 2 building types) to the extent that the sale price data included a sufficient number of records to represent each unit category. **Table 6** and **Table 7** below show the resulting median home sale values.

Most CPAs lacked sale records for at least one category of market-rate ownership units, and therefore had no median sale price for that unit type, and other median sale prices were based on only one or two sale records. In general, the unit types that are not represented or represented by very few sales in a particular CPA are those that are absent or rare within that market. This analysis discarded all medians based on two sales or fewer on the basis that these medians are not based on a sufficiently large sample of sales to be representative of the market. This study then interpolated the market sale prices for the unit types with fewer than three sale records, including those with no sale records.

Unit categories with two or fewer sale records were interpolated using a methodology developed by BAE for the 2017 calculation. The interpolated values represent hypothetical values that are consistent with the existing residential market in each CPA and citywide trends. This study did not include a market analysis to determine market demand for particular unit types in any CPAs or an analysis to determine development feasibility based on the interpolated sale prices. **Table 6** and **Table 7** below show the interpolated values along with the median sale prices.

Values were interpolated using price differentials. Whenever possible, this study determined the price of a condominium unit relative to the price of a single-family unit by unit size. The resulting percentages represent the condominium sale price differential by number of bedrooms for each CPA. This study used the median of all condominium sale price differentials across CPAs, by unit size, to represent the typical condominium price differential within a CPA for each unit size. The typical condominium price differentials were then applied to the median single-family home sale price, by unit size, to interpolate the condominium sale price by number of bedrooms. For example, the median sale price for two-bedroom single-family homes in the Boyle Heights CPA was \$420,004. Two-bedroom condominiums typically sell for 34 percent less than two-bedroom single-family homes across all CPAs, resulting in an interpolated two-bedroom condominium sale price of \$277,321 in the Boyle Heights CPA.

Where it was not possible to interpolate across condominium and single-family home data sets, this study calculated the percent sale price discount across unit sizes. The price differential was calculated for a one-bedroom single-family unit relative to the sale price of a three-bedroom single-family unit for all CPAs with both one- and three-bedroom single-family home sales. The study used three-bedroom units as the baseline because three-bedroom units are the most common single-family unit size in the sale records. Based on the median sale price across CPAs, one-bedroom single-family homes typically sell for 27 percent less than three-bedroom single-family homes in the same CPA. Therefore, in CPAs with fewer than three one-bedroom single-family home sales, the interpolated one-bedroom single-family home sale price is 27 percent lower than the median sale price for a three-bedroom single-family home in the same CPA. The study also calculated the percent sale price discount for a two-bedroom single-family unit relative to a four-bedroom single-family unit and for a one-bedroom condominium unit relative to a studio condominium unit. For example, the median sale price for a three bedrooms home in the Chatsworth - Porter Ranch CPA was \$651,006. One bedroom homes would typically sell for 27 percent less than three bedroom homes across CPAs, resulting in an interpolated one-bedroom single-family home price of \$474,338 in the Chatsworth - Porter Ranch CPA.

Appendix A includes all cost differentials for condominiums.

Table 6: Median Single-Family Home Sale Prices by CPA and Number of Bedrooms, City of Los Angeles, 2019

Commnity Plan Area	Median Sale Price - Single-Family					
	Studio		One-Bedroom		Two-Bedroom	
	\$	#	\$	#	\$	#
Arleta - Pacoima	\$ 311,924	0	\$ 359,943	1	\$ 425,004	45
Bel Air - Beverly Crest	\$ 1,071,550	2	\$ 1,240,012	9	\$ 1,460,014	29
Boyle Heights	\$ 308,254	1	\$ 355,003	5	\$ 420,004	33
Brentwood - Pacific Palisades	\$ 1,741,270	0	\$ 1,930,869	0	\$ 2,372,524	32
Canoga Park - Winnetka - Woodland Hills - West Hills	\$ 458,712	2	\$ 476,524	2	\$ 625,006	61
Central City	\$ 1,072,571	0	\$ 1,096,506	0	\$ 1,461,405	0
Central City North	\$ 889,179	0	\$ 1,146,740	1	\$ 1,211,528	2
Chatsworth - Porter Ranch	\$ 444,033	0	\$ 474,338	1	\$ 605,006	15
Encino - Tarzana	\$ 689,902	2	\$ 772,347	0	\$ 940,009	58
Granada Hills - Knollwood	\$ 415,776	1	\$ 456,487	2	\$ 566,505	18
Harbor Gateway	\$ 333,942	0	\$ 400,746	0	\$ 455,004	18
Hollywood	\$ 953,386	1	\$ 1,005,010	21	\$ 1,299,012	187
Los Angeles World Airport	N/A	0	N/A	0	N/A	0
Mission Hills - Panorama City - North Hills	\$ 385,318	0	\$ 386,174	1	\$ 525,005	67
North Hollywood - Valley Village	\$ 550,454	2	\$ 600,006	3	\$ 750,007	121
Northeast Los Angeles	\$ 532,106	2	\$ 560,005	47	\$ 725,007	322
Northridge	\$ 533,940	0	\$ 473,609	2	\$ 727,507	12
Palms - Mar Vista - Del Rey	\$ 825,681	1	\$ 1,068,011	8	\$ 1,125,011	116
Port of Los Angeles	N/A	0	N/A	0	N/A	0
Reseda - West Van Nuys	\$ 385,318	0	\$ 429,891	0	\$ 525,005	100
San Pedro	\$ 422,014	0	\$ 480,254	12	\$ 575,005	79
Sherman Oaks - Studio City - Toluca Lake - Caluenga Pass	\$ 818,342	1	\$ 806,008	6	\$ 1,115,011	148
Silver Lake - Echo Park - Elysian Valley	\$ 667,884	2	\$ 736,507	20	\$ 910,009	98
South Los Angeles	\$ 330,272	1	\$ 354,503	10	\$ 450,004	286
Southeast Los Angeles	\$ 256,878	1	\$ 311,003	30	\$ 350,003	239
Sun Valley - La Tuna Canyon	\$ 374,309	2	\$ 408,032	2	\$ 510,005	71
Sunland - Tujunga - Lake View Terrace - Shadow Hills - East La Tuna Canyon	\$ 381,648	2	\$ 440,004	17	\$ 520,005	97
Sylmar	\$ 330,272	1	\$ 342,503	4	\$ 450,004	41
Van Nuys - North Sherman Oaks	\$ 519,262	2	\$ 543,558	1	\$ 707,507	113
Venice	\$ 1,263,843	0	\$ 1,835,018	7	\$ 1,722,017	47
West Adams - Baldwin Hills - Leimert	\$ 469,721	0	\$ 558,506	8	\$ 640,006	249
West Los Angeles	\$ 1,104,578	0	\$ 1,173,823	0	\$ 1,505,015	56
Westchester - Playa Del Rey	\$ 762,746	0	\$ 1,170,011	3	\$ 1,039,260	54
Westlake	\$ 605,499	0	\$ 813,008	3	\$ 825,008	10
Westwood	\$ 1,350,447	1	\$ 1,522,836	0	\$ 1,840,018	10
Wilmington - Harbor City	\$ 326,602	0	\$ 365,044	1	\$ 445,004	39
Wilshire	\$ 880,727	2	\$ 1,091,123	2	\$ 1,200,012	99

Note:

Figures in grey cells are interpolated values, based on the methodology described in this report
Sources: LA County Assessor Records, 2018; City of Los Angeles, 2019.

(Continued on the following page)

Table 6: Median Single-Family Home Sale Prices by CPA and Number of Bedrooms, City of Los Angeles, 2019 (continued)

Commnity Plan Area	Median Sale Price - Single-Family			
	Three-Bedroom		Four-Bedroom	
	\$	#	\$	#
Arleta - Pacoima	\$ 494,004	148	\$ 495,004	39
Bel Air - Beverly Crest	\$ 2,000,020	75	\$ 2,505,025	74
Boyle Heights	\$ 440,004	27	\$ 645,006	5
Brentwood - Pacific Palisades	\$ 2,650,026	117	\$ 3,195,032	98
Canoga Park - Winnetka - Woodland Hills - West Hills	\$ 654,006	536	\$ 760,007	429
Central City	\$ 1,504,902	0	\$ 1,994,942	0
Central City North	\$ 1,366,390	1	\$ 1,653,839	0
Chatsworth - Porter Ranch	\$ 651,006	187	\$ 790,007	287
Encino - Tarzana	\$ 1,060,010	151	\$ 1,497,014	148
Granada Hills - Knollwood	\$ 626,506	192	\$ 660,006	179
Harbor Gateway	\$ 550,005	47	\$ 654,006	13
Hollywood	\$ 1,705,017	233	\$ 2,438,524	150
Los Angeles World Airport	N/A	0	N/A	0
Mission Hills - Panorama City - North Hills	\$ 530,005	251	\$ 631,506	100
North Hollywood - Valley Village	\$ 775,007	185	\$ 1,038,010	76
Northeast Los Angeles	\$ 842,508	356	\$ 945,009	114
Northridge	\$ 650,006	148	\$ 735,757	128
Palms - Mar Vista - Del Rey	\$ 1,385,013	152	\$ 1,728,017	92
Port of Los Angeles	N/A	0	N/A	0
Reseda - West Van Nuys	\$ 590,005	314	\$ 622,006	121
San Pedro	\$ 677,006	119	\$ 774,007	49
Sherman Oaks - Studio City - Toluca Lake - Cahuenga Pass	\$ 1,375,013	209	\$ 1,700,017	114
Silver Lake - Echo Park - Elysian Valley	\$ 1,230,012	87	\$ 1,425,014	21
South Los Angeles	\$ 487,504	215	\$ 632,506	61
Southeast Los Angeles	\$ 375,503	215	\$ 400,004	57
Sun Valley - La Tuna Canyon	\$ 560,005	147	\$ 637,506	50
Sunland - Tujunga - Lake View Terrace - Shadow Hills - East La Tuna Canyon	\$ 630,006	227	\$ 776,007	68
Sylmar	\$ 523,005	125	\$ 535,005	121
Van Nuys - North Sherman Oaks	\$ 746,007	293	\$ 795,008	106
Venice	\$ 2,072,520	72	\$ 2,800,028	37
West Adams - Baldwin Hills - Leimert	\$ 765,007	252	\$ 845,008	52
West Los Angeles	\$ 1,611,016	96	\$ 2,225,022	55
Westchester - Playa Del Rey	\$ 1,254,012	156	\$ 1,497,014	82
Westlake	\$ 800,008	3	\$ 1,126,206	2
Westwood	\$ 2,090,020	19	\$ 2,569,525	23
Wilmington - Harbor City	\$ 501,005	80	\$ 545,005	21
Wilshire	\$ 1,497,515	176	\$ 2,150,021	104

Note:

Figures in grey cells are interpolated values, based on the methodology described in this report

Sources: LA County Assessor Records, 2018; City of Los Angeles, 2019.

Table 7: Median Condominium Sale Prices by CPA and Number of Bedrooms, City of Los Angeles, 2019

Commnity Plan Area	Median Sale Price - Condominium					
	Studio		One-Bedroom		Two-Bedroom	
	\$	#	\$	#	\$	#
Arleta - Pacoima	\$ 210,394	0	\$ 219,502	10	\$ 285,002	31
Bel Air - Beverly Crest	\$ 711,711	0	\$ 789,924	2	\$ 964,091	1
Boyle Heights	\$ 204,739	0	\$ 226,147	0	\$ 277,341	0
Brentwood - Pacific Palisades	\$ 775,507	2	\$ 660,006	23	\$ 1,050,510	119
Canoga Park - Winnetka - Woodland Hills - West Hills	\$ 295,291	2	\$ 330,003	56	\$ 400,004	147
Central City	\$ 585,005	91	\$ 698,507	130	\$ 965,009	87
Central City North	\$ 793,758	18	\$ 730,507	24	\$ 800,008	21
Chatsworth - Porter Ranch	\$ 294,921	0	\$ 217,002	11	\$ 399,504	104
Encino - Tarzana	\$ 310,055	1	\$ 277,252	52	\$ 420,004	160
Granada Hills - Knollwood	\$ 276,835	0	\$ 275,227	0	\$ 375,003	17
Harbor Gateway	\$ 243,615	0	\$ 242,200	0	\$ 330,003	2
Hollywood	\$ 709,007	16	\$ 505,005	90	\$ 705,007	107
Los Angeles World Airport	N/A	0	N/A	0	N/A	0
Mission Hills - Panorama City - North Hills	\$ 232,542	0	\$ 174,001	9	\$ 315,003	95
North Hollywood - Valley Village	\$ 361,731	1	\$ 365,003	21	\$ 490,004	99
Northeast Los Angeles	\$ 352,503	8	\$ 405,004	14	\$ 477,504	122
Northridge	\$ 289,754	0	\$ 288,071	0	\$ 392,504	22
Palms - Mar Vista - Del Rey	\$ 925,009	3	\$ 785,007	31	\$ 886,008	115
Port of Los Angeles	N/A	0	N/A	0	N/A	0
Reseda - West Van Nuys	\$ 210,394	0	\$ 245,002	6	\$ 371,003	62
San Pedro	\$ 294,921	1	\$ 320,003	15	\$ 399,504	88
Sherman Oaks - Studio City - Toluca Lake - Cahuenga Pass	\$ 432,601	1	\$ 459,504	32	\$ 586,005	201
Silver Lake - Echo Park - Elysian Valley	\$ 516,759	0	\$ 513,755	4	\$ 700,007	15
South Los Angeles	\$ 219,363	0	\$ 236,002	5	\$ 297,151	0
Southeast Los Angeles	\$ 170,615	0	\$ 198,118	0	\$ 231,117	0
Sun Valley - La Tuna Canyon	\$ 295,291	0	\$ 260,002	3	\$ 400,004	19
Sunland - Tujunga - Lake View Terrace - Shadow Hills - East La Tuna Canyon	\$ 317,438	0	\$ 280,295	0	\$ 430,004	32
Sylmar	\$ 236,233	0	\$ 218,184	2	\$ 320,003	55
Van Nuys - North Sherman Oaks	\$ 301,935	1	\$ 387,503	22	\$ 409,004	155
Venice	\$ 959,696	2	\$ 915,009	25	\$ 1,300,013	63
West Adams - Baldwin Hills - Leimert	\$ 372,805	0	\$ 412,504	14	\$ 505,005	31
West Los Angeles	\$ 654,807	0	\$ 651,006	46	\$ 887,008	172
Westchester - Playa Del Rey	\$ 563,636	1	\$ 500,005	45	\$ 763,507	126
Westlake	\$ 376,496	2	\$ 445,004	33	\$ 510,005	29
Westwood	\$ 460,004	7	\$ 580,005	45	\$ 970,009	145
Wilmington - Harbor City	\$ 277,942	0	\$ 329,003	5	\$ 376,503	38
Wilshire	\$ 310,003	12	\$ 445,504	56	\$ 681,256	202

Note:

Figures in grey cells are interpolated values, based on the methodology described in this report
Sources: LA County Assessor Records, 2018; City of Los Angeles, 2019.

(Continued on the following page)

Table 7: Median Condominium Sale Prices by CPA and Number of Bedrooms, City of Los Angeles, 2019 (continued)

Community Plan Area	Median Sale Price - Condominium			
	Three-Bedroom		Four-Bedroom	
	\$	#	\$	#
Arleta - Pacoima	\$ 418,004	22	\$ 519,005	25
Bel Air - Beverly Crest	\$ 1,382,502	2	\$ 1,830,797	0
Boyle Heights	\$ 304,150	0	\$ 471,403	0
Brentwood - Pacific Palisades	\$ 1,370,013	41	\$ 2,400,024	9
Canoga Park - Winnetka - Woodland Hills - West Hills	\$ 483,004	73	\$ 540,005	11
Central City	\$ 1,040,255	1	\$ 1,458,004	0
Central City North	\$ 944,509	28	\$ 1,208,709	0
Chatsworth - Porter Ranch	\$ 450,004	86	\$ 502,505	34
Encino - Tarzana	\$ 529,005	62	\$ 557,005	7
Granada Hills - Knollwood	\$ 430,004	21	\$ 335,003	3
Harbor Gateway	\$ 463,004	9	\$ 477,980	0
Hollywood	\$ 815,008	24	\$ 1,782,195	0
Los Angeles World Airport	N/A	0	N/A	0
Mission Hills - Panorama City - North Hills	\$ 410,004	67	\$ 490,754	18
North Hollywood - Valley Village	\$ 595,005	41	\$ 565,005	6
Northeast Los Angeles	\$ 690,006	25	\$ 690,660	2
Northridge	\$ 443,504	30	\$ 537,728	2
Palms - Mar Vista - Del Rey	\$ 953,009	22	\$ 1,262,921	1
Port of Los Angeles	N/A	0	N/A	0
Reseda - West Van Nuys	\$ 423,004	46	\$ 417,504	12
San Pedro	\$ 572,505	36	\$ 707,507	6
Sherman Oaks - Studio City - Toluca Lake - Cahuenga Pass	\$ 755,007	54	\$ 1,242,458	0
Silver Lake - Echo Park - Elysian Valley	\$ 760,007	5	\$ 1,041,472	2
South Los Angeles	\$ 336,984	2	\$ 462,267	0
Southeast Los Angeles	\$ 259,564	1	\$ 292,343	0
Sun Valley - La Tuna Canyon	\$ 559,005	22	\$ 625,006	10
Sunland - Tujunga - Lake View Terrace - Shadow Hills - East La Tuna Canyon	\$ 472,004	35	\$ 567,145	2
Sylmar	\$ 430,004	77	\$ 520,005	19
Van Nuys - North Sherman Oaks	\$ 501,005	56	\$ 581,031	0
Venice	\$ 1,550,015	14	\$ 1,950,019	3
West Adams - Baldwin Hills - Leimert	\$ 580,005	13	\$ 617,574	0
West Los Angeles	\$ 1,086,010	67	\$ 1,245,012	6
Westchester - Playa Del Rey	\$ 835,008	19	\$ 2,230,022	3
Westlake	\$ 553,001	1	\$ 823,088	0
Westwood	\$ 1,305,013	33	\$ 1,877,938	1
Wilmington - Harbor City	\$ 437,504	23	\$ 650,006	4
Wilshire	\$ 790,007	86	\$ 1,571,343	2

Note:

Figures in grey cells are interpolated values, based on the methodology described in this report

Sources: LA County Assessor Records, 2018; City of Los Angeles, 2019.

Restricted Sale Price

The restricted sale prices for affordable units were calculated for the Affordability Gaps study because HCID does not calculate and publish standard restricted sale prices that would be analogous to the restricted rents in Land Use Schedule VI. Consistent with the income levels that would meet the on-site unit requirements stipulated in Measure JJJ, the City calculated the affordable sale price for very low-, lower-, and moderate-income households of various sizes.

Appendix B shows these calculations and the relevant assumptions. **Table 8** shows the affordable sale prices for single-family homes and condominiums. Condominiums have lower sale

prices to account for homeowner association fees, which reduce the homeowner income available for mortgage payments.

Table 8: Restricted Affordable Sale Prices, City of Los Angeles, 2019

Household Income Level	Affordable Sale Price				
	Studio	1-Bdrm	2-Bdrm	3-Bdrm	4-Bdrm
Single-Family					
Very Low	\$ 151,117	\$172,792	\$ 194,315	\$215,685	\$ 233,087
Lower	\$ 241,482	\$275,979	\$ 310,477	\$344,974	\$ 372,603
Moderate	\$ 259,189	\$296,128	\$ 333,221	\$370,160	\$ 399,773
Condominium					
Very Low	\$ 81,836	\$ 102,046	\$ 122,114	\$ 142,040	\$ 158,264
Lower	\$ 166,092	\$ 198,258	\$ 230,423	\$ 262,588	\$ 288,349
Moderate	\$ 182,602	\$ 217,044	\$ 251,629	\$ 286,072	\$ 313,682

Source: City of Los Angeles, 2019.

Affordability Gaps Calculation

Per the requirements of Measure JJJ, this study calculates the for-sale affordability gaps by subtracting the restricted sale prices at each affordability level by unit size from the median sale price by CPA, unit size, and building type. This results in a total of 1,050 for-sale affordability gaps (35 CPAs x 5 unit sizes x 2 building types x 3 affordability levels).⁴

Findings

The following tables show for-sale affordability gaps. In cases where **Table 9** or **Table 10** display a zero value, this means that the market sale price for the unit type with a zero value is equal to or lower than the restricted sale price in that CPA. Generally, this occurs in instances where the CPA has market sales prices that are relatively low, and therefore affordable to some lower- and moderate-income households. In these cases, it should not necessarily be interpreted that it is financially feasible for developers to build affordable units without subsidy. Rather, it likely means that it will be uncommon for market rate developers to build new housing in such areas, until such time as market conditions would support higher market rate sale prices. In such cases, the two-year update of the Affordability Gaps Analysis would be revised to reflect the increased market rate sales prices, and the updated affordability gaps calculation would likely indicate the need to for subsidy, assuming that household income levels did not keep pace with the sub-market price increases.

In implementation, Measure JJJ requires that developers pay a fee for all applicable projects. In the event that a developer chooses to pay the in-lieu fee for a development located in a CPA with a for-sale affordability gap with a zero value, developers would be required to apply the next highest income level with a positive affordability gap for the same unit type in any case where an

⁴ Two of the 37 CPAs (Los Angeles World Airport and Port of Los Angeles) have no residential development and therefore no affordability gaps.

affordability gap is negative or zero. For example, the affordability gap for moderate-income condominium units of all unit types, one-bedroom and two-bedroom lower-income condominium units, and studio moderate-income single-family home units in the Southeast Los Angeles CPA is negative. In this CPA, for example, developers would be required to apply the lower-income affordability gap for two-bedroom condominiums (i.e., the highest income level with a positive affordability gap for this unit type) to calculate the in-lieu fee for two-bedroom, moderate-income condominiums in this CPA.

Table 9: For-Sale Affordability Gaps, Single-Family Homes, City of Los Angeles, 2019

Community Plan Area	Studio			One-Bedroom			Two-Bedroom		
	Very Low	Lower	Moderate	Very Low	Lower	Moderate	Very Low	Lower	Moderate
Arleta - Pacoima	\$160,807	\$70,442	\$52,735	\$187,151	\$83,964	\$63,815	\$230,689	\$114,527	\$91,783
Bel Air - Beverly Crest	\$920,433	\$830,068	\$812,361	\$1,067,220	\$964,033	\$943,884	\$1,265,699	\$1,149,537	\$1,126,793
Boyle Heights	\$157,137	\$66,772	\$49,065	\$182,211	\$79,024	\$58,875	\$225,689	\$109,527	\$86,783
Brentwood - Pacific Palisades	\$1,590,153	\$1,499,788	\$1,482,081	\$1,758,077	\$1,654,890	\$1,634,741	\$2,178,209	\$2,062,047	\$2,039,303
Canoga Park - Winnetka - Woodland Hills - West Hills	\$307,595	\$217,230	\$199,523	\$303,732	\$200,545	\$180,396	\$430,691	\$314,529	\$291,785
Central City	\$921,454	\$831,089	\$813,382	\$923,714	\$820,527	\$800,378	\$1,267,090	\$1,150,928	\$1,128,184
Central City North	\$738,062	\$647,697	\$629,990	\$973,948	\$870,761	\$850,612	\$1,017,213	\$901,051	\$878,307
Chatsworth - Porter Ranch	\$292,916	\$202,551	\$184,844	\$301,546	\$198,359	\$178,210	\$410,691	\$294,529	\$271,785
Encino - Tarzana	\$538,785	\$448,420	\$430,713	\$599,555	\$496,368	\$476,219	\$745,694	\$629,532	\$606,788
Granada Hills - Knollwood	\$264,659	\$174,294	\$156,587	\$283,695	\$180,508	\$160,359	\$372,190	\$256,028	\$233,284
Harbor Gateway	\$182,825	\$92,460	\$74,753	\$227,954	\$124,767	\$104,618	\$260,689	\$144,527	\$121,783
Hollywood	\$802,269	\$711,904	\$694,197	\$832,218	\$729,031	\$708,882	\$1,104,697	\$988,535	\$965,791
Los Angeles World Airport	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mission Hills - Panorama City - North Hills	\$234,201	\$143,836	\$126,129	\$213,382	\$110,195	\$90,046	\$330,690	\$214,528	\$191,784
North Hollywood - Valley Village	\$399,337	\$308,972	\$291,265	\$427,214	\$324,027	\$303,878	\$555,692	\$439,530	\$416,786
Northeast Los Angeles	\$380,989	\$290,624	\$272,917	\$387,213	\$284,026	\$263,877	\$530,692	\$414,530	\$391,786
Northridge	\$382,823	\$292,458	\$274,751	\$300,817	\$197,630	\$177,481	\$533,192	\$417,030	\$394,286
Palms - Mar Vista - Del Rey	\$674,564	\$584,199	\$566,492	\$895,219	\$792,032	\$771,883	\$930,696	\$814,534	\$791,790
Port of Los Angeles	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Reseda - West Van Nuys	\$234,201	\$143,836	\$126,129	\$257,099	\$153,912	\$133,763	\$330,690	\$214,528	\$191,784
San Pedro	\$270,897	\$180,532	\$162,825	\$307,462	\$204,275	\$184,126	\$380,690	\$264,528	\$241,784
Sherman Oaks - Studio City - Toluca Lake - Cahuenga Pass	\$667,225	\$576,860	\$559,153	\$633,216	\$530,029	\$509,880	\$920,696	\$804,534	\$781,790
Silver Lake - Echo Park	\$516,767	\$426,402	\$408,695	\$563,715	\$460,528	\$440,379	\$715,694	\$599,532	\$576,788
South Los Angeles	\$179,155	\$88,790	\$71,083	\$181,711	\$78,524	\$58,375	\$255,689	\$139,527	\$116,783
Southeast Los Angeles	\$105,761	\$15,396	\$0	\$138,211	\$35,024	\$14,875	\$155,688	\$39,526	\$16,782
Sun Valley - La Tuna Canyon	\$223,192	\$132,827	\$115,120	\$235,240	\$132,053	\$111,904	\$315,690	\$199,528	\$176,784
Sunland - Tujunga - Lakeview Terrace - Shadow Hills - East La Tuna Canyon	\$230,531	\$140,166	\$122,459	\$267,212	\$164,025	\$143,876	\$325,690	\$209,528	\$186,784
Sylmar	\$179,155	\$88,790	\$71,083	\$169,711	\$66,524	\$46,375	\$255,689	\$139,527	\$116,783
Van Nuys - North Sherman Oaks	\$368,145	\$277,780	\$260,073	\$370,766	\$267,579	\$247,430	\$513,192	\$397,030	\$374,286
Venice	\$1,112,726	\$1,022,361	\$1,004,654	\$1,662,226	\$1,559,039	\$1,538,890	\$1,527,702	\$1,411,540	\$1,388,796
West Adams - Baldwin Hills - Leimert	\$318,604	\$228,239	\$210,532	\$385,714	\$282,527	\$262,378	\$445,691	\$329,529	\$306,785
West Los Angeles	\$953,461	\$863,096	\$845,389	\$1,001,031	\$897,844	\$877,695	\$1,310,700	\$1,194,538	\$1,171,794
Westchester - Playa Del Rey	\$611,629	\$521,264	\$503,557	\$997,219	\$894,032	\$873,883	\$844,945	\$728,783	\$706,039
Westlake	\$454,382	\$364,017	\$346,310	\$640,216	\$537,029	\$516,880	\$630,693	\$514,531	\$491,787
Westwood	\$1,199,330	\$1,108,965	\$1,091,258	\$1,350,044	\$1,246,857	\$1,226,708	\$1,645,703	\$1,529,541	\$1,506,797
Wilmington - Harbor City	\$175,485	\$85,120	\$67,413	\$192,252	\$89,065	\$68,916	\$250,689	\$134,527	\$111,783
Wilshire	\$729,610	\$639,245	\$621,538	\$918,331	\$815,144	\$794,995	\$1,005,697	\$889,535	\$866,791

Source: City of Los Angeles, 2019.

(Continued on the following page)

Table 9: For-Sale Affordability Gaps, Single-Family Homes, City of Los Angeles, 2019 (continued)

Community Plan Area	Three-Bedroom			Four-Bedroom		
	Very Low	Lower	Moderate	Very Low	Lower	Moderate
Arleta - Pacoima	\$278,319	\$149,030	\$123,844	\$261,917	\$122,401	\$95,231
Bel Air - Beverly Crest	\$1,784,335	\$1,655,046	\$1,629,860	\$2,271,938	\$2,132,422	\$2,105,252
Boyle Heights	\$224,319	\$95,030	\$69,844	\$411,919	\$272,403	\$245,233
Brentwood - Pacific Palisades	\$2,434,341	\$2,305,052	\$2,279,866	\$2,961,945	\$2,822,429	\$2,795,259
Canoga Park - Winnetka - Woodland Hills - West Hills	\$438,321	\$309,032	\$283,846	\$526,920	\$387,404	\$360,234
Central City	\$1,289,217	\$1,159,928	\$1,134,742	\$1,761,855	\$1,622,339	\$1,595,169
Central City North	\$1,150,705	\$1,021,416	\$996,230	\$1,420,752	\$1,281,236	\$1,254,066
Chatsworth - Porter Ranch	\$435,321	\$306,032	\$280,846	\$556,920	\$417,404	\$390,234
Encino - Tarzana	\$844,325	\$715,036	\$689,850	\$1,263,927	\$1,124,411	\$1,097,241
Granada Hills - Knollwood	\$410,821	\$281,532	\$256,346	\$426,919	\$287,403	\$260,233
Harbor Gateway	\$334,320	\$205,031	\$179,845	\$420,919	\$281,403	\$254,233
Hollywood	\$1,489,332	\$1,360,043	\$1,334,857	\$2,205,437	\$2,065,921	\$2,038,751
Los Angeles World Airport	N/A	N/A	N/A	N/A	N/A	N/A
Mission Hills - Panorama City - North Hills	\$314,320	\$185,031	\$159,845	\$398,419	\$258,903	\$231,733
North Hollywood - Valley Village	\$559,322	\$430,033	\$404,847	\$804,923	\$665,407	\$638,237
Northeast Los Angeles	\$626,823	\$497,534	\$472,348	\$711,922	\$572,406	\$545,236
Northridge	\$434,321	\$305,032	\$279,846	\$502,670	\$363,154	\$335,984
Palms - Mar Vista - Del Rey	\$1,169,328	\$1,040,039	\$1,014,853	\$1,494,930	\$1,355,414	\$1,328,244
Port of Los Angeles	N/A	N/A	N/A	N/A	N/A	N/A
Reseda - West Van Nuys	\$374,320	\$245,031	\$219,845	\$388,919	\$249,403	\$222,233
San Pedro	\$461,321	\$332,032	\$306,846	\$540,920	\$401,404	\$374,234
Sherman Oaks - Studio City - Toluca Lake - Cahuenga Pass	\$1,159,328	\$1,030,039	\$1,004,853	\$1,466,930	\$1,327,414	\$1,300,244
Silver Lake - Echo Park	\$1,014,327	\$885,038	\$859,852	\$1,191,927	\$1,052,411	\$1,025,241
South Los Angeles	\$271,819	\$142,530	\$117,344	\$399,419	\$259,903	\$232,733
Southeast Los Angeles	\$159,818	\$30,529	\$5,343	\$166,917	\$27,401	\$231
Sun Valley - La Tuna Canyon	\$344,320	\$215,031	\$189,845	\$404,419	\$264,903	\$237,733
Sunland - Tujunga - Lakeview Terrace - Shadow Hills - East La Tuna Canyon	\$414,321	\$285,032	\$259,846	\$542,920	\$403,404	\$376,234
Sylmar	\$307,320	\$178,031	\$152,845	\$301,918	\$162,402	\$135,232
Van Nuys - North Sherman Oaks	\$530,322	\$401,033	\$375,847	\$561,921	\$422,405	\$395,235
Venice	\$1,856,835	\$1,727,546	\$1,702,360	\$2,566,941	\$2,427,425	\$2,400,255
West Adams - Baldwin Hills - Leimert	\$549,322	\$420,033	\$394,847	\$611,921	\$472,405	\$445,235
West Los Angeles	\$1,395,331	\$1,266,042	\$1,240,856	\$1,991,935	\$1,852,419	\$1,825,249
Westchester - Playa Del Rey	\$1,038,327	\$909,038	\$883,852	\$1,263,927	\$1,124,411	\$1,097,241
Westlake	\$584,323	\$455,034	\$429,848	\$893,119	\$753,603	\$726,433
Westwood	\$1,874,335	\$1,745,046	\$1,719,860	\$2,336,438	\$2,196,922	\$2,169,752
Wilmington - Harbor City	\$285,320	\$156,031	\$130,845	\$311,918	\$172,402	\$145,232
Wilshire	\$1,281,830	\$1,152,541	\$1,127,355	\$1,916,934	\$1,777,418	\$1,750,248

Source: City of Los Angeles, 2019.

Table 10: For-Sale Affordability Gaps, Condominiums, City of Los Angeles, 2019

Community Plan Area	Studio			One-Bedroom			Two-Bedroom		
	Very Low	Lower	Moderate	Very Low	Lower	Moderate	Very Low	Lower	Moderate
Arleta - Pacoima	\$128,558	\$44,302	\$27,792	\$117,456	\$21,244	\$2,458	\$162,888	\$54,579	\$33,373
Bel Air - Beverly Crest	\$629,875	\$545,619	\$529,109	\$687,878	\$591,666	\$572,880	\$841,977	\$733,668	\$712,462
Boyle Heights	\$122,903	\$38,647	\$22,137	\$124,101	\$27,889	\$9,103	\$155,227	\$46,918	\$25,712
Brentwood - Pacific Palisades	\$693,671	\$609,415	\$592,905	\$557,960	\$461,748	\$442,962	\$928,396	\$820,087	\$798,881
Canoga Park - Winnetka - Woodland Hills - West Hills	\$213,455	\$129,199	\$112,689	\$227,957	\$131,745	\$112,959	\$277,890	\$169,581	\$148,375
Central City	\$503,169	\$418,913	\$402,403	\$596,461	\$500,249	\$481,463	\$842,895	\$734,586	\$713,380
Central City North	\$711,922	\$627,666	\$611,156	\$628,461	\$532,249	\$513,463	\$677,894	\$569,585	\$548,379
Chatsworth - Porter Ranch	\$213,085	\$128,829	\$112,319	\$114,956	\$18,744	\$0	\$277,390	\$169,081	\$147,875
Encino - Tarzana	\$228,219	\$143,963	\$127,453	\$175,206	\$78,994	\$60,208	\$297,890	\$189,581	\$168,375
Granada Hills - Knollwood	\$194,999	\$110,743	\$94,233	\$173,181	\$76,969	\$58,183	\$252,889	\$144,580	\$123,374
Harbor Gateway	\$161,779	\$77,523	\$61,013	\$140,154	\$43,942	\$25,156	\$207,889	\$99,580	\$78,374
Hollywood	\$627,171	\$542,915	\$526,405	\$402,959	\$306,747	\$287,961	\$582,893	\$474,584	\$453,378
Los Angeles World Airport	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mission Hills - Panorama City - North Hills	\$150,706	\$66,450	\$49,940	\$71,955	\$0	\$0	\$192,889	\$84,580	\$63,374
North Hollywood - Valley Village	\$279,895	\$195,639	\$179,129	\$262,957	\$166,745	\$147,959	\$367,890	\$259,581	\$238,375
Northeast Los Angeles	\$270,667	\$186,411	\$169,901	\$302,958	\$206,746	\$187,960	\$355,390	\$247,081	\$225,875
Northridge	\$207,918	\$123,662	\$107,152	\$186,025	\$89,813	\$71,027	\$270,390	\$162,081	\$140,875
Palms - Mar Vista - Del Rey	\$843,173	\$758,917	\$742,407	\$682,961	\$586,749	\$567,963	\$763,894	\$655,585	\$634,379
Port of Los Angeles	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Reseda - West Van Nuys	\$128,558	\$44,302	\$27,792	\$142,956	\$46,744	\$27,958	\$248,889	\$140,580	\$119,374
San Pedro	\$213,085	\$128,829	\$112,319	\$217,957	\$121,745	\$102,959	\$277,390	\$169,081	\$147,875
Sherman Oaks - Studio City - Toluca Lake - Cahuenga Pass	\$350,765	\$266,509	\$249,999	\$357,458	\$261,246	\$242,460	\$463,891	\$355,582	\$334,376
Silver Lake - Echo Park	\$434,923	\$350,667	\$334,157	\$411,709	\$315,497	\$296,711	\$577,893	\$469,584	\$448,378
South Los Angeles	\$137,527	\$53,271	\$36,761	\$133,956	\$37,744	\$18,958	\$175,037	\$66,728	\$45,522
Southeast Los Angeles	\$88,779	\$4,523	\$0	\$96,072	\$0	\$0	\$109,003	\$694	\$0
Sun Valley - La Tuna Canyon	\$213,455	\$129,199	\$112,689	\$157,956	\$61,744	\$42,958	\$277,890	\$169,581	\$148,375
Sunland - Tujunga - Lakeview Terrace - Shadow Hills - East La Tuna Canyon	\$235,602	\$151,346	\$134,836	\$178,249	\$82,037	\$63,251	\$307,890	\$199,581	\$178,375
Sylmar	\$154,397	\$70,141	\$53,631	\$116,138	\$19,926	\$1,140	\$197,889	\$89,580	\$68,374
Van Nuys - North Sherman Oaks	\$220,099	\$135,843	\$119,333	\$285,457	\$189,245	\$170,459	\$286,890	\$178,581	\$157,375
Venice	\$877,860	\$793,604	\$777,094	\$812,963	\$716,751	\$697,965	\$1,177,899	\$1,069,590	\$1,048,384
West Adams - Baldwin Hills - Leimert	\$290,969	\$206,713	\$190,203	\$310,458	\$214,246	\$195,460	\$382,891	\$274,582	\$253,376
West Los Angeles	\$572,971	\$488,715	\$472,205	\$548,960	\$452,748	\$433,962	\$764,894	\$656,585	\$635,379
Westchester - Playa Del Rey	\$481,800	\$397,544	\$381,034	\$397,959	\$301,747	\$282,961	\$641,393	\$533,084	\$511,878
Westlake	\$294,660	\$210,404	\$193,894	\$342,958	\$246,746	\$227,960	\$387,891	\$279,582	\$258,376
Westwood	\$378,168	\$293,912	\$277,402	\$477,959	\$381,747	\$362,961	\$847,895	\$739,586	\$718,380
Wilmington - Harbor City	\$196,106	\$111,850	\$95,340	\$226,957	\$130,745	\$111,959	\$254,389	\$146,080	\$124,874
Wilshire	\$228,167	\$143,911	\$127,401	\$343,458	\$247,246	\$228,460	\$559,142	\$450,833	\$429,627

Source: City of Los Angeles, 2019.

(Continued on the following page)

Table 10: For-Sale Affordability Gaps, Condominiums, City of Los Angeles, 2019 (continued)

Community Plan Area	Three-Bedroom			Four-Bedroom		
	Very Low	Lower	Moderate	Very Low	Lower	Moderate
Arleta - Pacoima	\$275,964	\$155,416	\$131,932	\$360,741	\$230,656	\$205,323
Bel Air - Beverly Crest	\$1,240,462	\$1,119,914	\$1,096,430	\$1,672,533	\$1,542,448	\$1,517,115
Boyle Heights	\$162,110	\$41,562	\$18,078	\$313,139	\$183,054	\$157,721
Brentwood - Pacific Palisades	\$1,227,973	\$1,107,425	\$1,083,941	\$2,241,760	\$2,111,675	\$2,086,342
Canoga Park - Winnetka - Woodland Hills - West Hills	\$340,964	\$220,416	\$196,932	\$381,741	\$251,656	\$226,323
Central City	\$898,215	\$777,667	\$754,183	\$1,299,740	\$1,169,655	\$1,144,322
Central City North	\$802,469	\$681,921	\$658,437	\$1,050,445	\$920,360	\$895,027
Chatsworth - Porter Ranch	\$307,964	\$187,416	\$163,932	\$344,241	\$214,156	\$188,823
Encino - Tarzana	\$386,965	\$266,417	\$242,933	\$398,741	\$268,656	\$243,323
Granada Hills - Knollwood	\$287,964	\$167,416	\$143,932	\$176,739	\$46,654	\$21,321
Harbor Gateway	\$320,964	\$200,416	\$176,932	\$319,716	\$189,631	\$164,298
Hollywood	\$672,968	\$552,420	\$528,936	\$1,623,931	\$1,493,846	\$1,468,513
Los Angeles World Airport	N/A	N/A	N/A	N/A	N/A	N/A
Mission Hills - Panorama City - North Hills	\$267,964	\$147,416	\$123,932	\$332,490	\$202,405	\$177,072
North Hollywood - Valley Village	\$452,965	\$332,417	\$308,933	\$406,741	\$276,656	\$251,323
Northeast Los Angeles	\$547,966	\$427,418	\$403,934	\$532,396	\$402,311	\$376,978
Northridge	\$301,464	\$180,916	\$157,432	\$379,464	\$249,379	\$224,046
Palms - Mar Vista - Del Rey	\$810,969	\$690,421	\$666,937	\$1,104,657	\$974,572	\$949,239
Port of Los Angeles	N/A	N/A	N/A	N/A	N/A	N/A
Reseda - West Van Nuys	\$280,964	\$160,416	\$136,932	\$259,240	\$129,155	\$103,822
San Pedro	\$430,465	\$309,917	\$286,433	\$549,243	\$419,158	\$393,825
Sherman Oaks - Studio City - Toluca Lake - Cahuenga Pass	\$612,967	\$492,419	\$468,935	\$1,084,194	\$954,109	\$928,776
Silver Lake - Echo Park	\$617,967	\$497,419	\$473,935	\$883,208	\$753,123	\$727,790
South Los Angeles	\$194,944	\$74,396	\$50,912	\$304,003	\$173,918	\$148,585
Southeast Los Angeles	\$117,524	\$0	\$0	\$134,079	\$3,994	\$0
Sun Valley - La Tuna Canyon	\$416,965	\$296,417	\$272,933	\$466,742	\$336,657	\$311,324
Sunland - Tujunga - Lakeview Terrace - Shadow Hills - East La Tuna Canyon	\$329,964	\$209,416	\$185,932	\$408,881	\$278,796	\$253,463
Sylmar	\$287,964	\$167,416	\$143,932	\$361,741	\$231,656	\$206,323
Van Nuys - North Sherman Oaks	\$358,965	\$238,417	\$214,933	\$422,767	\$292,682	\$267,349
Venice	\$1,407,975	\$1,287,427	\$1,263,943	\$1,791,755	\$1,661,670	\$1,636,337
West Adams - Baldwin Hills - Leimert	\$437,965	\$317,417	\$293,933	\$459,310	\$329,225	\$303,892
West Los Angeles	\$943,970	\$823,422	\$799,938	\$1,086,748	\$956,663	\$931,330
Westchester - Playa Del Rey	\$692,968	\$572,420	\$548,936	\$2,071,758	\$1,941,673	\$1,916,340
Westlake	\$410,961	\$290,413	\$266,929	\$664,824	\$534,739	\$509,406
Westwood	\$1,162,973	\$1,042,425	\$1,018,941	\$1,719,674	\$1,589,589	\$1,564,256
Wilmington - Harbor City	\$295,464	\$174,916	\$151,432	\$491,742	\$361,657	\$336,324
Wilshire	\$647,967	\$527,419	\$503,935	\$1,413,079	\$1,282,994	\$1,257,661

Source: City of Los Angeles, 2019.

IMPLEMENTATION

This section provides information on the manner in which the affordability gaps identified in this study would apply to the calculation of an in-lieu fee, in accordance with Measure JJJ. For projects that meet the Measure JJJ affordable housing requirements through payment of an in-lieu fee, Measure JJJ stipulates that the fee amount is equal to 1.1 times the number of affordable units that the developer would provide if the project were to provide units on-site, multiplied by the applicable affordability gap. This formula requires project-specific in-lieu fee calculations to account for the unit mix by number of bedrooms, whether the Measure JJJ affordability requirements are due to an increase in density or a zone change to residential use (for rental developments), the building type (for for-sale developments), and the CPA (for for-sale developments).

Rental In-Lieu Fee Calculations

Measure JJJ applies lower affordability requirements to projects that receive discretionary approvals for a General Plan amendment, zone change, or height district change resulting in an increase in density over 35 percent than for discretionary approvals that result in a change to a residential use where not previously permitted. This section shows the in-lieu fee calculations for sample projects that receive each type of discretionary approval.

Over 35 Percent Added Density

Table 11 shows the in-lieu fee calculations for a sample rental project that receives discretionary approvals for a General Plan amendment, zone change, or height district change resulting in an increase in density of more than 35 percent. Per Measure JJJ, in order to meet affordability requirements through units on site, projects receiving these types of approvals must provide at least five percent of the total number of units in the project at rents affordable to extremely low-income households, plus either six percent of units to very low-income households or 15 percent of units to lower-income households.

For a 100-unit project, these requirements translate to either: five extremely low-income units and six very low-income units (option 1 in **Table 11**), or five extremely low-income units and 15 lower-income units (option 2 in **Table 11**). Measure JJJ requires that affordable units are “comparable to the market-rate units in the Project... in terms of unit type, number of bedrooms per unit,” and other factors. Therefore, the figures in **Table 11** apply the affordability requirements to each unit type individually to determine the number of units at each affordability level by number of bedrooms. Per the requirements of Measure JJJ, the table multiplies the number of units at each affordability level and unit size by 1.1, then by the applicable affordability gap based on affordability level and number of bedrooms.

Table 11: In-Lieu Fee Calculation for Sample 100-Unit Rental Project with Over 35 Percent Added Density, City of Los Angeles, 2019

	Studio	One-Bedroom	Two-Bedroom	Three-Bedroom	Project Total
Units in Project	10	30	40	20	100
Affordable Units if Provided on Site (a)					
Option 1					
Extremely Low-Income	0.50	1.50	2.00	1.00	5.00
Very Low-Income	0.60	1.80	2.40	1.20	6.00
Lower-Income	0.00	0.00	0.00	0.00	0.00
Option 2					
Extremely Low-Income	0.50	1.50	2.00	1.00	5.00
Very Low-Income	0.00	0.00	0.00	0.00	0.00
Lower-Income	1.50	4.50	6.00	3.00	15.00
Affordable Units if Provided on Site x 1.1					
Option 1					
Extremely Low-Income	0.55	1.65	2.20	1.10	5.50
Very Low-Income	0.66	1.98	2.64	1.32	6.60
Lower-Income	0.00	0.00	0.00	0.00	0.00
Option 2					
Extremely Low-Income	0.55	1.65	2.20	1.10	5.50
Very Low-Income	0.00	0.00	0.00	0.00	0.00
Lower-Income	1.65	4.95	6.60	3.30	16.50
In-Lieu Fee Payment (b)					
Option 1					
Extremely Low-Income	\$250,300	\$801,644	\$1,186,477	\$659,581	\$2,898,003
Very Low-Income	\$282,028	\$898,883	\$1,329,178	\$738,962	\$3,249,051
Lower-Income	\$0	\$0	\$0	\$0	\$0
Total In-Lieu Fee	\$532,328	\$1,700,527	\$2,515,655	\$1,398,544	\$6,147,054
<i>Fee Per Market-Rate Unit</i>	<i>\$53,233</i>	<i>\$56,684</i>	<i>\$62,891</i>	<i>\$69,927</i>	<i>\$61,471</i>
Option 2					
Extremely Low-Income	\$250,300	\$801,644	\$1,186,477	\$659,581	\$2,898,003
Very Low-Income	\$0	\$0	\$0	\$0	\$0
Lower-Income	<u>\$682,056</u>	<u>\$2,168,643</u>	<u>\$3,204,700</u>	<u>\$1,781,935</u>	<u>\$7,837,333</u>
Total In-Lieu Fee	\$932,356	\$2,970,287	\$4,391,177	\$2,441,517	\$10,735,336
<i>Fee Per Market-Rate Unit</i>	<i>\$93,236</i>	<i>\$99,010</i>	<i>\$109,779</i>	<i>\$122,076</i>	<i>\$107,353</i>
Measure JJJ Requirements					
% Affordable Units if Provided on Site	ELI	VLI	LI		
Option 1	5%	6%	0%		
Option 2	5%	0%	15%		
Affordability Gaps					
	Studio	1BR	2BR	3BR	
Extremely Low-Income	\$455,091	\$485,845	\$539,308	\$599,620	
Very Low-Income	\$427,315	\$453,981	\$503,476	\$559,820	
Lower-Income	\$413,367	\$438,110	\$485,561	\$539,980	

Notes:

Table shows in-lieu fee calculations for rental projects that receive discretionary approvals for General Plan amendments, zone changes, or height district changes resulting in an increase in density of more than 35 percent.

(a) On-site affordability requirement calls for five percent of units affordable to extremely low-income households, plus either six percent affordable to very low-income households (shown here as Option 1) or 15 percent affordable to lower-income households (shown here as Option 2).

(b) In-lieu fee payment is equal to 1.1 times the on-site unit requirement, multiplied by the affordability gap.

Source: City of Los Angeles, 2019.

For option 1, which represents a fee in-lieu of providing five percent of units affordable to extremely low-income households and six percent of units affordable to very low-income households, the resulting in-lieu fees per unit are:

- \$53,233 per studio unit
- \$56,684 per one-bedroom unit
- \$62,891 per two-bedroom unit
- \$69,927 per three-bedroom unit

These fee rates by number of bedrooms would apply to all rental developments that receive discretionary approvals for General Plan amendments, zone changes, or height district changes resulting in an increase in density of more than 35 percent. The average fee per unit across an entire project would vary based on the unit mix by number of bedrooms.

Option 2, which represents a fee in-lieu of providing five percent of units affordable to extremely low-income households and 15 percent of units affordable to lower-income households, results in a higher in-lieu fee payment. Measure JJJ does not specify which of the two on-site affordability options will be used to calculate the in-lieu fees. Consequently, developers that choose to pay the in-lieu fee are likely to base the fee calculation on the five percent at extremely low-income/six percent at very low-income option, which leads to a lower fee amount, unless the City adopts additional policies to require that in-lieu fee calculations will be based on the higher fee rate.

Change to Residential Use

Table 12 shows the in-lieu fee calculations for a sample rental project that receives discretionary approvals to allow residential uses in an area where not previously allowed. Per Measure JJJ, in order to meet affordability requirements through units on site, projects receiving these types of approvals must provide at least five percent of units affordable to extremely low-income households, plus either 11 percent of units affordable to very low-income households or 20 percent of units affordable to lower-income households.

For a 100-unit project, these requirements translate to either: five extremely low-income units and 11 very low-income units (option 1 in **Table 12**), or five extremely low-income units and 20 lower-income units (option 2 in **Table 12**). As with the figures in **Table 11**, the figures in **Table 12** apply the affordability requirements to each unit type individually to calculate the required number of units at each affordability level by number of bedrooms. The figures in **Table 12** multiply the number of units at each affordability level and unit size by 1.1, then by the applicable affordability gap based on affordability level and number of bedrooms.

Table 12: In-Lieu Fee Calculation for Sample 100-Unit Rental Project with a Change to Residential Use, City of Los Angeles, 2019

	Studio	One-Bedroom	Two-Bedroom	Three-Bedroom	Project Total
Units in Project	10	30	40	20	100
Affordable Units if Provided on Site (a)					
Option 1					
Extremely Low-Income	0.50	1.50	2.00	1.00	5.00
Very Low-Income	1.10	3.30	4.40	2.20	11.00
Lower-Income	0.00	0.00	0.00	0.00	0.00
Option 2					
Extremely Low-Income	0.50	1.50	2.00	1.00	5.00
Very Low-Income	0.00	0.00	0.00	0.00	0.00
Lower-Income	2.00	6.00	8.00	4.00	20.00
Affordable Units if Provided on Site x 1.1					
Option 1					
Extremely Low-Income	0.55	1.65	2.20	1.10	5.50
Very Low-Income	1.21	3.63	4.84	2.42	12.10
Lower-Income	0.00	0.00	0.00	0.00	0.00
Option 2					
Extremely Low-Income	0.55	1.65	2.20	1.10	5.50
Very Low-Income	0.00	0.00	0.00	0.00	0.00
Lower-Income	2.20	6.60	8.80	4.40	22.00
In-Lieu Fee Payment (b)					
Option 1					
Extremely Low-Income	\$250,300	\$801,644	\$1,186,477	\$659,581	\$2,898,003
Very Low-Income	\$517,051	\$1,647,952	\$2,436,826	\$1,354,764	\$5,956,593
Lower-Income	\$0	\$0	\$0	\$0	\$0
Total In-Lieu Fee	\$767,351	\$2,449,596	\$3,623,303	\$2,014,346	\$8,854,596
<i>Fee Per Market-Rate Unit</i>	<i>\$76,735</i>	<i>\$81,653</i>	<i>\$90,583</i>	<i>\$100,717</i>	<i>\$88,546</i>
Option 2					
Extremely Low-Income	\$250,300	\$801,644	\$1,186,477	\$659,581	\$2,898,003
Very Low-Income	\$0	\$0	\$0	\$0	\$0
Lower-Income	<u>\$909,408</u>	<u>\$2,891,524</u>	<u>\$4,272,933</u>	<u>\$2,375,914</u>	<u>\$10,449,778</u>
Total In-Lieu Fee	\$1,159,708	\$3,693,168	\$5,459,410	\$3,035,495	\$13,347,781
<i>Fee Per Market-Rate Unit</i>	<i>\$115,971</i>	<i>\$123,106</i>	<i>\$136,485</i>	<i>\$151,775</i>	<i>\$133,478</i>
Measure JJJ Requirements					
% Affordable Units if Provided on Site	<u>ELI</u>	<u>VLI</u>	<u>LI</u>		
Option 1	5%	11%	0%		
Option 2	5%	0%	20%		
Affordability Gaps					
	Studio	1BR	2BR	3BR	
Extremely Low-Income	\$455,091	\$485,845	\$539,308	\$599,620	
Very Low-Income	\$427,315	\$453,981	\$503,476	\$559,820	
Lower-Income	\$413,367	\$438,110	\$485,561	\$539,980	

Notes:

Table shows in-lieu fee calculations for rental projects that receive discretionary approvals to allow residential uses in an area where not previously allowed.

(a) On-site affordability requirement calls for five percent of units affordable to extremely low-income households, plus either 11 percent affordable to very low-income households (shown here as Option 1) or 20 percent affordable to lower-income households (shown here as Option 2).

(b) In-lieu fee payment is equal to 1.1 times the on-site unit requirement, multiplied by the affordability gap.

Source: City of Los Angeles, 2019.

The on-site requirements for rental projects receiving approvals for a change to a residential use are higher than the on-site requirements for projects receiving approvals for an increase in density over 35 percent, resulting in higher in-lieu fee amounts. For option 1, which represents a fee in-lieu of providing five percent of units affordable to extremely low-income households and 11 percent of units affordable to very low-income households, the resulting per-unit in-lieu fees are:

- \$76,735 per studio unit
- \$81,653 per one-bedroom unit
- \$90,583 per two-bedroom unit
- \$100,717 per three-bedroom unit

These fee rates by number of bedrooms would apply to all rental developments that receive discretionary approvals for General Plan amendments, zone changes, or height district changes resulting in residential uses where not previously allowed, while the average fee per unit for an entire project would vary based on the unit mix.

Option 2, which represents a fee in-lieu of providing five percent of units affordable to extremely low-income households and 20 percent of units affordable to lower-income households, results in a higher in-lieu fee payment. As with the in-lieu fee calculations for projects receiving approvals for more than 35 percent additional density, Measure JJJ does not specify which of the two on-site affordability options will be used to calculate the in-lieu fees for projects receiving approvals for a change to a residential use. As a result, developers that choose to pay the in-lieu fee are likely to base the fee calculation on the five percent at extremely low-income/11 percent at very low-income option, unless the City adopts additional policies to require that in-lieu fee calculations will be based on the higher rate.

For-Sale In-Lieu Fee Calculations

For-sale developments that are subject to Measure JJJ affordability requirements have three options for meeting the requirements on site; developers can provide 11 percent of units affordable to very low-income households, 20 percent affordable to lower-income households, or 40 percent affordable to moderate-income households. The requirements are the same for projects that are subject to the affordability requirements due an increase in density and for projects that are subject to the requirements due to a change to a residential use.

Table 13 and **Table 14** below show the in-lieu fee calculations for sample for-sale projects per the requirements of Measure JJJ. **Table 13** shows the calculations for sample developments in the Brentwood - Pacific Palisades CPA, which has some of the highest affordability gaps in the City, and **Table 14** shows the calculations for sample developments in the Arleta - Pacoima CPA, which has some of the lowest affordability gaps in the City. Each table shows the calculations for a sample single-family development and a condominium development with the same mix of units by number of bedrooms.

For a 100-unit project, the Measure JJJ requirements translate to either 11 very low-income units (option 1 in **Table 13** and **Table 14**), 20 lower-income units (option 2 in **Table 13** and **Table 14**),

or 40 moderate-income units (option 3 in **Table 13** and **Table 14**). Since Measure JJJ requires that affordable units are comparable to the market-rate units in a project in terms of unit type, the figures in **Table 13** and **Table 14** apply the affordability requirements to each unit type individually to determine the number of units at each affordability level by number of bedrooms. Per the requirements of Measure JJJ, the table multiplies the number of units at each affordability level and unit size by 1.1, then by the applicable affordability gap based on affordability level and number of bedrooms.

The in-lieu fee for the sample 100-unit projects in the Brentwood - Pacific Palisades CPA (shown in **Table 13**) would range from \$27.4 million to \$93.4 million for a single-family development, or \$13.5 million to \$43 million for a condominium development. The lower end of each range represents the fees in-lieu of providing 11 percent of units affordable to very low-income households, while the higher end of each range represents the fees in-lieu of providing 40 percent of units affordable to moderate-income households. Since Measure JJJ does not specify which of the three on-site affordability options will be used to calculate the in-lieu fees, a developer of the sample projects in **Table 13** would likely calculate the fee based on 11 percent of units affordable to very low-income households, unless the City adopts additional policies to require that in-lieu fee calculations will be based on one of the higher rates.

The in-lieu fees for for-sale units in the Arleta - Pacoima CPA are substantially lower than the in-lieu fees for the Brentwood - Pacific Palisades CPA, which corresponds to the lower median sale prices and affordability gaps in the Arleta - Pacoima CPA. The in-lieu fee for the sample 100-unit projects in the Arleta - Pacoima CPA shown in **Table 14** would range from \$2.7 million to \$4.3 million for a single-family development and \$2.4 million to \$3.7 million for a condominium development. The lower end of each range represents the fees in-lieu of providing 20 percent of units affordable to lower-income households, while the higher end of each range represents the fees in-lieu of providing 40 percent of units affordable to moderate-income households. A developer of the sample projects in **Table 14** would likely calculate the fee based on the lower-income affordability option.

Table 13: In-Lieu Fee Calculation for Sample 100-Unit For-Sale Project in the Brentwood – Pacific Palisades CPA, City of Los Angeles, 2019

	<u>Studio</u>	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>	<u>Four-Bedroom</u>	<u>Project Total</u>
Units in Project	5	15	30	40	10	100
Affordable Units if Provided on Site (a)						
Option 1 - Very Low-Income Units	0.55	1.65	3.30	4.40	1.10	11.00
Option 2 - Lower-Income Units	1.00	3.00	6.00	8.00	2.00	20.00
Option 3 - Moderate-Income Unit	2.00	6.00	12.00	16.00	4.00	40.00
Affordable Units if Provided on Site x 1.1						
Option 1 - Very Low-Income Units	0.61	1.82	3.63	4.84	1.21	12.10
Option 2 - Lower-Income Units	1.10	3.30	6.60	8.80	2.20	22.00
Option 3 - Moderate-Income Unit	2.20	6.60	13.20	17.60	4.40	44.00
In-Lieu Fee Payment (b)						
Single-Family Development						
Option 1 - Very Low-Income Units	\$962,042	\$3,190,910	\$7,906,897	\$11,782,210	\$3,583,953	\$27,426,013
<i>Fee Per Market-Rate Unit</i>	<i>\$192,408</i>	<i>\$212,727</i>	<i>\$263,563</i>	<i>\$294,555</i>	<i>\$358,395</i>	<i>\$274,260</i>
Option 2 - Lower-Income Units	\$1,649,767	\$5,461,138	\$13,609,507	\$20,284,458	\$6,209,343	\$47,214,212
<i>Fee Per Market-Rate Unit</i>	<i>\$329,953</i>	<i>\$364,076</i>	<i>\$453,650</i>	<i>\$507,111</i>	<i>\$620,934</i>	<i>\$472,142</i>
Option 3 - Moderate-Income Unit	\$3,260,578	\$10,789,293	\$26,918,793	\$40,125,642	\$12,299,137	\$93,393,442
<i>Fee Per Market-Rate Unit</i>	<i>\$652,116</i>	<i>\$719,286</i>	<i>\$897,293</i>	<i>\$1,003,141</i>	<i>\$1,229,914</i>	<i>\$933,934</i>
Condominium Development						
Option 1 - Very Low-Income Units	\$419,671	\$1,012,697	\$3,370,077	\$5,943,389	\$2,712,530	\$13,458,365
<i>Fee Per Market-Rate Unit</i>	<i>\$83,934</i>	<i>\$67,513</i>	<i>\$112,336</i>	<i>\$148,585</i>	<i>\$271,253</i>	<i>\$134,584</i>
Option 2 - Lower-Income Units	\$670,357	\$1,523,768	\$5,412,574	\$9,745,340	\$4,645,685	\$21,997,725
<i>Fee Per Market-Rate Unit</i>	<i>\$134,071</i>	<i>\$101,585</i>	<i>\$180,419</i>	<i>\$243,634</i>	<i>\$464,569</i>	<i>\$219,977</i>
Option 3 - Moderate-Income Unit	\$1,304,392	\$2,923,549	\$10,545,229	\$19,077,362	\$9,179,905	\$43,030,437
<i>Fee Per Market-Rate Unit</i>	<i>\$260,878</i>	<i>\$194,903</i>	<i>\$351,508</i>	<i>\$476,934</i>	<i>\$917,990</i>	<i>\$430,304</i>
Measure JJJ Requirements						
% Affordable Units if Provided on Site	VLI	LI	MI			
Option 1	11%	0%	0%			
Option 2	0%	20%	0%			
Option 3	0%	0%	40%			
Affordability Gaps - Use Figures from Tables 9 and 10 of the Affordability Gaps Study (c)						
Single-Family						
Very Low-Income Units	<u>Studio</u>	<u>1BR</u>	<u>2BR</u>	<u>3BR</u>	<u>4BR</u>	
Lower-Income Units	\$1,590,153	\$1,758,077	\$2,178,209	\$2,434,341	\$2,961,945	
Moderate-Income Unit	\$1,499,788	\$1,654,890	\$2,062,047	\$2,305,052	\$2,822,429	
	\$1,482,081	\$1,634,741	\$2,039,303	\$2,279,866	\$2,795,259	
Condominium						
Very Low-Income Units	\$693,671	\$557,960	\$928,396	\$1,227,973	\$2,241,760	
Lower-Income Units	\$609,415	\$461,748	\$820,087	\$1,107,425	\$2,111,675	
Moderate-Income Unit	\$592,905	\$442,962	\$798,881	\$1,083,941	\$2,086,342	

Notes:

Table shows in-lieu fee calculations for for-sale projects that receive discretionary approvals for General Plan amendments, zone changes, or height district changes resulting in an increase in density of more than 35 percent or discretionary approvals to allow residential uses in an area where not previously allowed.

(a) On-site affordability requirement calls for 11 percent of units affordable to very low-income households (shown here as Option 1), 20 percent affordable to lower-income households (shown here as Option 2) or 40 percent affordable to moderate-income households (shown here as Option 3).

(b) In-lieu fee payment is equal to 1.1 times the on-site unit requirement, multiplied by the affordability gap.

(c) If any affordability gap has a zero value in the Affordability Gaps Study, use the affordability gap value for the next highest income level for the same unit type.

Table 14: In-Lieu Fee Calculation for Sample 100-Unit For-Sale Project in the Arleta – Pacoima CPA, City of Los Angeles, 2019

	Studio	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom	Project Total
Units in Project	5	15	30	40	10	100
Affordable Units if Provided on Site (a)						
Option 1 - Very Low-Income Units	0.55	1.65	3.30	4.40	1.10	11.00
Option 2 - Lower-Income Units	1.00	3.00	6.00	8.00	2.00	20.00
Option 3 - Moderate-Income Unit	2.00	6.00	12.00	16.00	4.00	40.00
Affordable Units if Provided on Site x 1.1						
Option 1 - Very Low-Income Units	0.61	1.82	3.63	4.84	1.21	12.10
Option 2 - Lower-Income Units	1.10	3.30	6.60	8.80	2.20	22.00
Option 3 - Moderate-Income Unit	2.20	6.60	13.20	17.60	4.40	44.00
In-Lieu Fee Payment (b)						
Single-Family Development						
Option 1 - Very Low-Income Units	\$97,288	\$339,678	\$837,401	\$1,347,064	\$316,920	\$2,938,351
<i>Fee Per Market-Rate Unit</i>	<i>\$19,458</i>	<i>\$22,645</i>	<i>\$27,913</i>	<i>\$33,677</i>	<i>\$31,692</i>	<i>\$29,384</i>
Option 2 - Lower-Income Units	\$77,486	\$277,080	\$755,878	\$1,311,464	\$269,282	\$2,691,190
<i>Fee Per Market-Rate Unit</i>	<i>\$15,497</i>	<i>\$18,472</i>	<i>\$25,196</i>	<i>\$32,787</i>	<i>\$26,928</i>	<i>\$26,912</i>
Option 3 - Moderate-Income Unit	\$116,017	\$421,176	\$1,211,536	\$2,179,654	\$419,016	\$4,347,399
<i>Fee Per Market-Rate Unit</i>	<i>\$23,203</i>	<i>\$28,078</i>	<i>\$40,385</i>	<i>\$54,491</i>	<i>\$41,902</i>	<i>\$43,474</i>
Condominium Development						
Option 1 - Very Low-Income Units	\$77,778	\$213,183	\$591,283	\$1,335,666	\$436,497	\$2,654,406
<i>Fee Per Market-Rate Unit</i>	<i>\$15,556</i>	<i>\$14,212</i>	<i>\$19,709</i>	<i>\$33,392</i>	<i>\$43,650</i>	<i>\$26,544</i>
Option 2 - Lower-Income Units	\$48,732	\$70,105	\$360,221	\$1,367,661	\$507,443	\$2,354,163
<i>Fee Per Market-Rate Unit</i>	<i>\$9,746</i>	<i>\$4,674</i>	<i>\$12,007</i>	<i>\$34,192</i>	<i>\$50,744</i>	<i>\$23,542</i>
Option 3 - Moderate-Income Unit	\$61,143	\$16,223	\$440,524	\$2,322,003	\$903,421	\$3,743,314
<i>Fee Per Market-Rate Unit</i>	<i>\$12,229</i>	<i>\$1,082</i>	<i>\$14,684</i>	<i>\$58,050</i>	<i>\$90,342</i>	<i>\$37,433</i>
Measure JJJ Requirements						
% Affordable Units if Provided on Site	VLI	LI	MI			
Option 1	11%	0%	0%			
Option 2	0%	20%	0%			
Option 3	0%	0%	40%			
Affordability Gaps - Use Figures from Tables 9 and 10 of the Affordability Gaps Study (c)						
Single-Family	Studio	1BR	2BR	3BR	4BR	
Very Low-Income Units	\$160,807	\$187,151	\$230,689	\$278,319	\$261,917	
Lower-Income Units	\$70,442	\$83,964	\$114,527	\$149,030	\$122,401	
Moderate-Income Unit	\$52,735	\$63,815	\$91,783	\$123,844	\$95,231	
Condominium						
Very Low-Income Units	\$128,558	\$117,456	\$162,888	\$275,964	\$360,741	
Lower-Income Units	\$44,302	\$21,244	\$54,579	\$155,416	\$230,656	
Moderate-Income Unit	\$27,792	\$2,458	\$33,373	\$131,932	\$205,323	

Notes:

Table shows in-lieu fee calculations for for-sale projects that receive discretionary approvals for General Plan amendments, zone changes, or height district changes resulting in an increase in density of more than 35 percent or discretionary approvals to allow (a) On-site affordability requirement calls for 11 percent of units affordable to very low-income households (shown here as Option 1), 20 percent affordable to lower-income households (shown here as Option 2) or 40 percent affordable to moderate-income households (shown here as Option 3).

(b) In-lieu fee payment is equal to 1.1 times the on-site unit requirement, multiplied by the affordability gap.

(c) If any affordability gap has a zero value in the Affordability Gaps Study, use the affordability gap value for the next highest income level for the same unit type.

The lowest in-lieu fees for the developments in **Table 13** are the fees that represent a fee payment in lieu of providing 11 percent of units to very low-income households, whereas the lowest fees for the developments in **Table 14** are the fees that represent a fee payment in lieu of providing 20 percent of units to lower-income households. A different unit mix could result in lower fee rates based on the in-lieu fees associated with one of the other on-site affordability options in a given CPA. For example, in the Arleta – Pacoima CPA, a 100-unit condominium development with ten studios, 50 one-bedroom units, and 40 two-bedroom units would have the lowest in-lieu fee if the fee calculations are based on a fee in-lieu of providing 40 percent of units affordable to moderate-income households. Consequently, a developer of a condominium project with this unit mix would calculate the fee based on the moderate-income option. This means that the fee rates for each unit size could vary between projects in the same CPA, depending on the on-site affordability options that the fee calculations represent. As a result, the for-sale in-lieu fees must be calculated on a project-by-project basis.

APPENDIX A: CONDOMINIUM COST DIFFERENTIALS

Table A.1: Sale Price Differential for a Condominium, as Compared to a Single-Family Home, City of Los Angeles, 2019

Community Plan Area	% Discount for a Condo (compared to a SFR)				
	Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom
	%	%	%	%	%
Arleta - Pacoima	N/A	N/A	-33%	-15%	5%
Bel Air - Beverly Crest	N/A	N/A	N/A	N/A	N/A
Boyle Heights	N/A	N/A	N/A	N/A	N/A
Brentwood - Pacific Palisades	N/A	N/A	-56%	-48%	-25%
Canoga Park - Winnetka - Woodland Hills - West Hills	N/A	N/A	-36%	-26%	-29%
Central City	N/A	N/A	N/A	N/A	N/A
Central City North	N/A	N/A	N/A	N/A	N/A
Chatsworth - Porter Ranch	N/A	N/A	-34%	-31%	-36%
Encino - Tarzana	N/A	N/A	-55%	-50%	-63%
Granada Hills - Knollwood	N/A	N/A	-34%	-31%	-49%
Harbor Gateway	N/A	N/A	-27%	-16%	N/A
Hollywood	N/A	-50%	-46%	-52%	N/A
Los Angeles World Airport	N/A	N/A	N/A	N/A	N/A
Mission Hills - Panorama City - North Hills	N/A	N/A	-40%	-23%	-22%
North Hollywood - Valley Village	N/A	-39%	-35%	-23%	-46%
Northeast Los Angeles	N/A	-28%	-34%	-18%	N/A
Northridge	N/A	N/A	-46%	-32%	N/A
Palms - Mar Vista - Del Rey	N/A	-26%	-21%	-31%	N/A
Port of Los Angeles	N/A	N/A	N/A	N/A	N/A
Reseda - West Van Nuys	N/A	N/A	-29%	-28%	-33%
San Pedro	N/A	-33%	-31%	-15%	-9%
Sherman Oaks - Studio City - Toluca Lake - Cahuenga Pass	N/A	-43%	-47%	-45%	N/A
Silver Lake - Echo Park - Elysian Valley	N/A	-30%	-23%	-38%	N/A
South Los Angeles	N/A	-33%	N/A	N/A	N/A
Southeast Los Angeles	N/A	N/A	N/A	N/A	N/A
Sun Valley - La Tuna Canyon	N/A	N/A	-22%	N/A	-2%
Sunland - Tujunga - Lake View Terrace - Shadow Hills - East La Tuna Canyon	N/A	N/A	-17%	-25%	N/A
Sylmar	N/A	N/A	-29%	-18%	-3%
Van Nuys - North Sherman Oaks	N/A	N/A	-42%	-33%	N/A
Venice	N/A	-50%	-25%	-25%	-30%
West Adams - Baldwin Hills - Leimert	N/A	N/A	-21%	-24%	N/A
West Los Angeles	N/A	-26%	-41%	-33%	-44%
Westchester - Playa Del Rey	N/A	-57%	-27%	-33%	-49%
Westlake	N/A	-45%	-38%	N/A	N/A
Westwood	N/A	N/A	-47%	-38%	N/A
Wilmington - Harbor City	N/A	N/A	-15%	-13%	19%
Wilshire	N/A	N/A	-43%	-47%	N/A
MEDIAN	N/A	-36%	-34%	-31%	-30%

Note:

Sources: LA County Assessor Records, 2018; City of Los Angeles, 2019.

APPENDIX B: AFFORDABLE SALE PRICE CALCULATIONS

Table B.1: Affordable Housing Mortgage Calculator for Single-Family Units, City of Los Angeles, 2019

	Household Income (a)	Sale Price*	Down Payment (b)	Total Mortgage (b)	Monthly Payment	Monthly Property Tax (c)	Mortgage Insurance (d)	Homeowner's Insurance (e)	Homeowner's Association Fee (f)	Total Monthly PITI (g)
1-Person HH										
Very Low Income	\$33,950	\$151,117	\$5,289	\$145,828	\$700	\$151	\$103	\$37	\$0	\$990
Lower Income	\$54,250	\$241,482	\$8,452	\$233,030	\$1,118	\$241	\$165	\$58	\$0	\$1,582
Moderate Income	\$58,200	\$259,189	\$9,072	\$250,117	\$1,200	\$258	\$177	\$63	\$0	\$1,698
2-Person HH										
Very Low Income	\$38,800	\$172,792	\$6,048	\$166,744	\$800	\$172	\$118	\$42	\$0	\$1,132
Lower Income	\$62,000	\$275,979	\$9,659	\$266,320	\$1,278	\$275	\$189	\$67	\$0	\$1,808
Moderate Income	\$66,500	\$296,128	\$10,364	\$285,764	\$1,371	\$295	\$202	\$72	\$0	\$1,940
3-Person HH										
Very Low Income	\$43,650	\$194,315	\$6,801	\$187,514	\$900	\$194	\$133	\$47	\$0	\$1,273
Lower Income	\$69,750	\$310,477	\$10,867	\$299,610	\$1,437	\$309	\$212	\$75	\$0	\$2,034
Moderate Income	\$74,850	\$333,221	\$11,663	\$321,558	\$1,543	\$332	\$228	\$81	\$0	\$2,183
4-Person HH										
Very Low Income	\$48,450	\$215,685	\$7,549	\$208,136	\$998	\$215	\$147	\$52	\$0	\$1,413
Lower Income	\$77,500	\$344,974	\$12,074	\$332,900	\$1,597	\$344	\$236	\$83	\$0	\$2,260
Moderate Income	\$83,150	\$370,160	\$12,956	\$357,204	\$1,714	\$369	\$253	\$89	\$0	\$2,425
5-Person HH										
Very Low Income	\$52,350	\$233,087	\$8,158	\$224,929	\$1,079	\$232	\$159	\$56	\$0	\$1,527
Lower Income	\$83,700	\$372,603	\$13,041	\$359,562	\$1,725	\$371	\$255	\$90	\$0	\$2,441
Moderate Income	\$89,800	\$399,773	\$13,992	\$385,781	\$1,851	\$398	\$273	\$97	\$0	\$2,619

Notes:

(a) Income limits from Los Angeles HCID 2018 Land Use Schedule VI.

(b) Mortgage terms:

Annual Interest Rate (fixed)

4.04% Freddie Mac historical monthly Primary Mortgage Market Survey data tables. 2014-2018 average.

Term of mortgage (years)

30

Percent of sale price as down payment

3.5%

Typical FHA loan down payment

(c) Initial property tax (annual)

1.20%

Los Angeles County Assessor's Office

(d) Mortgage Insurance as percent of loan amount

0.85%

Current FHA rate based on mortgage terms and sale price

(e) Annual homeowner's insurance rate as percent of sale price

0.29%

CA Dept. of Insurance website, based on average of all quotes.

(f) Homeowners Association Fee (monthly)

\$0

Assumes no HOA for single-family homes.

(g) Percent of household income available for principal, interest, taxes, and insurance (PITI)

35%

Sources: City of Los Angeles, 2019; Freddie Mac, 2014-2018; Los Angeles County Assessor's Office, 2019; CA Dept. of Insurance, 2018.

Table B.2: Affordable Housing Mortgage Calculator for Condominiums, City of Los Angeles, 2019

	Household Income (a)	Sale Price*	Down Payment (b)	Total Mortgage (b)	Monthly Payment	Monthly Property Tax (c)	Mortgage Insurance (d)	Homeowner's Insurance (e)	Homeowner's Association Fee (f)	Total Monthly PITI (g)
1-Person HH										
Very Low Income	\$33,950	\$81,836	\$2,864	\$78,972	\$379	\$82	\$56	\$59	\$415	\$990
Lower Income	\$54,250	\$166,092	\$5,813	\$160,279	\$769	\$166	\$114	\$119	\$415	\$1,582
Moderate Income	\$58,200	\$182,602	\$6,391	\$176,211	\$845	\$182	\$125	\$131	\$415	\$1,698
2-Person HH										
Very Low Income	\$38,800	\$102,046	\$3,572	\$98,474	\$472	\$102	\$70	\$73	\$415	\$1,132
Lower Income	\$62,000	\$198,258	\$6,939	\$191,319	\$918	\$198	\$136	\$142	\$415	\$1,808
Moderate Income	\$66,500	\$217,044	\$7,597	\$209,447	\$1,005	\$216	\$148	\$156	\$415	\$1,940
3-Person HH										
Very Low Income	\$43,650	\$122,114	\$4,274	\$117,840	\$565	\$122	\$83	\$88	\$415	\$1,273
Lower Income	\$69,750	\$230,423	\$8,065	\$222,358	\$1,067	\$230	\$158	\$165	\$415	\$2,034
Moderate Income	\$74,850	\$251,629	\$8,807	\$242,822	\$1,165	\$251	\$172	\$180	\$415	\$2,183
4-Person HH										
Very Low Income	\$48,450	\$142,040	\$4,971	\$137,069	\$658	\$142	\$97	\$102	\$415	\$1,413
Lower Income	\$77,500	\$262,588	\$9,191	\$253,397	\$1,216	\$262	\$179	\$188	\$415	\$2,260
Moderate Income	\$83,150	\$286,072	\$10,013	\$276,059	\$1,324	\$285	\$196	\$205	\$415	\$2,425
5-Person HH										
Very Low Income	\$52,350	\$158,264	\$5,539	\$152,725	\$733	\$158	\$108	\$113	\$415	\$1,527
Lower Income	\$83,700	\$288,349	\$10,092	\$278,257	\$1,335	\$287	\$197	\$207	\$415	\$2,441
Moderate Income	\$89,800	\$313,682	\$10,979	\$302,703	\$1,452	\$313	\$214	\$225	\$415	\$2,619

Notes:

(a) Income limits from Los Angeles HCID 2018 Land Use Schedule VI.

(b) Mortgage terms:

Annual Interest Rate (fixed)

4.04% Freddie Mac historical monthly Primary Mortgage Market Survey data tables. 2014-2018 average.

Term of mortgage (years)

30

Percent of sale price as down payment

3.5%

Typical FHA loan down payment

(c) Initial property tax (annual)

1.20%

Los Angeles County Assessor's Office

(d) Mortgage Insurance as percent of loan amount

0.85%

Current FHA rate based on mortgage terms and sale price

(e) Annual homeowner's insurance rate as percent of sale price

0.86%

CA Dept. of Insurance website, based on average of all quotes.

(f) Homeowners Association Fee (monthly)

\$415

Median taken from survey of currently selling condos.

(g) Percent of household income available for principal, interest, taxes, and insurance (PITI)

35%

Sources: City of Los Angeles, 2019; Freddie Mac, 2014-2018; Los Angeles County Assessor's Office, 2019; CA Dept. of Insurance, 2018; Redfin, 2017.