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Housing the City - An Analysis of Barriers and Strategies to Increase Housing Density in Los Angeles

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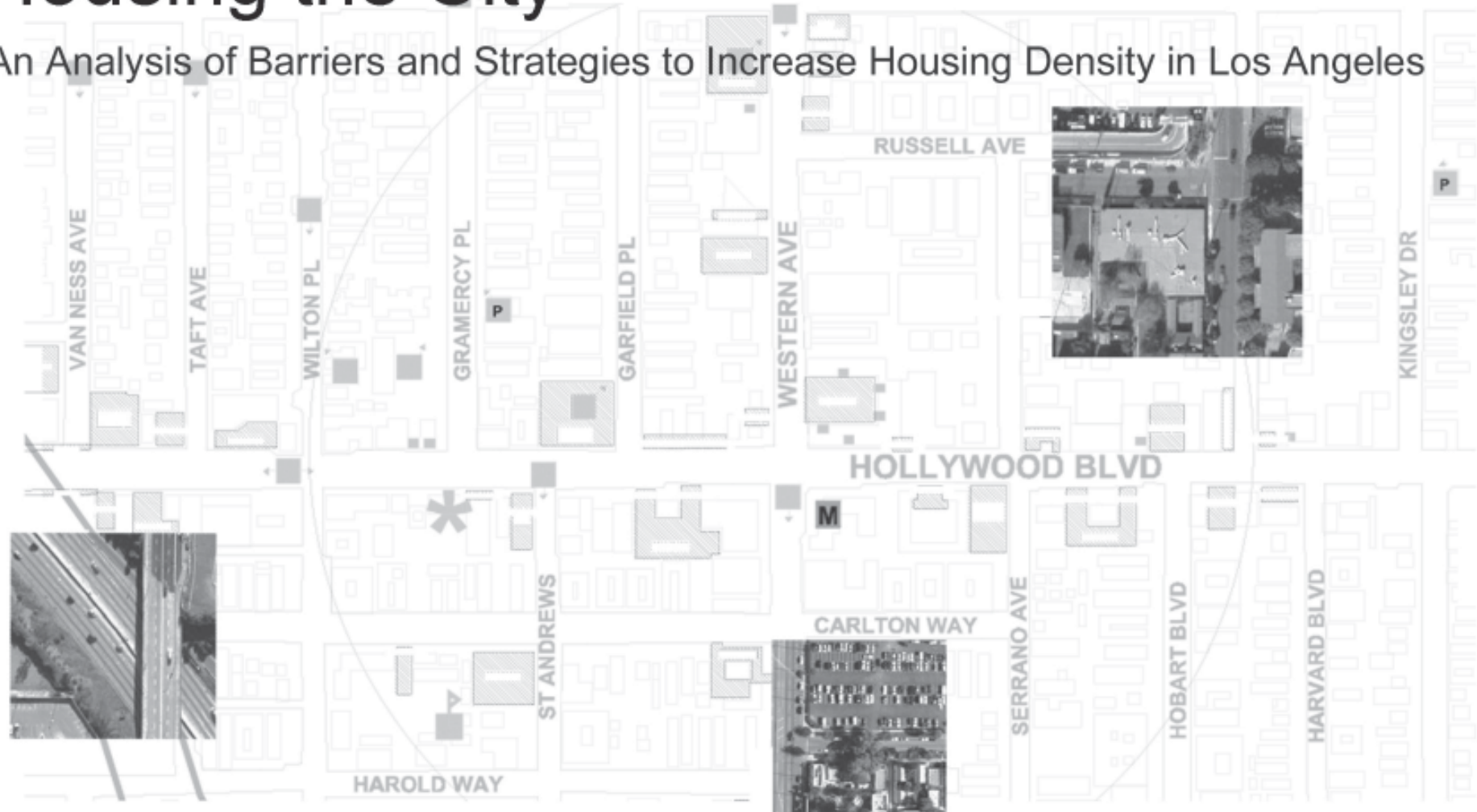
et al.

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# Housing the City

An Analysis of Barriers and Strategies to Increase Housing Density in Los Angeles



UCLA Department of Urban Planning



UNIVERSITY OF CALIFORNIA  
Los Angeles

HOUSING THE CITY

An Analysis of Barriers and Strategies to Increase  
Housing Density in Los Angeles

A comprehensive project submitted in partial  
satisfaction of the requirements for the degree  
Master of Arts in Urban Planning

by

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## Executive Summary

Although housing density is an objective measure it raises a range of subjective perceptions and interpretations. Overall, density is largely perceived by communities as having a negative impact on the quality of life within the City of Los Angeles. As evident in community groups and council meetings, most people are adamantly against growth, particularly within their neighborhoods. Such animosity is representative of fear which is typically struck by thoughts of overcrowding, worsened traffic congestion, environmental pollution, increased noise, and fear of attracting the wrong types of users. On the other side of the spectrum we often find that practitioners in the field of planning and development, who in effect are largely responsible for guiding the future growth of communities believe that higher density living has numerous environmental, social and economic advantages.

In spite of most public perceptions, the Los Angeles urbanized region (the metropolitan area) is the densest metropolitan region in the country. However, this aggregate picture also hides certain morphological aspects of, and variations in, the city's density. Furthermore, the city has one of the lowest home ownership rates in the nation and housing supply and affordability is a significant, policy problem. Thus, the real challenge that confronts individuals guiding the development of our communities is the implementation of programs and policies that clearly plan for the region's growth in a manner that efficiently utilizes existing resources as well as increases opportunities to house all Angelenos.

The City of Los Angeles is currently grappling with one

of the worst housing crises in its modern history; this reality is also tempered by the fact that there is a continuously increasing population within the region. As a result, the development of higher density housing is one of the most viable solutions to efficiently leverage existing resources and provide expanded housing opportunities for residents in the face of both challenges the city confronts. The development of higher density clearly has the advantage of increasing the overall stock and supply of housing and in this manner offering the possibility of lower housing prices and increased access to affordable housing. This comprehensive project focuses on the question of housing density within the City of Los Angeles, delves into gaining a better understanding of the obstacles that prevent the development of housing at a higher density, and proposes strategies to overcome such hurdles. This project draws from the research of fourteen Urban Planning students at UCLA, and ultimately seeks to develop a body of research that can be used to guide future development and planning within the City of Los Angeles.

Our comprehensive project group received guidance from numerous individuals in the field of planning and development. They provided us with invaluable suggestions and critiques throughout our research. These individuals included Jane Blumenfeld, Principal City Planner in the Los Angeles Department of City Planning; and Beth Steckler, the Policy Director of the non-profit Livable Places. Their practical experience in the field of planning and development proved instrumental in helping to structure a cohesive set of individual research projects with an overarching theme of increasing housing density.

Our research was guided by the in-depth analysis of a study area within Council District 13 in East Hollywood.

Our study area is defined by Franklin Avenue on the north, Sunset Boulevard on the south, Normandie Avenue on the east, and Bronson Avenue and US Highway 101 on the west. We selected this area because it presents an excellent opportunity to look at the challenges of developing higher density housing since it encompasses a major transit and commercial corridor, has a limited amount of available land on which to develop, and is also located in the midst of a residential zone.

The study is divided into four parts: Part one will provide the reader with background information on demographics and consumer choices in the Los Angeles region. The second part analyzes the barriers to higher density housing and provides recommendations in a series of topics related to the development of housing that include: access to construction finance, parking requirements as a constraint to development, opportunities for infill development, and density through preservation planning. Part three focuses on a series of mechanisms through which higher density housing can be implemented which include: land use strategies, the application of the state density bonus law, accessory dwelling units a mechanism to increase housing opportunities, and high density mixed use communities. Part four focuses on design and development issues by examining community spaces and high density living, housing density and transit. This study culminates with a design proposal for the study area of East Hollywood that is a practical strategy for achieving higher density as well as fostering more walkable and thriving communities.

## Acknowledgements

The comprehensive project team would like to thank the following individuals who took the time to meet with us during the course of this two quarter project: Alison Becker, John Chase, Gordon Hamilton, Kevin Keller, Jerry Schneiderman, Steve Soboroff, Lois Takahashi and Anastasia Loukaitou-Sideris. Their knowledge and experience in working to improve the city of Los Angeles was invaluable in shaping our research. We would also like to thank our clients, Jane Blumenfeld and Beth Steckler for their active participation in guiding us through our research. The Lewis Center has also been helpful as they have graciously provided us with financial assistance for our research.

In addition, we would like to recognize Professor Vinit Mukhija who worked with each one of us individually, encouraging us to produce thoughtful research projects that reflected our knowledge, effort and potential as Urban Planners. We would also like to acknowledge doctoral candidate Ashok Das who diligently read through our chapters offering us valuable advice on our topic. Thank you!



# 1. Homeownership in Los Angeles: Consumers and their Choice

**Erika J. Villablanca**

## **Abstract**

*With prices rising and supplies dwindling, the single-family detached home model can no longer meet the housing needs of those living in cities and large metropolitan areas. Are residents in Los Angeles still hanging on to this dream model or are they ready to reshape it and adapt it to meet the urban realities of the 21<sup>st</sup> century? Is there any demand for high-density residential dwellings? In this chapter of the Comprehensive Project, I determine what consumers want and compare this to what is actually being sold in order to provide a better understanding of their current housing preferences. I also address key arguments presented in the current literature on this topic and analyze demographic information from the U.S. Census, housing preferences of consumers in Los Angeles County.*

*I find that there is currently a greater level acceptance for density by consumers, but it is not due to demographics or to ethnicity, as suggested by the current literature. There are other factors at work here— the most important ones being traffic congestion on freeways and major roads and the lack of housing affordability. Also, my research has three significant policy implications for the region: the opportunity for up-zoning, support of accessory units, and support for the sale of condominiums.*



### **Introduction and overview**

The current housing crisis in Los Angeles and in many other parts of the state and country raises questions about the benefits of the “American Dream” of owning a single-family detached home when problems such as sprawl, traffic congestion, air and noise pollution, increased commute times, rising home prices, and decreases in available land among others, have become a by-product of it (Pendall et al 2000, Ong et al. 2004, and Song and Knapp 2002). With almost 80% of all Americans now living in cities and metropolitan areas that are being affected by the problems mentioned above, the single-family detached home model can no longer meet the housing needs of these areas. Are residents in Los Angeles still hanging on to this dream model? Are they willing to give up something that has been inculcated through generations over decades? Or better yet, are they ready to reshape it and adapt it to meet the urban realities of the 21<sup>st</sup> century? Is there *any* demand for high-density residential dwellings?

Determining what consumers want and comparing this to what is actually being bought will provide a better understanding of their current housing preferences. These findings have considerable policy implications at the local and state level because current consumer preferences affect the state of housing in Los Angeles today and in the future. In this study I seek address key arguments presented in the current literature on this topic. I will also analyze demographic information from the Census, housing preferences of consumers in Los Angeles County, and provide a comparison of preferences against what is being sold and where.

### *Literature Review*

As I began my research to investigate the housing preferences of consumers in Los Angeles, I was surprised by the data available. A key study by Myers and Gearin in 2001 assesses the future demand for denser, more

walkable residential neighborhoods in the United States. Through a review of survey data, demographic projections and other trends, the authors conclude that those that prefer denser, more compact housing alternatives are home buyers aged 45 and older. The authors attribute their conclusion to the assumption that this segment of the population has a lot of disposable income and does not need big back yards or many bedrooms to accommodate children. The study also indicates that the number of families with children declined in the period between 1990 and 2000 and will continue to decline between 2000 and 2010.

Findings from the Myers and Gearin study might hold true for many areas of the United States, but I do not believe they can be applied to Los Angeles. For example, one key argument is that there has been a continuing decline in the overall influence of children on residential choice. The authors cite evidence that the number of households with children is decreasing and that the declining presence of children suggests a growing market for denser, more walkable neighborhoods. Current growth projections for California vary widely, but they do agree that although the state’s future growth rate will be generally lower than past rates, absolute levels of growth will remain high (Public Policy Institute of California 1999). Most importantly, a lot of this growth will be concentrated in Los Angeles County.

The other argument presented by Myers and Gearin that I believe might not be applicable to Los Angeles is that households older than 45 will be growing as a percentage of total home owners and that this segment of the population will have the most direct impact on determining housing types and neighborhood patterns. A quick look at the 2000 Census shows that people between 45 and 59 make up only 16% of the population of Los Angeles, while those between 25 and



44 make up more than double – 34%. Also, children under 19 make up over 37%. This is a significant number of young people so it is difficult to imagine their numbers decreasing in the next decade.

A study by Mendez (2002) presents another perspective on housing and consumer choice. Mendez argues that the current views towards status quo development and assimilation ignore the opportunity to build upon Latino's propensity for compact cities and negates the possibility to accommodate growth in California in a more sustainable manner. He addresses city developmental policies that pressure Latinos to assimilate to the established United States notion of appropriate use of spaces and commuting patterns, and how they mitigate the economic, social and environmental benefits inherent in the "Latino Lifestyle."

Mendez points out that given their household characteristics, the growing Latino population may become a key player in the construction of more compact cities in California and therefore can have a profound effect on shaping housing and neighborhoods. He presents data from the California Department of Finance that reports that by the year 2040, California could reach 58 million people, more than half of them born here. Latinos will become the majority population group in the state at almost 50%. Therefore, there is a need for the emergence of a new development model. Mendez coins the term *Latino New Urbanism* as a new alternative that addresses the changing population dynamics and interests in California. According to Mendez, the Latino New Urbanism Model builds upon and promotes Latino's propensity for compact city lifestyles, endorses multicultural/diverse housing production and encourages the incorporation and assimilation of non-Latinos (reverse assimilation – assimilation away from established environmentally harmful California lifestyles) to the model.

The Mendez (2000) study demonstrates that Latino households require fewer housing units and less acreage than non-Latino households because they have larger household sizes and a higher proportion of individuals that live in multi-family housing. He also highlights East Los Angeles as a case study for how Latinos have influenced the urban landscape through changes in the design and use of their homes. The front yard and patios are used for social functions and the driveway is used as a substitute to accommodate parties. Mendez suggests that the front porch invites neighbors to gather, enhancing social interaction and a sense of place. This is different from typical non-Latino homes where the spaces for social interaction are concentrated inside the home and towards the backyard.

A study by Kotkin and Tseng (2002) that examined housing trends and preferences among Latinos, presents findings that complement those found in the Mendez report. The authors argue that due to their relative youth (two-thirds of the Latino population in California is under 35 years old), their rate of household formation, and entrance into the workforce, this segment of the population will make up the greatest level of housing demand over the next several decades; and those in the 30-35 age range are just now entering the peak home-buying periods of their life-stage. This report found that in 2001, Latinos made up 22% of all home buyers in California (this increased from 19% in 1999). Between January 1999 and June 2002, 57% of the homes bought by Latinos were in Los Angeles County. Family considerations were the strongest motivation behind purchasing a home, followed by owning the home as a financial investment. About 40% indicated that "more room for a growing family" was the reason they were buying a home. Another key finding is that most of California's Latino homeowners are recent owners. In this report they also found that 44% of Latino home buyers have owned their homes less

than 5 years, and over 70% of their current residences are a first-time home purchase.

The last two reports I cite present overwhelmingly different conclusions than the first one. Critics of Latino New Urbanism argue that differences in what Latinos, Blacks, Whites or Asians want in terms of housing is subtle and it is more of socioeconomics and demographics that drive the market instead of ethnicity and race. However, due to the extraordinary amount of evidence presented by the authors, I believe that the impact of Latinos and their preferences cannot be ignored.

*Methodology.* This chapter is divided into three sections. In the first section, I will provide descriptive information on consumers in Los Angeles County and the City of Los Angeles taken from 2000 Census to show population density per acre, housing density per acre, and person per housing unit. This section will also include a breakdown of housing occupants by renter and owner. In the next section I will analyze data from three surveys on consumer preferences to determine what people in Los Angeles County want or have bought recently in terms of housing. These surveys were conducted by the Public Policy Institute of California in 2001, 2004 and 2005 and responses were gathered from adult residents throughout the state. I will also explore what trade-offs, if any, consumers are willing to do to get the home they want. In the final section I will analyze home resale activity for Los Angeles County to determine the type and units of housing sold in 2001 and in 2004– single family homes and condominiums. I will then compare this to the information from the surveys. This will put preferences more into perspective, since people that respond to surveys can base their answers on what they *would* like instead of what they *have*.

## Housing Prices

Los Angeles County is the most populous county in California and in the nation with about 10.1 million residents. It has grown by approximately 1 million residents in the past decade (Public Policy Institute of California 2005). This growth in the population coupled with other factors such as a weak economy, changes in the state's tax structure and decline in the number of new family dwellings constructed have made the cost of owning a home in Los Angeles County increase dramatically the last five years.

With median home prices just \$30,000 shy of the half a million mark, the term *affordable housing* is now almost an oxymoron as demand increases and supplies dwindle in neighborhoods across the city. The median price for a single-family home in Los Angeles County in April 2005 was \$470,000 (DataQuick 2005). This is almost double what it was just four years ago. Condominiums are not fairing any better these days either. The median price for a condominium was \$365,000 in April 2005. Compared with prices in 2001, it has more than doubled.

What does this mean for consumers who purchased a home or are looking to buy one? Are their purchasing decisions dictated by what they want in a home or by what is available to them? What factors aside from price determine what consumers want and what they eventually buy? Do they want to live in more densely populated areas and spend less time commuting? Are they buying near their jobs to get away from the long commutes? Are they buying homes in the outskirts of the city because they want the space that comes with single family homes or are they buying closer to central business districts? What role does the Latino New Urbanism play if any?

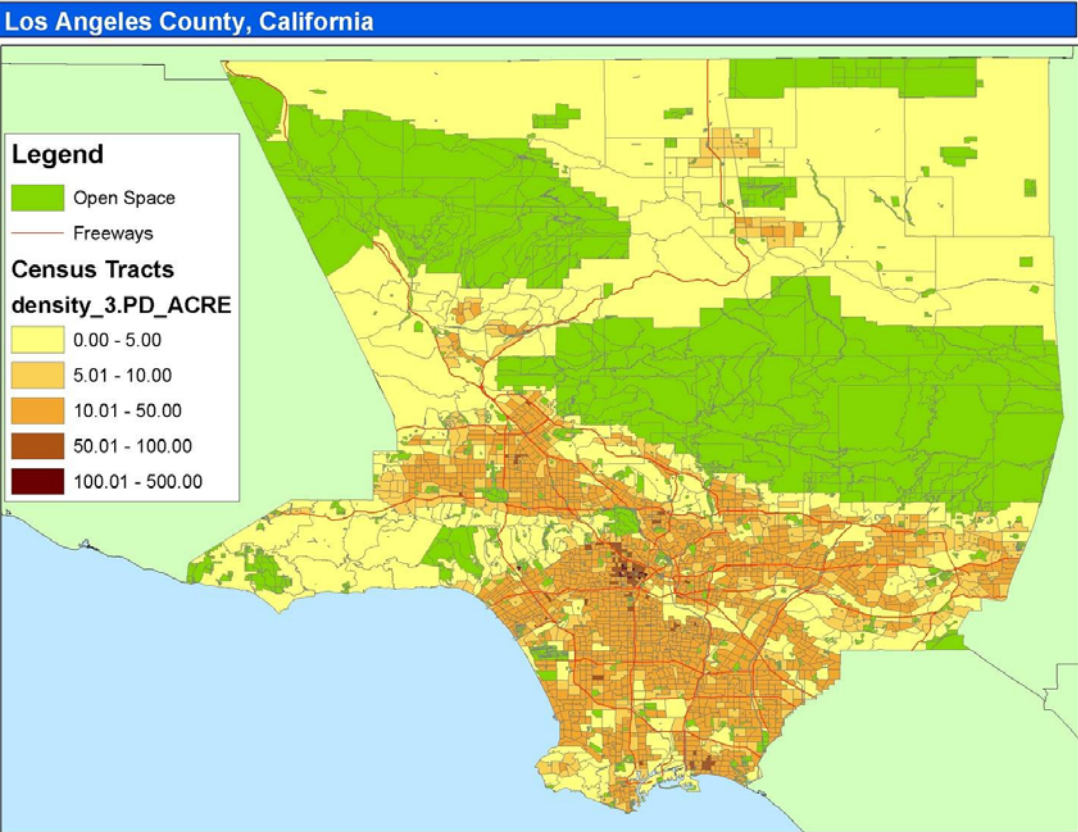
**Los Angeles County Demographics**

*Population density*

Figure 1 shows population density per acre for the county. The lighter colors indicate less population den-

Anges and its surrounding suburbs, is colored in orange, meaning these areas have a density of between 10 to 50 people per acre. Downtown and the neighborhoods just east of it are the densest – from 150 to 500 people per acre. These include the neighborhoods of Macarthur Park, Korea Town and Hollywood.

Figure 1. Population Density per Acre

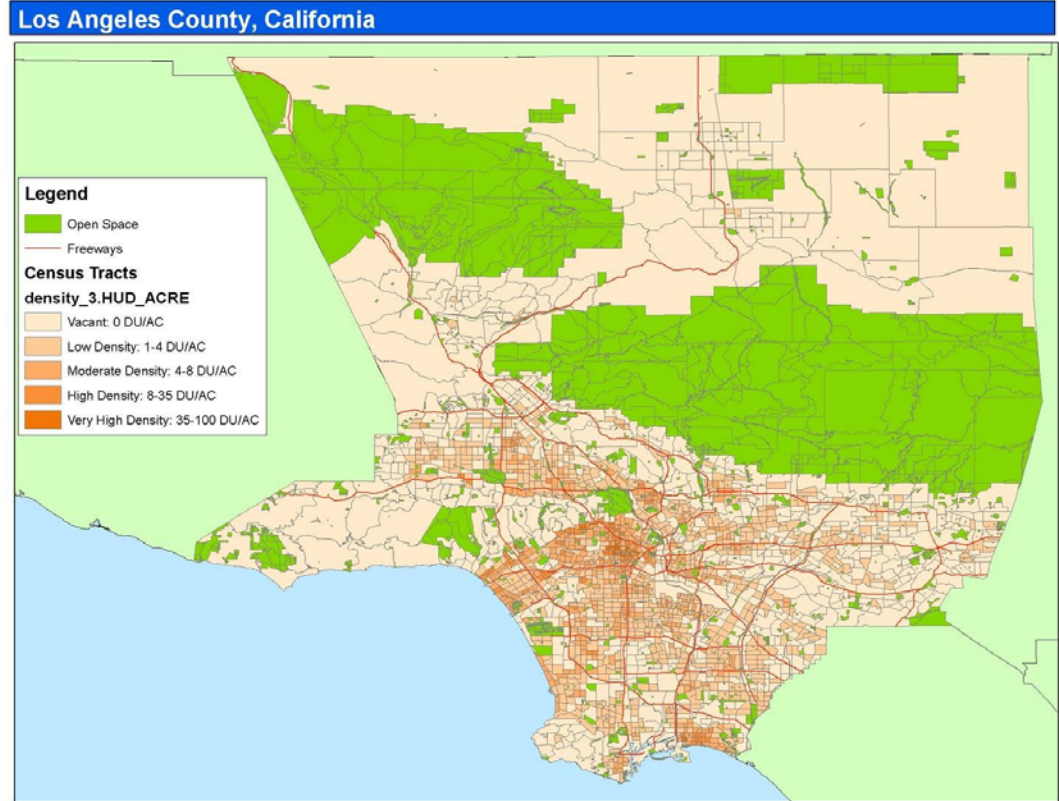


sity per acre and the darker ones indicate the great est. The green areas are open space. Most of the area in the southern part of the county, the city of Los

*Housing density*

Figure 2 shows housing density per acre for the county. This is derived by obtaining the total number of hous-

Figure 2. Housing Density per Acre

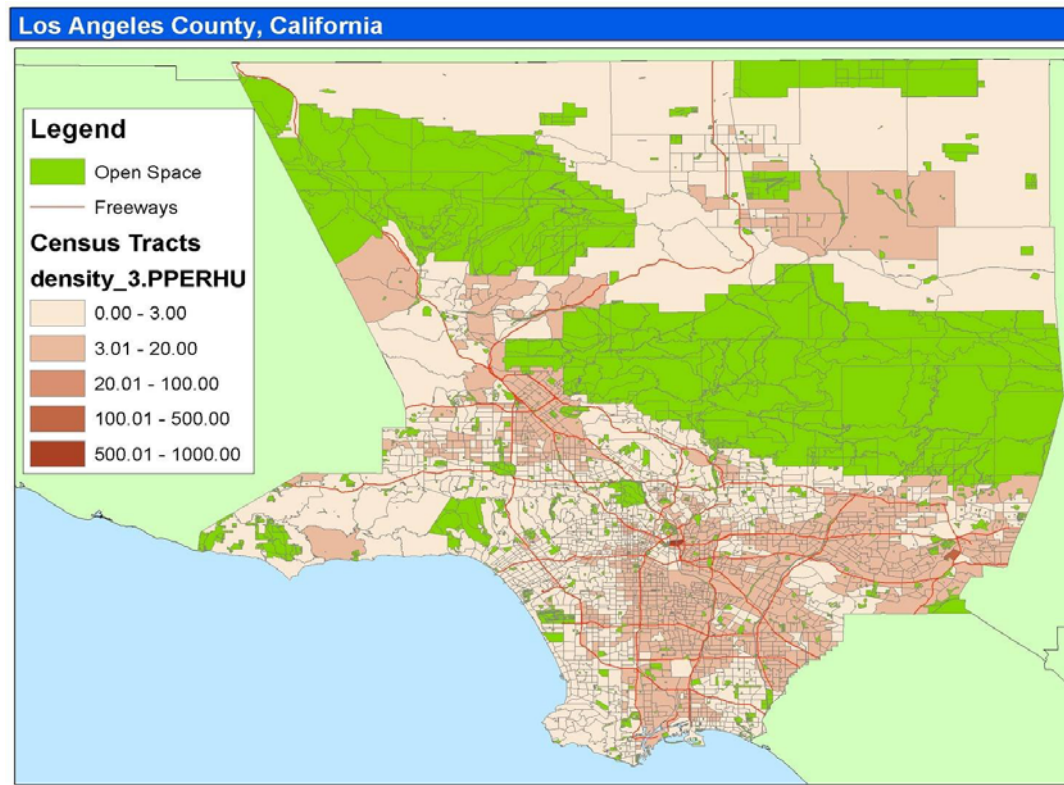


ing units and dividing by the number of acres at the census tract level. This figure shows that Los Angeles County has a low to moderate level of housing unit density. The densest areas include most of the city of Los Angeles, Santa Monica, and Long Beach.

*People per housing unit*

Figure 3 shows the number of people per housing unit in LA County. We can observe that most of the City of Los Angeles and the eastern parts of the county have between three to twenty people per housing unit. A few

Figure 3. People per Housing Unit

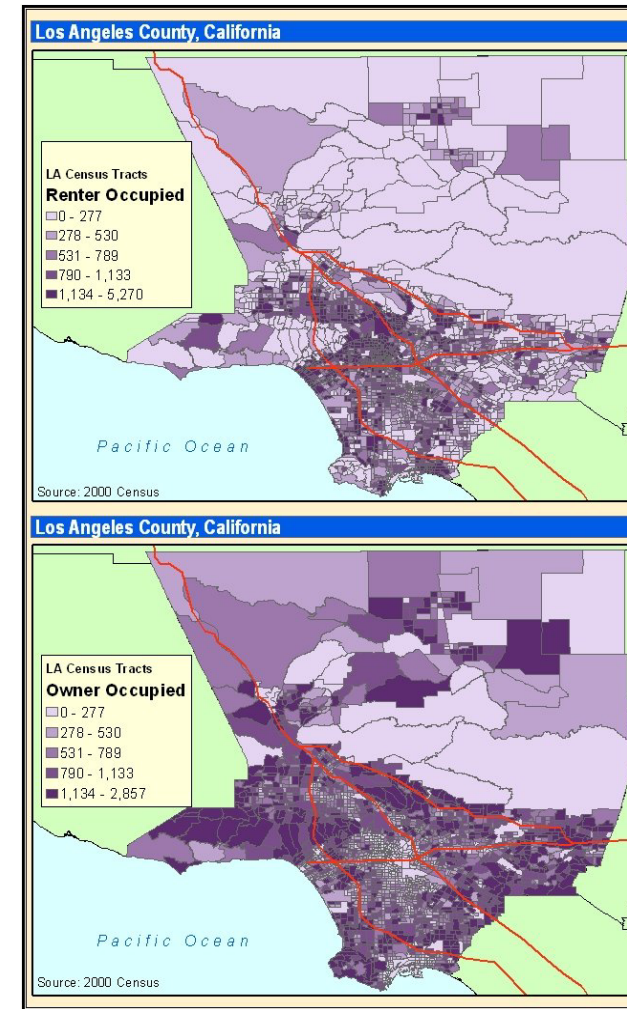


spots have severe overcrowding.

*Occupancy of housing units*

Figure 4 shows the distribution of owner-occupied

Figure 4. Occupied Housing Units



housing units and renter-occupied across the county. Renters live mainly in the central and southern parts of the Los Angeles County. The areas with the highest concentration of owners are the west, the southwest and the east. There is a very noticeable gap in the central and southern parts of the county where the City of Los Angeles is.

It is important to note that although the darker colors take up a lot of space in the map that shows owner-occupied housing, there is less owner-occupied housing than there is renter-occupied. The last quintile in figure 4 is for census tracts that have between 1,134 and 2,857 owner-occupied units. In the top map, the

last quintile is for census tracts that have between 1,134 and 5,270 renter-occupied units. This is a significant difference, because at first look, the figures can be interpreted the wrong way.

*Ethnicity data*

The next set of figures provides a breakdown of the population of Los Angeles County by ethnicity. Figure 5 shows that the distribution of Whites is more concentrated along the coastal areas, the northern valley, and the inland empire. There is a noticeable absence

Figure 5. Population: Percent White

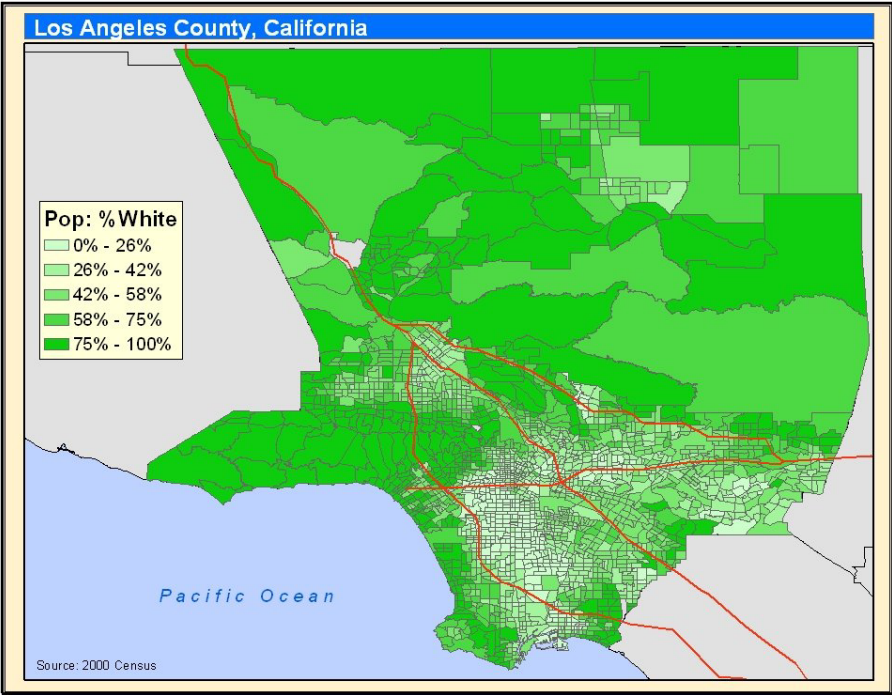
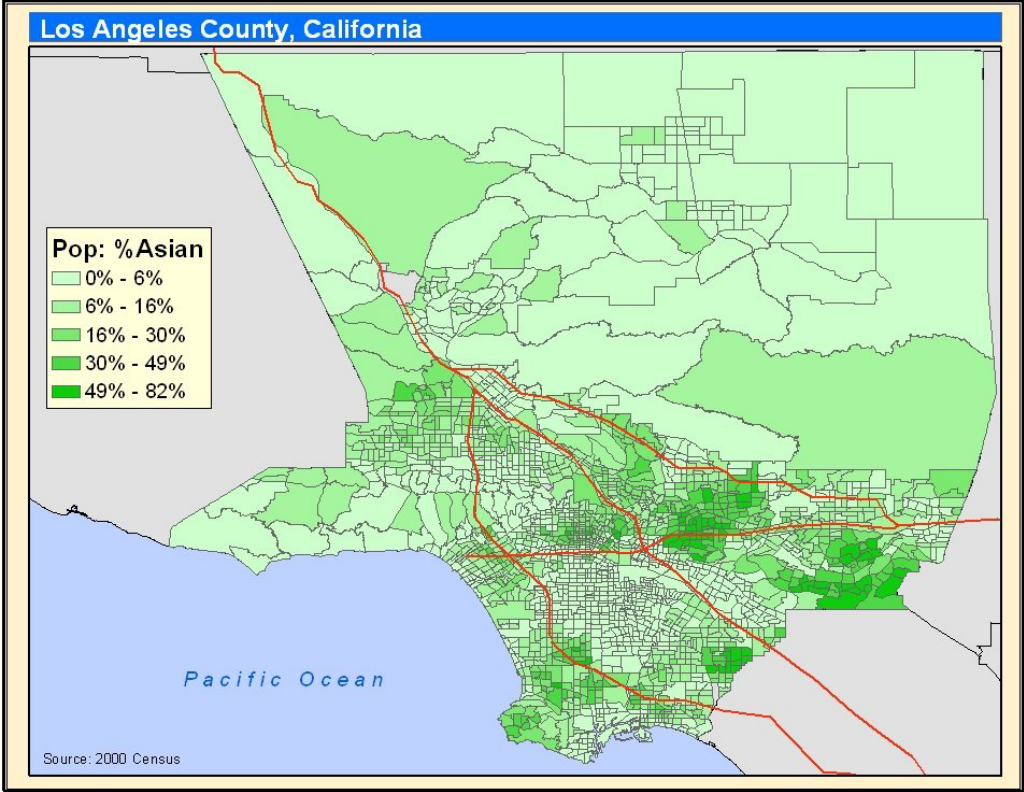


Figure 6. Population: Percent Asian



in the areas east and south of Downtown. The next figure (Figure 6) shows that Asians live in the San Gabriel Valley, the southern areas of the Inland Empire, and the southern coastal areas. This segment of the population is also noticeably absent from the central core of the City of Los Angeles.

Figure 7 shows that Blacks live mostly to the west and south of Downtown Los Angeles. Few live in the coastal areas and in the San Gabriel Valley. The next figure

Figure 7. Population: Percent Black

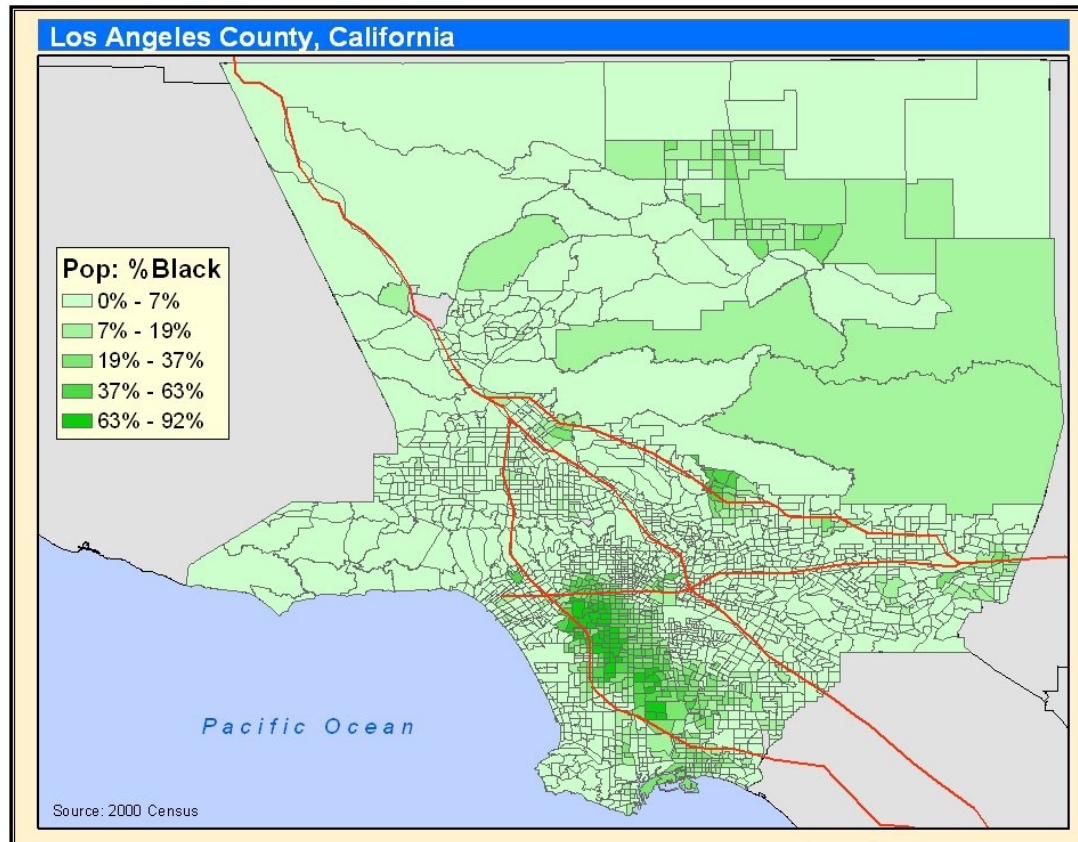
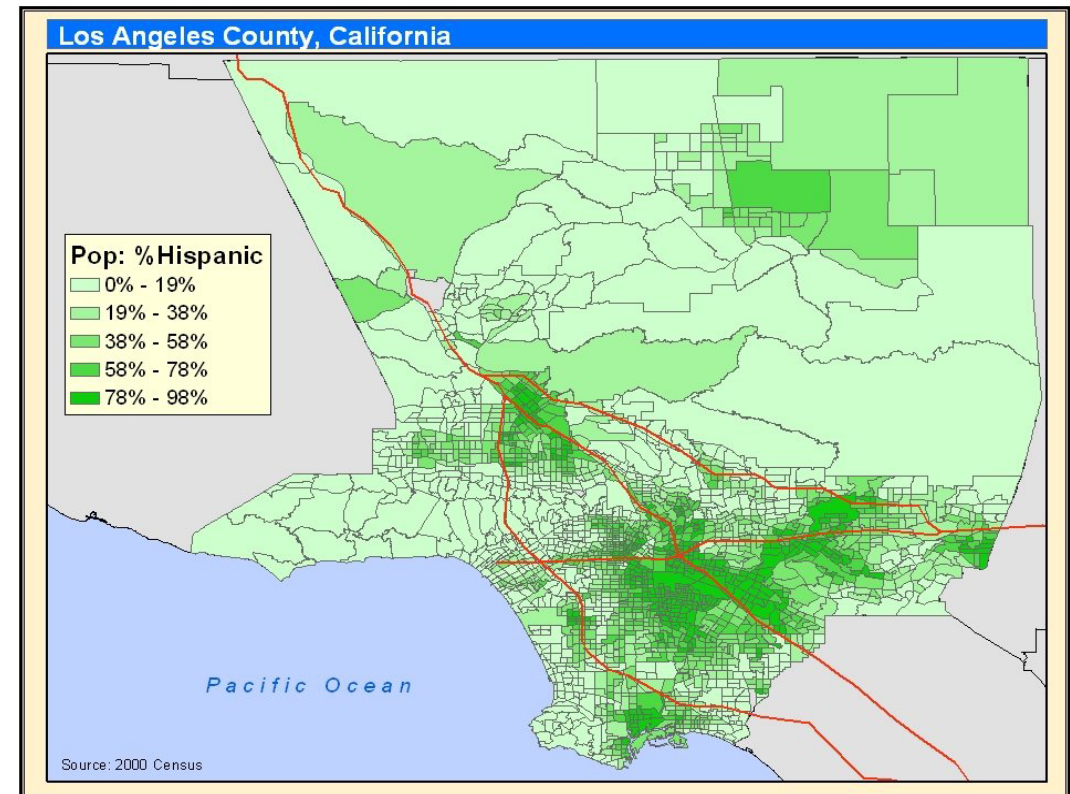


Figure 8. Population: Percent Hispanic



(Figure 8) shows a high concentration of Hispanics living in or near the center of the City of Los Angeles, the San Fernando Valley, South Los Angeles, and in Palmdale. They are noticeably absent mostly along the coastal areas and the northern part of the county.

Figure 9 (on the following page) shows the average household size for all tracts in the county. The areas with the most people per household are directly east, west, and south of Downtown Los Angeles, and certain sections of the San Fernando Valley and the San Gabriel Valley. This coincides with areas populated mostly by Hispanics, Asians, and Blacks.

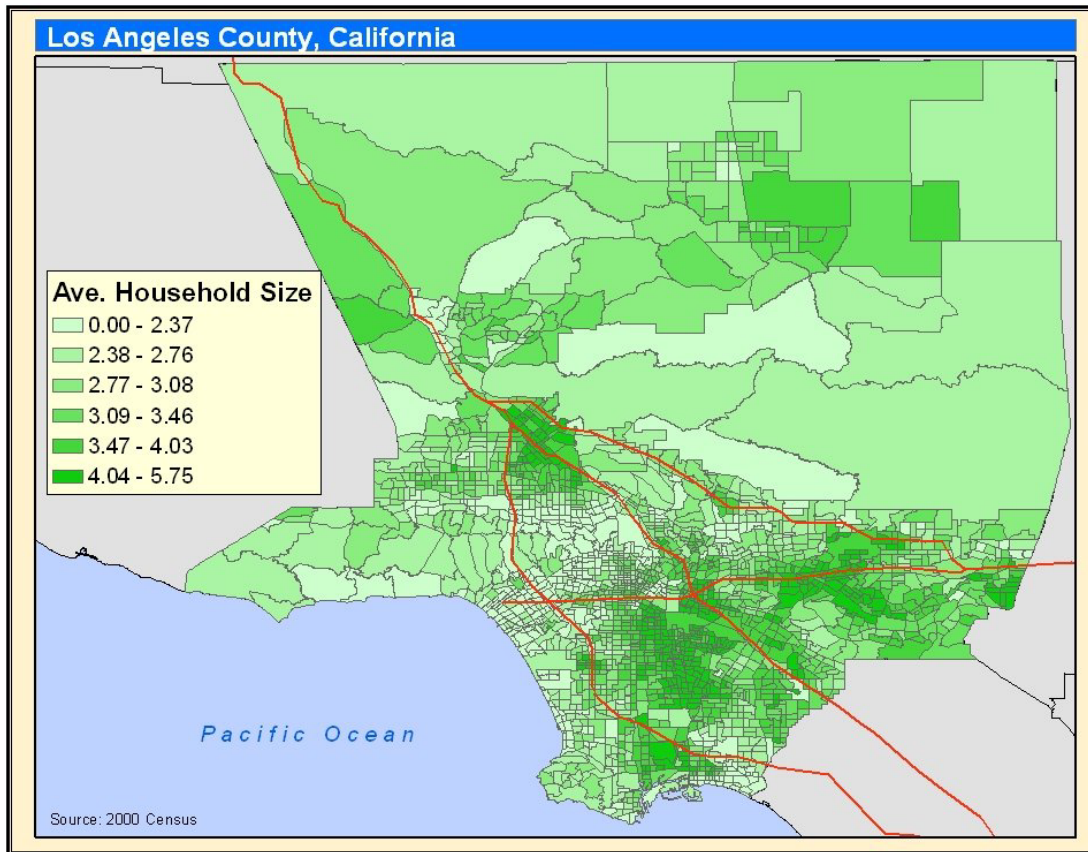
## Housing Preferences of Consumers in Los Angeles County

### *The American Dream: Preference for single-family detached homes*

Despite the steep increases in home prices and an ever tightening real estate market in recent years, people living in Los Angeles County are not giving up the “American Dream” of owning their own home. A survey conducted by the Public Policy Institute of California in late 2001 asked residents in the area if the place where they currently live was a single-family detached home, attached home, apartment or other (Baldassare 2001). A significant percentage (61%) responded that they lived in a single-family detached home. Only 10% lived in an attached home and 26% in an apartment. (An attached home is one that has one or more common walls adjoining another home. Condominiums, town homes and row houses are attached homes.) They were then asked in which of the above dwelling types they would most prefer to live in. An overwhelming majority (83%) would prefer to live in a single-family detached home.

The studies examined in the first section of this chapter emphasize the influence of Latinos on the housing market, so it is imperative to find out the preferences of this population segment. Some results in the surveys are broken down by ethnicity, but not by region. This means they lump all groups into one number across the state. Because Los Angeles County is California’s most populated county and because Latinos made up almost 50% of the county’s population in 2003, I will be using the results for Latinos in California as a proxy for Latinos in Los Angeles County. This is not ideal, but will at least allow me to draw some basis for comparison.

Figure 9. Average Household Size



In terms of ethnicity, 60% of Latinos in California answered that they currently lived in a single-family detached home – this is just 1% less than the results for the Los Angeles area. When they were asked in which type of residence they would most prefer to live in, Latinos picked single-family detached homes over all others (85%). It is important to note that this is more in line with the Myers and Gearin findings than with those from the Latino New Urbanism reports. Out of those that rent, 50% live in apartments and 13% live in attached dwellings. Over 74 % of these renters said they would prefer to live in a single-family home. Table 1 shows the complete results for this section.

**Table 1. Preferences for Dwelling Type**

	All Adults	Central Valley	SF BayArea	Los Angeles	Other Southern California	All Latinos
Is the place where you currently live a ....						
-Single-family detached home	65%	73%	63%	61%	64%	60%
-Attached home	10	8	11	10	12	9
-Apartment	21	15	23	26	19	27
-Other	4	4	3	3	5	4
Would you most prefer to live in a ....						
-Single-family detached home	84%	88%	82%	83%	84%	85%
-Attached home	6	5	7	7	6	5
-Apartment	6	2	7	7	5	6
-Other	3	4	3	2	4	3
-Don't know	1	1	1	1	1	1

Source: PPIC Land Use Survey 2001

*Key regional problems.* A survey conducted by the Public Policy Institute of California in late 2004 asked residents to think about a list of five regional issues and to answer how big a problem they considered them to be. The five problem areas were: traffic congestion on freeways and major roads, the lack of opportunities for well-paying jobs, air pollution, the availability of housing that you can afford, and population growth and development. Residents in the Los

Angeles region considered traffic congestion and availability of affordable housing the most problematic at 72% and 59% respectively. Table 2 has the complete findings for five major regions of California.

**Table 2. Key Regional Problems**

	All Adults	Central Valley	SF Bay Area	Los Angeles	Orange/San Diego	Inland Empire
How big a problem is _____ in your part of California? (percent saying "a big problem")						
traffic congestion on freeways and major roads	59%	40%	65%	72%	64%	67%
the lack of opportunities for well-paying jobs	35	35	34	39	28	31
air pollution	30	40	20	41	24	33
the availability of housing that you can afford	55	39	58	59	63	41
population growth and development	35	30	30	39	41	36

Source: PPIC Special Survey on Californians and Their Housing, 2004

*Tradeoffs: Small home, short commute versus large home, long commute.* Are people in Los Angeles County willing to trade in their large houses and long commutes to work? The Public Policy Institute of California conducted a survey in 2004 to find an answer (Baldassare 2004). They were asked the following question: "How do you feel about the following tradeoffs? Other things being equal, would you choose to live in a small home with a small backyard if it means you have a short commute to work, or in a large home with a large backyard, even if it means you would have a long commute to work?" Over half (54%) of the respondents in the Los Angeles region preferred the former while 41% preferred the latter. Table 3 provides the details for this question.



**Table 3. Tradeoffs: Small Home, Short Commute vs. Large Home, Long Commute, 2004**

	All Adults	Central Valley	SF Bay Area	Los Angeles	Orange/San Diego	Inland Empire
How do you feel about the following tradeoffs? Other things being equal, would you choose to live in a ..."						
-Small home with a small backyard if it means you have a short commute to work	53%	43%	61%	54%	59%	50%
-Large home with a large backyard, even if it means you would have a long commute to work	42	53	33	41	38	45
-Don't know	5	4	6	5	3	5

Source: PPIC Special Survey on Californians and Their Housing, 2004

Another survey conducted by the PPIC three years earlier (in November 2001) asked a similar question. In 2001, less than half (48%) were willing to accept this tradeoff compared to the 54% that were willing to do it in 2004 (Baldassare 2001). This means consumers in Los Angeles County have become more willing to accept these tradeoffs than they were before. The increase is not staggering, but at least it represents a step in the right direction. This is shown in Table 4.

**Table 4. Tradeoffs: Small Home, Short Commute vs. Large Home, Long Commute, 2001**

	All Adults	Central Valley	SF BayArea	Los Angeles	Other Southern California	All Latinos
"Would you choose to live in a single-family detached home with a backyard in the suburbs - if it means you would live far from work and have a long commute?"						
-Yes	42%	44%	31%	48%	44%	48%
-No	50	48	59	46	50	47
-Don't work (volunteered)	5	6	6	3	4	2
-Don't know	3	2	4	3	2	3

Source: PPIC Land Use Survey 2001

The Land Use Survey conducted by the Public Policy Institute in 2001 also asked consumers if they would choose to live in multi-story, multi-family housing -

such as a condo or apartments – if it means you could walk to shops, schools, and mass transit. Only 39% of people living in the Los Angeles region would choose to do so, while a large majority (60%) would not. Nonetheless, this does show an improvement from the results in table 1. In terms of Latino preferences, the results are almost exact to those just discussed.

**Table 5. Preference for Multi-family Housing**

	All Adults	Central Valley	SF BayArea	Los Angeles	Other Southern California	All Latinos
"Would you choose to live in a multi-story, multi-family housing such as a condo or apartment - if it means you could walk to shops, schools, and mass transit?"						
-Yes	32%	23%	34%	39%	30%	39%
-No	67	76	64	60	69	60
-Don't know	1	1	2	1	1	1

Source: PPIC Land Use Survey 2001

Regarding tradeoffs, the 2004 survey asked if consumers would choose to live in a single-family detached home even if it meant that they needed to drive a car to commute and travel locally or would they choose to live in a condominium or town home if it was convenient to use public transit to commute and travel locally. The results were not divided by regions, but shown for all California. 76% percent of owners still preferred a single-family home compared to 60% of renters. Only 20% of owners picked owning condo or town home if it was convenient to use public transit to commute and travel locally, while more renters (37%) chose this option. We do not know what the break down is for Los Angeles County in 2004, but the wide gap in the numbers suggests that their preferences might be similar. The details can be found in Table 6.

**Table 6. More Tradeoffs**

	All Adults	Own Home	Rent Home	18-34	35-54	55 or older
"How do you feel about the following tradeoffs? Other things being equal, would you choose to live in a ..."						
-Single-family detached home, even if it means that you need to drive a car to commute and travel locally	70%	76%	60%	68%	75%	64%
-Condo or townhome if it was convenient to use public transit to commute and travel locally	26	20	37	30	23	28
-Don't know	4	4	3	2	2	8

Source: PPIC Special Survey on Californians and Their Housing, 2004

*Tradeoffs: Neighborhood choices.* The next question asked consumers in Los Angeles County if they would choose to live in a neighborhood where single-family homes are far apart, even if it means you have to drive to parks and outdoor recreation or in a neighborhood where single-family homes are close together if it means you could walk to parks and outdoor recreation. **43% prefer the former and 52% percent the latter. This means a much larger portion of consumers are willing to live in single-family homes that are in more compact areas so that they can have access to parks and other outdoor activities. This is very encouraging for supporters of attached housing units. Table 7 provides the complete details.**

**Table 7. Neighborhood Choices**

	All Adults	Central Valley	SF Bay Area	Los Angeles	Orange/San Diego	Inland Empire
How do you feel about the following tradeoffs? Other things being equal, would you choose to live in a ..."						
-Neighborhood where single-family homes are far apart, even if it means you have to drive to parks and outdoor recreation	49%	58%	40%	43%	51%	58%
-Neighborhood where single-family homes are close together if it means you could walk to parks and outdoor recreation	47	39	56	52	46	38
-Don't know	4	3	4	5	3	4

Source: PPIC Special Survey on Californians and Their Housing, 2004

This survey also asked consumers if they would prefer to live in a mixed-use neighborhood if it means you can walk to stores, schools, and services or if they would prefer to live in a residential-only neighborhood, even if it means you have to drive to stores, schools, and services. The results were not broken down by region, so they reflect the opinions of Californians throughout the state. However, they are a good indicator of what people in Los Angeles County might prefer. Renters were more likely to prefer to live in mixed-use neighborhoods (57%) than owners (43%), while more owners (53%) than renters (41%) would prefer to live in residential-only neighborhoods. The details can be found in Table 8.

**Table 8. Mixed-use vs. Residential-only Neighborhoods**

	All Adults	Own Home	Rent Home	18-34	35-54	55 or older
"How do you feel about the following tradeoffs? Other things being equal, would you choose to live in a ..."						
-Mixed-use neighborhood if it means you can walk to stores, schools, and services	48%	43%	57%	54%	47%	43%
-Residential-only neighborhood, even if it means you have to drive to stores, schools, and services	49	53	41	44	51	51
-Don't know	3	4	2	2	2	6

Source: PPIC Special Survey on Californians and Their Housing, 2004

*Urban or Suburban: Place of residence preference.* So where do consumers in Los Angeles County live? The answers from the same survey used above are quite predictable. **69% live in or near a large city and 29% live in a medium-to-small-sized city. However, when asked where they would most prefer to live, the distribution of answers was a bit different. Just over half (51%) indicated that they would prefer to live in or near a large city. A quarter said they would prefer a medium-to-small-sized city, and 22% would prefer a small town or rural area. The results for Latinos showed**

similar preferences. Table 9 shows the complete results for this section.

**Table 9. Preferences for Place of Residence**

	All Adults	Central Valley	SF BayArea	Los Angeles	Other Southern California	All Latinos
Do you live in a ...						
-Large city	25%	16%	27%	37%	25%	31%
-Suburb near a large city	25	16	30	32	23	15
-Medium-to-small-sized city	27	32	28	21	29	34
-Small town	14	21	10	7	12	13
-Rural area	9	15	5	3	11	7
Would you most prefer to live in a ....						
-Large city	17%	9%	20%	23%	15%	21%
-Suburb near a large city	23	14	24	28	26	15
-Medium-to-small-sized city	27	32	27	25	26	33
-Small town	16	23	16	10	15	17
-Rural area	16	22	12	12	16	12
-Other, Don't know	1	0	1	2	2	2

Source: PPIC Land Use Survey 2001

*Home Sale Activity in Los Angeles County*

Table 10 lists the top ten selling zip codes of single-family housing in Los Angeles County for 2001 and 2004. In 2001, there were just under 80,000 single-family homes sold with the median price of \$232,000 (DataQuick 2002).

The top two, Palmdale and Lancaster, are located in the northern part of the county, are each on the list twice, and are located far from the big cities. In 2004, there were over 87,000 single-family homes sold and the median price was \$412,000 (DataQuick 2005). This is a 78% increase in just three years! Palmdale and Lancaster again sold the most single-family homes in the county, and this time there were five neighborhoods, not just one. The median price of a home in Palmdale was \$230,000. Consumers could find a

house at a similar price in Los Angeles County only in a couple of areas - Compton, Boyle Heights, Watts, and some places in South Los Angeles. The choices were extremely limited.

**Table 10. Top 10 Unit Sales of Single-family Homes by Zip Code, 2001 and 2004**

Year - 2001		Sales of	Price	Price %
		Singe Family	Median	Chg from
ZIP Code		Homes	(\$1,000)	2000
<b>County</b>		<b>79,710</b>	<b>\$232</b>	<b>11.5%</b>
Palmdale	93550	1,284	\$114	23.9%
Lancaster	93535	1,209	\$108	27.1%
Norwalk	90650	1,105	\$185	13.2%
Lancaster	93536	975	\$143	10.0%
Long Beach	90805	808	\$160	10.7%
Reseda	91335	773	\$210	15.4%
Palmdale	93551	768	\$176	6.3%
Granada Hills	91344	759	\$265	12.8%
San Fernando	91344	759	\$265	12.8%
La Puente	91745	748	\$268	9.4%

Year - 2004		Sales of	Price	Price %
		Singe Family	Median	Chg from
ZIP Code		Homes	(\$1,000)	2003
<b>County</b>		<b>87,351</b>	<b>\$412</b>	<b>24.8%</b>
Palmdale	93550	1,770	\$230	43.8%
Lancaster	93535	1,731	\$206	35.5%
Lancaster	93536	1,245	\$260	30.7%
Norwalk	90650	1162	\$343	30.9%
Sylmar	91342	1054	\$399	35.3%
Sylmar	91342	1,054	\$399	35.3%
Palmdale	93551	1047	\$332	35.5%
Lancaster	93534	969	\$195	36.4%
Long Beach	90805	908	\$320	36.2%
Reseda	91335	906	\$408	32.5%

Source: DataQuick Information Systems, 2002 and 2005

Table 11 lists the zip codes with the top ten sales of condos for 2001 and 2004. The sales of condos in 2001 were a bit more balanced in terms of location since Canyon Country, West Hollywood and Diamond Bar are all far from each other. There were just over 23,000 units sold and the median price was \$169,000 (DataQuick

2002). The sales of single-family homes far outnumber the sales of condos.

In 2004, there were almost 25,000 condos sold. The median price was \$323,000, an increase of over 91% when compared to 2001 (DataQuick 2005). West Hollywood, Canyon Country, and Diamond Bar are at the top of the list just like they were in 2001. Also, the sales of condos between 2001 and 2004 only increased 6% while the sales of single-family homes increased 10%.

**Table 11. Top 10 Unit Sales of Condominiums by Zip Code, 2001 and 2004**

<b>Year - 2001</b>				
	ZIP Code	Sales Count Condos	Price Median Condos (\$1,000)	Price % Chg from 2000
<b>LA County</b>		<b>23,362</b>	<b>\$169</b>	<b>9.0%</b>
Canyon Country	91351	565	\$139	8.3%
West Hollywood/L.A.	90069	487	\$250	10.9%
Diamond Bar	91765	472	\$150	13.9%
Long Beach	90802	382	\$135	31.0%
Redondo Beach	90278	382	\$330	3.5%
Encino	91316	355	\$149	7.9%
Culver City	90230	353	\$179	13.7%
Tarzana	91356	352	\$143	13.5%
Redondo Beach	90277	345	\$352	8.5%
Newhall	91321	343	\$139	13.0%
<b>Year - 2004</b>				
	ZIP Code	Sales Count Condos	Price Median Condos (\$1,000)	Price % Chg from 2003
<b>County</b>		<b>24,714</b>	<b>\$325</b>	<b>29.5%</b>
West Hollywood/LA	90069	515	\$459	31.1%
Canyon Country	91351	493	\$285	35.7%
Diamond Bar	91765	462	\$285	29.5%
Long Beach	90802	443	\$285	39.0%
Sylmar	91342	411	\$250	37.4%
Sylmar	91342	411	\$250	37.4%
LA/Westwood	90024	389	\$555	25.7%
Panorama City	91402	389	\$235	38.2%
Redondo Beach	90278	381	\$625	30.2%
Culver City	90230	369	\$345	30.3%

Source: DataQuick Information Systems, 2002 and 2005

*Comparison of consumer preferences with sales data.* The preference for single-family homes is reflected in the sales data for both 2001 and 2004. In terms of location, about half of the consumers in Los Angeles County indicated that they would prefer to live in or near a large city while only twenty-two percent would prefer a small town or rural area. However, it is clear from the sales data for single-family homes that people are buying in small towns and/or rural areas such as Lancaster and Palmdale. When asked if they would prefer to live in multi-story, multi-family housing - such as a condo or apartments - so that they could walk to shops, schools, and mass transit, only 39% said they would choose to do so, while 60% would not. This also matches the sales data for the purchase of single-family homes.

A large portion of consumers (52%) indicated they would prefer to live in single-family homes that are in more compact areas so that they can have access to parks and other outdoor activities. This does not match the sales data, because most single-family homes are being bought in the outskirts of Los Angeles. In terms of tradeoffs, just over half of the consumers said they would prefer a small house with a small back yard if it meant a short commute. Buyers in Lancaster have to commute a long way to their jobs.

## Conclusion

In this chapter, I reviewed the current literature to determine the housing preferences of consumers, and their interest and willingness to accept alternatives to the American Dream of owning a single-family detached home in Los Angeles. Arguments by Myers and Gearin support the increase in demand for denser residential alternatives, but their findings are based on national trends that do not apply to this region. Home buyers aged 45 and older might have a lot of disposable income and might prefer homes in high density areas, walkable communities to single-family homes, but having the requisite money and the desire does not account for other factors that affect housing choice, such as traffic or air and noise pollution.

Arguments by Mendez (2000) support the increase in demand for denser residential dwellings specifically in Los Angeles, but he attributes all his findings solely to the unique influence of the “Latino lifestyle.” There is no denying that California and other states across the country will witness dramatic increases in the Latino population over the next few decades, and that this will have a profound impact on housing and choice. But what if the “Latino lifestyle” is all just based on ethnic preferences – Latinos wanting to live next door to other Latinos? If this were true, then as long as Latinos lived in suburban single-family homes, in the midst of other Latino households, then there is little reason to choose higher density housing other than for economic reasons.

My analysis of surveys on consumer preferences revealed that consumers in the Los Angeles region are now more willing, than they were three years ago, to forego single-family homes in the suburbs in exchange for shorter commute times and access to more pedestrian-friendly activities. Unfortunately, the realities of

the housing market are severely impeding the purchase of homes in high-density areas. The housing sales data showed that Lancaster and Palmdale had the largest number of homes sold in 2001 and in 2004. These areas are isolated from the urban core of the City of Los Angeles and are far from being high-density residential alternatives.

So what does this all mean for consumers and their housing preferences in the Los Angeles region? I found that there is currently a greater level acceptance for density by consumers, but it is not due to demographics as suggested by Myers and Gearin, nor is it due to ethnicity, as suggested by Mendez. There are other factors at work here– the most important ones being traffic congestion on freeways and major roads and the lack of housing affordability. My findings have three significant policy implications for the region. The first is the opportunity for up-zoning– the surveys provide evidence that residents support living in higher density dwellings if it means they can have access to basic services nearby. This means that in many areas zoning will have to be changed to allow multi-family housing. The second one is the opportunity for “granny flats”– the surveys provide evidence that residents are willing to live in smaller dwelling areas as long as they remain detached. Allowing the addition or conversion of granny flats, or accessory units, is a way to foster more density in the single-family home model. The final significant policy implication is that the housing market supports the sale of condominiums. Homeownership is very important to residents in the region. Single-family homes have become less and less affordable, so consumers are now looking to condominiums as a viable option for their housing needs. This supports density and implies that there is a need for more areas to be zoned multi-family.

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## **2. Housing Density and Access to Construction Financing**

**Teresa Mitchell**

### **Abstract**

*This chapter of the comprehensive project intends to look at barriers to financing higher density housing, specifically reviewing the different structures of supply side housing financing for construction financing. It hypothesizes that secondary markets, institutional conservatism, equity requirements and additional construction liability insurance for condominiums present a barrier to increasing density. This creates a reluctance to try new housing models and is proliferated in a perceived risk of financing that increases costs and may affect feasibility in a competitive market. The study reviews financing structures at differing numbers of units. In this structure, density appears to be a neutral component to the development. However, based on institutional brakes in construction financing models, it appears that reducing the number of units may be more profitable on a per unit basis. This is counter to promoting density and further reduces affordability of housing. This preliminary review suggests a need for more extensive research in comparing actual financing packages of housing developments to clearly articulate correlative trends by size of development and housing density.*





## Introduction

This research project explains barriers to increasing housing density and specifically reviews the different structures of supply side financing for residential construction. I hypothesize that secondary financial markets, equity requirements and institutional discrimination are barriers to increasing density because they increase the cost of housing. Due to these barriers financial institutions are reluctant to fund new housing models for fear of the perceived risk that higher density housing presents. I argue that this perceived risk results in higher cost financing that may affect the feasibility of building higher density housing in a competitive market. I review financing structures and mechanisms for differing numbers of residential units. At a first glance, there appears to be no correlation between density and financing structures. However, based on institutional brakes in construction financing models it appears that reducing the number of units may require increasing size to maximize floor area ratios and income requirements. This is counter-productive to promoting density and further reduces affordability of housing. My preliminary review suggests a need for more extensive research for comparing actual financing packages of housing developments in order to more clearly articulate correlations between size of development and housing density.

I conducted this research through a series of open ended interviews of industry professionals and by modeling financial pro formas for different size developments. I asked residential financial actors and housing developers in the Los Angeles area for their observations on barriers to housing density in relation to construction financing. In addition, the interviewees verified the variables used in the modeling. This survey is focused on gathering information on components such as equity requirements, interest rates, financing structures, amortization timeframes, construction liability insurance,

interest rate margins and basis, closing costs and mezzanine financing. In addition, this survey attempts to find the qualitative and quantitative differences between single-family home (1-4 units) and multi-family residential (5+ units) loan structures. Issues such as entry into the market and types or scale of housing development units were highlighted as well.

Due to the high demand of housing and the significant increases in housing costs, industry professionals interviewed have indicated that obtaining financing in today's market is fairly easy. The market is strong and the returns on investment are high which makes this a favorable market for investors. Under that assumption, it is likely that projects are currently being funded that would have been foregone by a lending institution in a tighter market. Such favorable financing conditions however are not without potentially negative stipulations which present barriers to housing density. The institutional break in housing financing structures is between the 1-4 unit project and the 5 or more unit projects. As such, each of these variables will be reviewed with an underlying assumption that multifamily properties may present a stronger opportunity for increasing density.

The paper addressed the relationship between access to construction financing and how it may present a barrier to housing density. It begins with a discussion of the importance of cost to the affordability of housing and housing density. This is then set in the framework of summarizing the phases of development for residential properties and a connection to the types of financing applicable to each phase of the development. Construction financing is then analyzed in respect to density with an articulation of three of the ways in which construction financing present a barrier to increasing density: secondary markets, institutional discrimination, and condominium liability insurance require-

ments. Key variables relevant to these factors are manipulated within a financial model to highlight the affects of the institutional framework. My analysis provides a preliminary review of flaws in the financial system, but more extensive research is needed and suggestions are made for framing further studies.

### **How Density Affects Affordability of Housing**

Density can be calculated in two ways: a) population density – the number of people per acre or b) housing density – the number of housing units per acre (Rapoport 1975; Forsyth 2003). The former is important in that high populations in a small area can be interpreted as crowding. On the one hand, there are many desirable areas that are very dense and crowded such as Manhattan or Paris, despite the high cost of land and housing. On the other hand, crowding often causes manifestations such as higher crime rates and congestion. These negative externalities of density can result in neighborhood resistance to projects (NIMBYism). More central to this argument, however, is housing density in relation to affordability. In this respect, higher levels of housing density may result in more affordable housing prices. From a fundamental microeconomic standpoint, an increase in supply coupled with a constant demand will lower prices. Increasing the density of residential properties can potentially increase the supply of residential units within a given geographic area. Using this simple model then, one can argue that increasing density will also increase the affordability of residential properties. From this viewpoint, and as an underlying premise to this paper, density is assumed to be a benevolent means of increasing affordability of housing, despite criticisms or potential externalities of higher density housing (California Planning Roundtable 2002).

It is important to make a distinction between affordable housing and the affordability of housing. In this research, “affordable housing” refers to below market rate housing and is not to be considered synonymous with high density. Affordable housing suggests a government intervention in the sale/rent price of units - capping the maximum price based on a percentage of median income. The “affordability of housing” refers to conditions where the market rate of housing prices fall in relation to income of the resident population.

Although supply and demand of housing present an important component of affordability of housing, other factors also contribute to higher housing prices. Residential development is a complex process whose price is influenced by a number of variables including the local economy, material prices, consumer preferences and the like. Glaeser and Gyourko (2003) argue that housing prices are closely tied to the construction cost and that there is little evidence to suggest a relationship between density and price. Under this premise, however, a barrier to housing density would be present in mechanisms that increase construction costs for higher density residential developments.

Direct construction costs are influenced by material prices, labor productivity and wages, and subcontractor fees. Although these are important, there are also a number of indirect costs that equally contribute to the total cost of development, such as: insurance, land, building code changes, entitlement restrictions and financing. With respect to land, increasing the number of housing units per acre should reduce the land cost per unit and increase affordability. The price of land is based on the real estate market for a particular location. Assuming a constant cost per acre of land, developments with 10 units per acre should have a lower cost of land per unit than a development with 2 units per acre<sup>1</sup>. This example is one way by which indirect

construction costs can be reduced by increasing density.

Components of housing construction that present direct or indirect barriers to increasing density and therefore decreasing affordability are of particular interest. In terms of density, a few factors that lead to increased indirect construction costs are: building codes, parking requirements, and entitlement restrictions. For instance, higher density housing on smaller lots faces a two fold crunch in cost. Buildings that have higher density on smaller lots may trigger a change in the building code that requires a change in the type of construction. First, buildings that are over four stories high require additional structural considerations that increase the cost per square foot. Second, the parking requirements of projects with more units require additional parking spaces. Assuming parking requirements of one car per unit, it may be more advantageous for a developer to build fewer units but of larger sizes in order to reduce the parking requirements. For example, if the dimensions of a lot accommodate 10 parking spaces per floor of parking, an additional parking space would force a much higher cost because it would require an additional floor of parking. A third potential factor is of restrictions posed by entitlement requirements. Manville and Shoup (Forthcoming) discuss the impact of the Los Angeles highway dedication law<sup>2</sup> which requires the street to be widened in front of any new multifamily dwelling. They argue that the law shifts the cost of driving onto developers and tenants because the cost of widening the street is included in the construction costs.

Another variable of specific relevance to this paper is the variability in lending structures associated with construction financing, and how density affects the cost of financing a project and therefore the construction costs. In a market capped by its income potential, higher construction costs may negatively reflect on the pro forma

of the project, therefore, indirectly not meeting the requirements of the lenders. Lending institutions approach new construction with conservative measures of income potential in relation to the cost of construction. As such, a higher construction cost will reduce the cushion of available income to cover the cost of the debt. In addition, the cost of financing developments with differing number of units will be reviewed. Assuming all other costs of residential development to be equal, I intend to analyze how construction financing costs can add to the development cost at different densities and therefore present a barrier to density and housing affordability.

### **Residential Development Phases**

Residential development projects progress through distinct phases: pre-development and entitlements, construction, and build-out and permanent occupancy. Each of these phases has different levels of risk for the stakeholders. As such, the phase of development also requires different types of funding and types of loans. The funding for each phase is paralleled by differing levels of risk and variables that are evident in the means of funding, equity requirements and types of loans available. For instance, funding for residential properties can come from a number of sources in the form of owner/developer equity, mezzanine loans, construction loans and permanent loans.

#### *Pre-Development and Entitlements*

The first phase is that of pre-development tasks and obtaining entitlements for the project. In this phase, the developer or land owner evaluates alternative models for a project by reviewing cash flow projections, market absorption rates and entitlement codes. The entitlement and processing begins once an acceptable model for the property and schematic design drawings are prepared. The entitlement process can be relatively

simple for smaller developments and be included in the building department approvals and plan check. For larger developments, this phase can be quite extensive both in terms of time and financial commitment. The impact of major housing developments can trigger environmental impact reports, traffic studies, infrastructure bond financing and mitigation plans; all of which are extensive undertakings and hold a high degree of uncertainty.

The pre-development and the entitlement processes involve financial risk, and are under the control of the developer or property owner. This phase is generally funded by the developer's capital with a possibility of equity partners for larger projects. In addition, the financial outlay of these phases is minimal compared to the entire project. For smaller developments, such as one single family residential unit, the cost could be up to 8-10% of the total construction costs. However, for larger developments the cost of early phases is closer to 1-5% of the total project costs. Due to the limited involvement of outside stakeholders, these phases receive less outside scrutiny than the construction phase. The underlying motivation of these phases is to review potential site alternatives, and analyze the market to determine feasibility. Because of the uncertainty of the project prior to the entitlements, this phase is generally funded by the developer's in house funding, constituting equity in the project.

#### *Construction*

Upon completion of the approval process, construction begins; and for larger properties the presale and lease-up of units also begins at this time. An inherent attribute of construction is the presence of risks to the developer and to stakeholders in the development process. The construction process involves coordinating material vendors or suppliers, subcontractors, fi-

nancial institutions, and government agencies. The interaction of these stakeholders by itself presents multiple dependencies, which can adversely affect the construction of a project. For instance, lead times on building materials and supplies have a direct impact on a project's master schedule. Should procurement orders not be processed in a timely manner, or should specialty items be on backorder, the subcontractor may ultimately be delayed. Although in many cases such delays last only for a day or two, the re-mobilization and stand-by time of a construction crew, represents lost productivity, time and wages. Financial impacts to the subcontractor result in contractual cost changes that further drive up costs (Macomber 2001).

The price of primary building materials can also change. Construction budgets are often prepared one to two years prior to construction. Cost estimates in these budgets, generally include line items that factor in cost contingency and price escalation, but prices for key materials such as steel, lumber, drywall and concrete often increase rapidly. They have increased by as much as 30% in the past year. Even the most carefully prepared budget is unlikely to be able to account for all such price spikes. A third substantial risk in construction involves unknown site conditions. Unidentified site conditions - such as the height of underground water table, underground utility routing or hazardous subterranean gases like methane - all present needs for mitigation. This further increases costs and extends the schedule for the project.

Funding for construction is more complicated than that of entitlements, although outside funds are prominent and more generally used. Construction is a period with high levels of risk and uncertainty that is translated into the financing mechanisms. While in-house resources of equity constitute a portion of the funding for construction, the majority of funding

comes from a construction loan. The equity component is to mitigate risk for the lender and also to ensure the vested interest of the developer. At this point in the project, the lending institutions become substantial stakeholders and therefore begin to dictate their needs into the project.

#### *Build-out and Permanent Occupancy*

The construction phase of the project ends when the local government grants a certificate of occupancy, which allows for the long term use. Receipt of a certificate of occupancy shifts use to the permanent management and occupancy of the property. For rental properties the operation and management teams take over and the for-sale properties are now under the control of new owners. Prior to this point, the project is in a precarious stage. Income or use is not possible due to its unfinished state. The value of the property is lower due to the complexity of finishing a partially completed project. This lends to more difficulty in assessing the value of the property and also makes transferring of ownership challenging. As such, this presents a risk to all stakeholders involved. Permanent occupancy of a new building, on the other hand, is a secure investment for lenders. Mortgages tied to the building are now a secured mortgage with the fully valued building as collateral for the loan. Risks are now at a minimal level in that should a property owner default on the loan payments, the lender is able to foreclose on the property and recover its investment. As such, a variety of permanent loans are available for a portion of the property market value. Equity requirements for permanent loans also vary depending upon the complete financing package.

#### **Housing Finance**

As stated, residential developments are funded differently depending on the phase of the development

through a combination of equity, construction loans and permanent loans. Each type of funding source has a set of factors and parameters that influence both the development and evaluate the risks associated with the project. Equity is either funded by in-house capital or mezzanine loans. Construction loans have equity requirements of the developer and are then funded by in-house capital or through short term construction loans. Permanent financing is predominately held by lending institutions such as banks or savings and loans, but also have an equity requirement of the developer. Each of these will be explained in further detail below.

Important in respect to density is that residential financing markets are further subdivided into two main categories: conventional loans and commercial loans. The conventional loans refer to 1-4 unit buildings and are treated as single family homes. Permanent loans for this scale of development are readily available in the market with a plethora of alternative methods of financing. Construction loans are closely tied to permanent loans and this is apparent construction loan packages. Commercial loans refer to all developments of five or more units. A major division in these loans is the unattractiveness in the secondary market. Loans for 1-4 unit buildings are eligible for purchase by secondary markets, reducing the uncertainty of long term servicing of loans and allow for a short term return on investment. The result is federally insured loans for consumers. As such, the reduced risk translates into reduced interest rates, more favorable loan terms, and a competitive arena in the market place that brings about a variety of consumer loan products in order to compete for customers.

#### *Equity and Mezzanine Financing*

There are a number of variables which add to the complexity of construction financing structures. A primary

consideration is the equity requirements of the lender. Depending upon the size of the development, the reputation of the developer and the risks associated with the development, equity requirements vary. Each of these components attribute to the perceived risk of a project. With higher equity requirements, a portion of the lender's risk is mitigated by shifting the risk to the developer. The equity requirement serves as a personal guarantee by the borrower/developer for the project ensuring for the lender that should the loan default, the property will hold enough market value to cover their costs and capital outlay recovery. As such, the equity requirements can be as little as 0-5% for single family permanent loans to 30% for multifamily residential construction loans. These requirements also vary distinctly between conventional loans and commercial loans. In the financial model I will analyze how the equity requirements affect the internal rate of return on a project and therefore influence feasibility. Of specific consideration are different equity requirements for different densities.

Equity can be obtained through various sources. Larger developers may rely on in-house capital but funds are also available from real estate investment trusts (REITs), private investors, pension funds, insurance companies and commercial banks (Schwanke 2003). Access to equity funds are closely tied to the reputation of the developer, the credit rating of the developer, and the track record of completed projects. Newer developers may need to establish joint venture partnerships in order to obtain up front capital for the early stages of the projects. In this case limited partners are given preferred returns and a split of profits upon completion (Peiser and Frej 2003).

Another means of funding the equity component of a development is the use of mezzanine financing or "gap financing." A mezzanine loan is designed to close the

gap between funds made available by a primary lender and the equity capital available from the developer. These loans are considered equity positions because they are subordinate to the construction or permanent lenders deed of trust. For instance, in the case of a failed project, the primary lender will be first to be paid with the mezzanine partner further at risk of losing the investment. As such, mezzanine financing requires a higher interest rate and in some cases a preferred return to the investor (Schwanke 2003).

Gap financing is also available from the public sector. Projects within a redevelopment area or inclusive of affordable housing units may qualify for subsidies or grants to provide intermediary funds needed to begin a project. These funds can take one of several forms: deferred loans, long term land leases or tax abatements as an example. What is important about this type of funding is that its presence indicates public sector support for the investment and shows financial commitment should the project need it. This may open markets to developers and areas that would otherwise be difficult to fund. On the other hand, these funds often stipulate additional deed restrictions or special guidelines for income. In these cases, permanent or construction financing from the private sector may be difficult to obtain due to the risks associated with these prohibitions (DiPasquale & Cummings 1992).

A primary consideration is the equity requirements of lenders. As already discussed, the form of equity may vary depending on the access to resources of a given project. Of interest to this study is the percentage of equity or gap financing that is required of a borrower. That is to determine whether industry standards will require 20%, as is common within the single family permanent market, or a higher percentage. I also intend to explain the circumstances which would change this requirement. A review of the interest rates available by type and size of a development is also a key

indicator for potential cost increases of construction loan. Specifically, the margins and additional interest percentage points that apply to different loan structures are critical. These two variables seem to be amongst the strongest drivers of cost in each of the components of a construction loan in conjunction with other variables and factors.

#### *Construction Financing*

Construction financing refers to short term funding for land development, entitlements, site preparation and construction of a project. Depending on the size and phasing of the project, the term of these loans may be as short as one year or extending to a longer time frame. The intent of these loans is to provide intermediary financing that will be replaced by a permanent loan. The construction financing structures are evaluated in terms of risk and revenue projections, and are strongly tied to permanent financing. In some cases, the construction financing is rolled over into a permanent loan upon completion of the construction phase in a single process. In other cases, the permanent financing is secured as a separate loan based upon educated assumptions made by the lending institutions or real estate appraisers regarding cash flow projections, market conditions, and the estimated project value upon completion. Entitlements are often secured as well as contracts for general contractors and cash flow projections.

As discussed earlier, construction is a complex activity that requires strong coordination of all stakeholders in order to mitigate unexpected circumstances and make adjustments to the original execution plan. These aspects of construction drive the schedule as well as the costs involved in the project. Critical to financial institutions, in respect to construction financing, is the developer's ability to repay the short term construction loan. One strategy used to negotiate this issue is

that the permanent financing be secured prior to funding. However, permanent financing is dependent upon the likelihood of completion of the project and will only account for the initial budget of a project with a small increase allowed for in contingency calculations. The added financial risks for the construction financing term are those necessary to complete the project. Should a project significantly overrun the proposed budget for completion, the developer is faced with the need to secure additional funding. In extreme cases this may jeopardize the completion of the project. An incomplete project is a particularly difficult situation for a lender in that a partially finished building has little marketable value, is difficult to sell, and therefore represents a significant liability. This uncertainty translates into added risk for the lending institutions.

Due to the risks associated with construction, construction loans are amongst the most difficult to obtain. There are fewer lenders that specialize in this type of loan.<sup>3</sup> In addition, pre-qualification of a general contractor, liability insurance requirements, detailed cash flow models, and cost estimates are all integrated into the approval process. These risks and requirements apply to all developments, but the stringency of review will be analyzed in respect to density and type of ownership. Similar to equity, the costs associated with financing the project directly impact feasibility. Under the assumption that higher costs of developments present a barrier to density and affordability, these loans and the parameters for approval are key components to be reviewed.

#### *Permanent Financing*

Permanent financing provides the long term capital for a property. Although it covers the funding for the time period after the project's completion, it is often secured prior to construction financing. Equity holdings and gap



financing however are prerequisites to funding and loan closing. In the case of obtaining permanent funding for new construction, a cost estimate of the project is prepared and funds are available for approximately 70-80% of the cost of construction and land value or for 70-80% of the market rate of the property. In existing rental properties, a discounted rate of the income may be used to meet income requirements of the property. For tract developments and condominium projects, permanent loans are acquired by individual buyers with construction beginning on single family homes when purchased, and presale of condominiums used as a strategy to limit the developers' outlay of capital to service the debt on larger projects with potentially vacant units.

An important point about permanent loans is that the loan structures vary considerably in the consumer market, particularly for conventional loans. The most traditional loan is a fixed rate loan amortized over 30 years, however, loans can have fixed or variable interest rates; have interest only payments; or be short term loans with balloon payments that are amortized over 30 years. The result is a large selection of products for consumers to find a fit for individual needs. In regard to density, the same parallel of increased costs for the funding of different size projects found in equity and construction loans also applies. In addition, permanent loans are closely tied to secondary financial markets which may influence the risk associated with a loan for lending institutions or mortgage brokers.

#### **Barriers to Density: Analysis**

A number of barriers to increasing housing density have been presented; including increased construction costs, parking requirements, and an inherent perceived risk in construction. Specific examples to be reviewed in more detail include: secondary markets, ar-

ticulating the institutional conservatism and difference between the availability of transferring loans between conventional and commercial loan structures. A second important barrier is that of institutional discrimination that limits the types of housing models as well as entry into the market. A third significant component is the requirement of additional construction liability insurance for condominiums. Finally, a financial model comparing six scenarios will illustrate the specific impacts on profits, and therefore the desirability to build more units by developers.

#### *Secondary Markets*

A key component to the break in commercial versus residential loans is the secondary market for loans. Many first tier lenders that provide loans for residential properties will sell loans at a discounted rate to a secondary market. A major factor in risks associated with residential financing is the ability to transfer loans on the secondary market rather than service the loan in-house for the full duration of amortization. Selling the loans lowers the risk because rather than holding a liability for a 30 year amortization of loan servicing, the lender is able to obtain fees, and costs in a shorter term, then release the liability to a government agency. This market security does not exist for the larger multifamily residential properties. DiPasquale and Cummings (1992) review secondary markets for multifamily properties. Their research focuses on affordable and mid- to low- income housing but the characteristics of the secondary market can still be applied to market-rate multifamily residential housing. One major factor is the lack of standardization of permanent loans for multifamily residential property funding strategies. Each property or development has a set of criteria that is contingent upon cash flow, developer reputation and the capital market. The second major factor is the set of management issues that arise

from residential properties. It is a particularly sensitive area in that property managers are dealing directly with individuals and families for such a basic need as housing, as opposed to business relationships. In addition, government regulations such as rent control and tenant rights may complicate the process further.

An alternative within the permanent loan market for developers is that of conduit loans. Conduit loans are an agglomeration of loans that are compiled and sold on the securities market. In this case a fund is established that assigns mortgages for real estate properties and is then compiled into one holding. The total holding is sold as shares to individual investors at a preferred rate of return. One drawback to these loans is that they often require a long term commitment to properties. This is beneficial to developers desiring to develop and hold properties for income, but those that are looking to flip the property in the short term for an immediate return would not be eligible for these loans. They are more apt to take advantage of miniperms short-term loans with a balloon payment in a few years, which are still amortized over the projected life of the development.

This presents an institutional conservatism on the part of the lender. Financial institutions are inherently risk averse and favor proven formulas for success. On the individual single family home market, there is the ability to sell mortgages for long term servicing to Fannie Mae. As such, these markets benefit from a standardization of lending structures. In regard to multifamily residential development, the standardization is not as sophisticated and, likewise, the secondary market is not as strong. The conservative approach is to lend only to those with proven track records or with substantial financial resources or credit ratings. This is an understandable criterion, but the problems that arise are twofold. First, entry into the market is limited to those already in. Newer developers or new formulas for building resi-

dential projects are not as likely to obtain funding, or the funding comes at a higher cost. This directs the market to produce more of the same. In regard to density, an increasing housing shortage in California merits a new look at means of increasing the supply. Density can utilize the developed areas that are in use while also reserving some undeveloped land for other purposes. This requires creative approaches to residential development. Yet, creativity is halted or, in some ways, even punished by those who control the purse strings.

#### *Institutional Discrimination, Construction Risk & Availability of Equity*

A more direct barrier to construction financing is seen in institutional discrimination. Similar to redlining, the unwillingness to lend to a particular neighborhood often due to racial composition, institutional discrimination follows a similar pattern. Although redlining is frowned upon and deemed outright illegal, industry professionals indicate difficulty in receiving funding for certain neighborhoods. This is not to say that financing is impossible, but the perceived risk is translated into higher rates and equity requirements that may make a project more expensive to build. Areas with lower land values also fall outside of the comfort zone of many lenders, and as such the indirect result is redlining based on perceived risk rather than race. It is indicated that although financing is more difficult, the funds are available to developers with strong credit ratings and proven track records. This exemplifies further the institutional conservatism previously discussed.

Construction financing structures and costs are closely tied to the size and reputation of the development firm. Larger firms capable of leveraging corporate lines of credit are afforded more favorable rates for housing. In addition, large scale projects are more likely to be sought out by lending institutions due to lower transac-

tion costs which can be attributed to having a single development rather than a series of smaller developments. On the one hand, one may assume that funding larger projects increases the stock of housing at a higher rate. One large development may be able to provide 100 housing units to the market. Considering the high price of land in the Los Angeles region, it is assumed that a developer would attempt to maximize the number of units on a parcel, thereby increasing density. Often this is correct. However, within this framework, there are caveats that create barriers to housing density. First, large scale projects require a much higher level of scrutiny in obtaining funding. Projects are required to undertake extensive market research of absorption rates, comprehensive geotechnical surveys and soil testing, and environmental impact analysis under CEQA, which may trigger more in-depth studies; and traffic planning and municipal services are more likely to need upgrading. This increases the construction cost, which impacts the cash flow requirements of the project. As mentioned earlier, the more fragile the cash flow requirement, the higher the risk for a project. Higher risk translates to higher financing costs. As an alternative, small scale project are generally more difficult to fund because the developer has less capital.

This example can be further exacerbated on a larger scale. Financing structures do not change based on the density of the project. In some cases, higher density of housing will increase the income potential of a project and may result in more favorable financing terms. From another perspective, barriers still exist. Larger projects often tend to be of higher density than small incremental projects. Yet the larger projects are only able to obtain financing from lending institutions. The result is a smaller pool of developers in the residential sector. Since these developers also have a limited amount of resources, the number of new housing de-

velopments and, consequently, the increase of supply is hindered. Additionally, the smaller developers are faced with more expensive lending terms that translate into higher costs. There is thus a twofold barrier to increasing housing density and affordability.

Due to the complexity inherent in building, all construction projects will need to modify schedules, costs, budgets, and possibly design to accommodate some of the risks involved. Project Managers are trained to address these issues, so in many cases the dynamic aspect of the construction phase goes unnoticed outside. Change is a matter of course and inevitable. What is important to this research is how these risks translate into variables affecting construction financing. Specifically, how is risk translated into the construction financing structures for different types and sizes of projects? More specifically, how do construction financing structures differ with respect to density? Are higher density residential projects more difficult or costly to obtain? In what way does the number of units built on a site affect construction financing?

#### *Condominium Prices & Liability Insurance*

Another potential indirect barrier to increasing density is in respect to requirements of condominium liability insurance. Condominiums provide home ownership at higher densities than single family homes. In addition, the market pricing of condominiums is lower than that of the single family market which lends itself to more affordable housing. These larger developments benefit from economies of scale in that the cost for construction and land acquisition is lower per unit and per square foot. This, however, is countered by the insurance requirements for general contractors. The cost of liability insurance for condominiums is higher for the developer than that of rental properties. This is due to a recent legislation and case law in California

that has ruled in favor of property owners in respect to construction defect. Some argue that this ruling has been taken to the extreme in that common interest developments are seeking reserve funds and pursuing intense litigation at the expense of the contractor. The builder is protected by the umbrella of liability insurance; however, the result is higher premium that adds to the cost of construction.

In terms of financing, the developer faces challenges in the development of condominiums because while they are usually funded by single loan, the build out and turnover to the new owners is done incrementally. The loans are structured in a way that each lot must be released to the new owner as a new deed of trust and on an individual basis. As such, the lender must pay back the take-out loan at that time. The market price of each individual unit is a composite of land costs, construction costs, developer fees, and shareholder equity or profit. Therefore, when each unit is sold, a component of that revenue is flagged for the profit of the developer. However, with the draw of a construction loan on the entire project, lenders demand accelerated payments of the projects up front, and before the developer profits. The outcome is that the investors do not receive a return on their investment until the later units are sold. The weighting of these loans is also influenced by the projected absorption rate of the project, which is based on the time value of money. Both of these scenarios are indirect influences that present additional barriers to housing density. These types of unintentional consequences of lending frameworks reinforce the need for approaching housing models differently and creatively. They are based on perceived risk, which is enhanced by the conservative stance of lending institutions in the housing market.

### *Financial Model*

Variables such as closing costs, loan draw timeframes and construction liability insurance requirements are secondary to this research project. These variables tend to be more standardized. Closing costs of the loan refers to fees paid by the borrower and may include loan processing charges, escrow and title fees, loan origination fees and specific to construction loans are progress inspection fees. Loan draw timeframes refer to the number of draws available for a project and the timeframe it takes to obtain the funds. Construction loans are not outlaid at one time; instead funds are released to the contractor on the basis of construction completion progress or by meeting target milestones. This is important in that the cash flow management and availability to pay for suppliers and subcontractors is dependent upon availability of capital. Should a loan be ultra conservative in paying the general contractor, it increases the cost of cash for developers. Construction liability insurance is also required of the general contractor. Higher levels of coverage due to a higher perceived risk will also increase the cost of the project. This is a particular consideration with regard to owner-occupied single family homes versus multifamily properties – either rentals or for-sale condominiums. I will analyze the means by which each of these variables contributes to higher costs for larger projects with more units and how that translates to a potential barrier to housing density.

What is important is how these lending criteria affect housing density and, therefore, the affordability of housing. One example is how a lot owner determines how to use the land. If legal entitlements allow for a five-unit building, there exists the potential difficulty in obtaining financing for the fifth unit. There are substantially more avenues available for small developments of 1-4 units than for those of 5 or more units. Adding one ad-

ditional unit to the existing marketplace could generate as much as 20% more housing. The counterpoint to this example is that affordability may be hindered by lower supply, but also that in order to increase the income from the property, the builder may increase the size of the units to obtain higher rents. Returning to fundamental principles of microeconomics, supply is reduced while demand is constant, and so the price increases.

The financial modeling of six development scenarios of multifamily housing were created to review the affects of equity requirements, additional construction costs for an fifth floor, and to see the difference between the cost per unit of a single building versus the cost per unit for a condominium. Scenarios A, B, and C assume the entire building would be sold as one project. Scenarios D, E and F assume that the units built would be sold individually as condominiums. As such, the latter group includes an additional cost of \$25,000 per unit for condominium liability insurance. This is in addition to general construction liability insurance that is included in the construction costs. Each of these two groups contains three different scenarios for comparison: a four story building with four units, a four story building with 5 units, and a 5 story unit with 5 units. The distinction between four and five units is intended to review the cost of financing one additional unit due to the changes in categorization of the loan from conventional to commercial. The distinction between four stories and five stories is included to show the impact of changing the type of construction for a taller building.

Within this model, total development costs include: land value, an estimate of the cost of construction, and an additional allowance for condominium liability insurance. It is also assumed that the equity component of the project is financed at 100% with the first 20% of

the total project cost having an applicable interest rate of 9.75% and any additional equity having an applicable interest rate of 15%. Interest rates for construction loans are assumed to be at 6% for the projects of four or less units and 6.75% for projects of five or more units. The construction loans assume land is paid for from the equity and in the first construction draw. In addition, the direct construction costs are assumed to be drawn evenly over an 18 month construction period. Actual construction loan draws are tied to a detailed schedule and budget that varies from month to month. This model assumes that the average will present a similar result in compounded interest costs. Following is a comparison of the profit margins for each scenario, assuming the project is sold immediately upon completion of construction. The result is an illustration of construction financing costs for different types of developments, specifically articulating the changes that may drive costs and reduce the profit margin of the developments.

As seen in Table 1, the profits for each scenario vary considerably. The most striking difference is the impact of the additional condominium liability insurance requirements. Profits range from 43% to 86% lower for the respective condominium units to the per-unit cost of a single owner building. The second most significant difference is between a five unit building with four floors and a five unit building with five floors; indicating that construction costs and the type of construction used will have a significant impact on feasibility of a project and profit margins. Important, although not as drastic a shift in profits, is the difference in profits between a four unit building and a five unit building. The total return is higher for the five unit building; but on a per unit basis, it is more profitable to build fewer units. In this comparison, the lower cost of land per unit is being overshadowed by a higher cost of equity. In order for more units to be feasible,

the savings in spreading the cost of land over more units must be greater than the cost of additional equity required at a higher rate.

Table 1. Various Scenarios

Scenario	A	B	C	D	E	F
Building Type	Single Building - 4 Stories	Single Building - 4 Stories	Single Building 5 Stories	Condominium - 4 Stories	Condominium - 4 Stories	Condominium - 5 Stories
# of Units	4	5	5	4	5	5
Size (1200 sq. ft. per unit)	4800	6000	6000	4800	6000	6000
\$ per sq. ft.	\$100	\$100	\$125	\$110	\$110	\$135
Construction Cost	\$480,000	\$600,000	\$750,000	\$528,000	\$660,000	\$810,000
Land Cost	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Condo Liability Insurance				\$100,000	\$125,000	\$125,000
Total Cost	\$680,000	\$800,000	\$950,000	\$828,000	\$985,000	\$1,135,000
Total Cost per Unit	\$170,000	\$160,000	\$190,000	\$207,000	\$197,000	\$227,000
Construction Cost per Unit	\$120,000	\$120,000	\$150,000	\$132,000	\$132,000	\$162,000
LTV	20%	30%	30%	20%	30%	30%
Equity Value	\$34,000	\$48,000	\$57,000	\$41,400	\$59,100	\$68,100
Equity Interest Rate = 20%	9.75%	9.75%	9.75%	9.75%	9.75%	9.75%
Equity Interest Rate > 20%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
Construction Loan Value	\$136,000	\$112,000	\$133,000	\$165,600	\$137,900	\$158,900
Const Interest Rate	6.00%	6.75%	6.75%	6.00%	6.75%	6.75%
Final Value at Sale	\$350,000	\$350,000	\$350,000	\$400,000	\$400,000	\$400,000
<b>Profit per Unit</b>	<b>\$167,927</b>	<b>\$158,210</b>	<b>\$122,676</b>	<b>\$96,090</b>	<b>\$53,111</b>	<b>\$17,577</b>
<b>Profit per Building</b>	<b>\$671,709</b>	<b>\$791,049</b>	<b>\$613,382</b>	<b>\$384,358</b>	<b>\$265,554</b>	<b>\$87,887</b>

In effect, the cost to finance multifamily housing is more expensive for buildings with five or more units than it is with buildings of four or less units. The additional 10% equity required and the increased interest rate are more costly to provide. In respect with density, the lower profitability rates of each incremental unit may serve as a deterrent to profit maximizing developers to build additional units and increase supply. This again reflects the affect of density on affordability: higher costs result in less affordable units and less units as well. The twofold pressure on the housing market is optimized in the institutional framework of the financial industry. Construction financing can a barrier to increasing a housing density.

#### **Further Research Needs**

This study performs a preliminary inquiry into policy issues related to residential construction financing. This is a broad topic with complex variables, involving a range of actors such as the consumer, the developer, municipal agencies, real estate professionals and financial institutions. The inquiry of this preliminary research identifies a dynamic industry. The residential financial markets for single family homes (1-4 units) has a more cohesive unity in the secondary markets that proliferates through to construction financing and the transition to permanent loans. In addition, the scales of these projects are smaller and present limited risks that benefit from standardization. On the other hand, loans for multi-family residential projects (5+ units), which are considered to be commercial, are addressed on an individual basis and loans vary highly in rates. A major factor behind the differentiated rate structures is the scale of the projects and the reputation of developers. Based on input obtained from industry professionals this study has addressed issues such as equity requirements and interest rates. How-

ever, a comprehensive data analysis of actual loan structures for existing buildings could prove to be more informative. Compiling construction variables for a large sample of projects, while controlling for size of the developer, would provide further insight into correlations between housing density and costs associated with the dynamics of construction finance.

A second area of inquiry could be a review of the acceptance rates of new developers' loan approvals. This barrier to entry into the housing construction market may itself limit the types of projects and quantity of projects being developed at any given time. This information, however, may be difficult to obtain since barriers to entry are often highly informal due to a lack of sectoral knowledge by the new developer, or because the relationships with lenders may not exist. Informal denial may be present in the form of unresponsiveness by the financial institution or higher requirements to meet equity and lending terms. These qualitative aspects are difficult to substantiate for investigating policy reforms. However, understanding the underlying phenomena of this component to development may provide the necessary insight to create better models of financing, possibly easing the difficulties to entry.

#### **Conclusions**

Barriers to housing density are present in secondary markets, equity requirements, institutional discrimination and the requirements for additional liability insurance for condominium projects. As shown in the financial modeling, the cost of construction financing is higher on a per unit basis for a five or more unit development than for a four unit development. The result is an impact on incremental profits for a developer that itself can be a barrier to increasing housing density. The additional equity requirements that is present to offset a perceived risk by financial institu-

tions increases construction costs. The result is an impact on the affordability of housing as well as the possibility that less units will be built; a dual pressure on supply. This preliminary study highlights negative policy implications in how financing structures are a barrier to increasing density.



## Endnotes

<sup>1</sup> A one acre parcel at \$100,000 per acre developed with ten units would have a land cost of \$10,000 per acre. ( $\$100,000 / 10 = \$10,000$ ) The same parcel with two units would have a land cost of \$50,000. ( $\$100,000 / 2 = \$50,000$ )

<sup>2</sup> Los Angeles Municipal Code, Section 12.37, "Highway and Collector Street Dedication and Improvement."

<sup>3</sup> For single family custom construction loans, only Washington Mutual and Country Wide provide loans for building one owner occupied property. Other mainstream institutions such as Wells Fargo Bank or Bank of America do not provide similar products.

## Appendix 1 -- Scenario A

Month		0	1	2	3	4	5	6	7	8	9
Equity Principle	First 20% of equity	\$34,000									
Equity Interest	Equity Int % each month	\$0	\$276	\$278	\$281	\$283	\$285	\$288	\$290	\$292	\$295
<b>Equity Subtotal</b>		<b>\$34,000</b>	<b>\$276</b>	<b>\$278</b>	<b>\$281</b>	<b>\$283</b>	<b>\$285</b>	<b>\$288</b>	<b>\$290</b>	<b>\$292</b>	<b>\$295</b>
Equity Cum		\$34,000	\$34,276	\$34,555	\$34,836	\$35,119	\$35,404	\$35,692	\$35,982	\$36,274	\$36,569
Equity Principle	Equity > 20%	\$0									
Equity Interest	Equity Int % each month	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Equity Subtotal</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Equity Cum		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Land Cost	Land Cost - Equity (M0)	\$16,000									
Liability Insurance Cost	Total Liab Cost in M1	\$0	\$0								
Construction Draw	1/18 of Construction Cost	\$0	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667
Construction Interest		\$0	\$80	\$114	\$148	\$182	\$216	\$250	\$285	\$320	\$355
<b>Construction Subtotal</b>		<b>\$16,000</b>	<b>\$6,747</b>	<b>\$6,780</b>	<b>\$6,814</b>	<b>\$6,848</b>	<b>\$6,883</b>	<b>\$6,917</b>	<b>\$6,952</b>	<b>\$6,986</b>	<b>\$7,021</b>
Construction Cum		\$16,000	\$22,747	\$29,527	\$36,341	\$43,190	\$50,072	\$56,989	\$63,941	\$70,927	\$77,949
<b>Total Costs</b>		<b>\$50,000</b>	<b>\$7,023</b>	<b>\$7,059</b>	<b>\$7,095</b>	<b>\$7,131</b>	<b>\$7,168</b>	<b>\$7,205</b>	<b>\$7,242</b>	<b>\$7,279</b>	<b>\$7,316</b>
<hr/>											
Month (continued)		10	11	12	13	14	15	16	17	18	19
Equity Principle	First 20% of equity	\$34,000									
Equity Interest	Equity Int % each month	\$297	\$300	\$302	\$304	\$307	\$309	\$312	\$314	\$317	\$320
<b>Equity Subtotal</b>		<b>\$297</b>	<b>\$300</b>	<b>\$302</b>	<b>\$304</b>	<b>\$307</b>	<b>\$309</b>	<b>\$312</b>	<b>\$314</b>	<b>\$317</b>	<b>\$320</b>
Equity Cum		\$36,866	\$37,165	\$37,467	\$37,772	\$38,079	\$38,388	\$38,700	\$39,014	\$39,331	\$39,651
Equity Principle	Equity > 20%	\$0									
Equity Interest	Equity Int % each month	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Equity Subtotal</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Equity Cum		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Land Cost	Land Cost - Equity (M0)	\$16,000									
Liability Insurance Cost	Total Liab Cost in M1	\$0	\$0								
Construction Draw	1/18 of Construction Cost	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667
Construction Interest		\$390	\$425	\$460	\$496	\$532	\$568	\$604	\$640	\$677	\$714
<b>Construction Subtotal</b>		<b>\$7,056</b>	<b>\$7,092</b>	<b>\$7,127</b>	<b>\$7,163</b>	<b>\$7,199</b>	<b>\$7,235</b>	<b>\$7,271</b>	<b>\$7,307</b>	<b>\$7,344</b>	<b>\$7,380</b>
Construction Cum		\$85,005	\$92,097	\$99,224	\$106,387	\$113,585	\$120,820	\$128,091	\$135,398	\$142,741	\$143,455
<b>Revenue at Sale</b>											<b>\$350,000</b>
<b>Total Costs</b>		<b>\$7,354</b>	<b>\$7,391</b>	<b>\$7,429</b>	<b>\$7,467</b>	<b>\$7,505</b>	<b>\$7,544</b>	<b>\$7,583</b>	<b>\$7,622</b>	<b>\$7,661</b>	<b>\$182,073</b>

## Appendix 2 -- Scenario B

Month		0	1	2	3	4	5	6	7	8	9
Equity Principle	First 20% of equity	\$32,000									
Equity Interest	Equity Int % each month	\$0	\$260	\$262	\$264	\$266	\$269	\$271	\$273	\$275	\$277
<b>Equity Subtotal</b>		<b>\$32,000</b>	<b>\$260</b>	<b>\$262</b>	<b>\$264</b>	<b>\$266</b>	<b>\$269</b>	<b>\$271</b>	<b>\$273</b>	<b>\$275</b>	<b>\$277</b>
Equity Cum		\$32,000	\$32,260	\$32,522	\$32,786	\$33,053	\$33,321	\$33,592	\$33,865	\$34,140	\$34,418
Equity Principle	Equity > 20%	\$16,000									
Equity Interest	Equity Int % each month	\$0	\$200	\$203	\$205	\$208	\$210	\$213	\$215	\$218	\$221
<b>Equity Subtotal</b>		<b>\$16,000</b>	<b>\$200</b>	<b>\$203</b>	<b>\$205</b>	<b>\$208</b>	<b>\$210</b>	<b>\$213</b>	<b>\$215</b>	<b>\$218</b>	<b>\$221</b>
Equity Cum		\$16,000	\$16,200	\$16,403	\$16,608	\$16,815	\$17,025	\$17,238	\$17,454	\$17,672	\$17,893
Land Cost	Land Cost - Equity (M0)	\$8,000									
Liability Insurance Cost	Total Liab Cost in M1	\$0	\$0								
Construction Draw	1/18 of Construction Cost	\$0	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667
Construction Interest		\$0	\$45	\$83	\$121	\$159	\$197	\$236	\$275	\$314	\$353
<b>Construction Subtotal</b>		<b>\$8,000</b>	<b>\$6,712</b>	<b>\$6,749</b>	<b>\$6,787</b>	<b>\$6,826</b>	<b>\$6,864</b>	<b>\$6,903</b>	<b>\$6,941</b>	<b>\$6,980</b>	<b>\$7,020</b>
Construction Cum		\$8,000	\$14,712	\$21,461	\$28,248	\$35,074	\$41,938	\$48,841	\$55,782	\$62,762	\$69,782
<b>Total Costs</b>		<b>\$56,000</b>	<b>\$7,172</b>	<b>\$7,214</b>	<b>\$7,257</b>	<b>\$7,300</b>	<b>\$7,343</b>	<b>\$7,386</b>	<b>\$7,430</b>	<b>\$7,474</b>	<b>\$7,518</b>
Month (continued)		10	11	12	13	14	15	16	17	18	19
Equity Principle	First 20% of equity										
Equity Interest	Equity Int % each month	\$280	\$282	\$284	\$287	\$289	\$291	\$294	\$296	\$298	\$301
<b>Equity Subtotal</b>		<b>\$280</b>	<b>\$282</b>	<b>\$284</b>	<b>\$287</b>	<b>\$289</b>	<b>\$291</b>	<b>\$294</b>	<b>\$296</b>	<b>\$298</b>	<b>\$301</b>
Equity Cum		\$34,697	\$34,979	\$35,263	\$35,550	\$35,839	\$36,130	\$36,423	\$36,719	\$37,018	\$37,318
Equity Principle	Equity > 20%										
Equity Interest	Equity Int % each month	\$224	\$226	\$229	\$232	\$235	\$238	\$241	\$244	\$247	\$250
<b>Equity Subtotal</b>		<b>\$224</b>	<b>\$226</b>	<b>\$229</b>	<b>\$232</b>	<b>\$235</b>	<b>\$238</b>	<b>\$241</b>	<b>\$244</b>	<b>\$247</b>	<b>\$250</b>
Equity Cum		\$18,116	\$18,343	\$18,572	\$18,804	\$19,039	\$19,277	\$19,518	\$19,762	\$20,009	\$20,259
Land Cost	Land Cost - Equity (M0)										
Liability Insurance Cost	Total Liab Cost in M1										
Construction Draw	1/18 of Construction Cost	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667	\$6,667	
Construction Interest		\$393	\$432	\$472	\$512	\$553	\$593	\$634	\$675	\$717	\$758
<b>Construction Subtotal</b>		<b>\$7,059</b>	<b>\$7,099</b>	<b>\$7,139</b>	<b>\$7,179</b>	<b>\$7,219</b>	<b>\$7,260</b>	<b>\$7,301</b>	<b>\$7,342</b>	<b>\$7,383</b>	<b>\$758</b>
Construction Cum		\$76,841	\$83,940	\$91,079	\$98,258	\$105,477	\$112,737	\$120,038	\$127,380	\$134,763	\$135,521
<b>Total Costs</b>		<b>\$7,562</b>	<b>\$7,607</b>	<b>\$7,652</b>	<b>\$7,698</b>	<b>\$7,743</b>	<b>\$7,789</b>	<b>\$7,835</b>	<b>\$7,882</b>	<b>\$7,929</b>	<b>\$191,790</b>

### Appendix 3-- Scenario C

Month		0	1	2	3	4	5	6	7	8	9
Equity Principle	First 20% of equity	\$38,000									
Equity Interest	Equity Int % each month	\$0	\$309	\$311	\$314	\$316	\$319	\$321	\$324	\$327	\$329
<b>Equity Subtotal</b>		<b>\$38,000</b>	<b>\$309</b>	<b>\$311</b>	<b>\$314</b>	<b>\$316</b>	<b>\$319</b>	<b>\$321</b>	<b>\$324</b>	<b>\$327</b>	<b>\$329</b>
Equity Cum		\$38,000	\$38,309	\$38,620	\$38,934	\$39,250	\$39,569	\$39,891	\$40,215	\$40,541	\$40,871
Equity Principle	Equity > 20%	\$19,000									
Equity Interest	Equity Int % each month	\$0	\$238	\$240	\$243	\$247	\$250	\$253	\$256	\$259	\$262
<b>Equity Subtotal</b>		<b>\$19,000</b>	<b>\$238</b>	<b>\$240</b>	<b>\$243</b>	<b>\$247</b>	<b>\$250</b>	<b>\$253</b>	<b>\$256</b>	<b>\$259</b>	<b>\$262</b>
Equity Cum		\$19,000	\$19,238	\$19,478	\$19,721	\$19,968	\$20,218	\$20,470	\$20,726	\$20,985	\$21,248
Land Cost	Land Cost - Equity (M0)	\$2,000									
Liability Insurance Cost	Total Liab Cost in M1		\$0								
Construction Draw	1/18 of Construction Cost	\$0	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333
Construction Interest		\$0	\$11	\$58	\$105	\$153	\$201	\$249	\$297	\$345	\$394
<b>Construction Subtotal</b>		<b>\$2,000</b>	<b>\$8,345</b>	<b>\$8,392</b>	<b>\$8,439</b>	<b>\$8,486</b>	<b>\$8,534</b>	<b>\$8,582</b>	<b>\$8,630</b>	<b>\$8,679</b>	<b>\$8,728</b>
Construction Cum		\$2,000	\$10,345	\$18,736	\$27,175	\$35,661	\$44,195	\$52,777	\$61,407	\$70,086	\$78,813
<b>Total Costs</b>		<b>\$59,000</b>	<b>\$8,891</b>	<b>\$8,943</b>	<b>\$8,996</b>	<b>\$9,049</b>	<b>\$9,102</b>	<b>\$9,156</b>	<b>\$9,210</b>	<b>\$9,265</b>	<b>\$9,319</b>
Month		10	11	12	13	14	15	16	17	18	19
Equity Principle	First 20% of equity										
Equity Interest	Equity Int % each month	\$332	\$335	\$337	\$340	\$343	\$346	\$349	\$351	\$354	\$357
<b>Equity Subtotal</b>		<b>\$332</b>	<b>\$335</b>	<b>\$337</b>	<b>\$340</b>	<b>\$343</b>	<b>\$346</b>	<b>\$349</b>	<b>\$351</b>	<b>\$354</b>	<b>\$357</b>
Equity Cum		\$41,203	\$41,538	\$41,875	\$42,215	\$42,558	\$42,904	\$43,253	\$43,604	\$43,958	\$44,316
Equity Principle	Equity > 20%										
Equity Interest	Equity Int % each month	\$266	\$269	\$272	\$276	\$279	\$283	\$286	\$290	\$293	\$297
<b>Equity Subtotal</b>		<b>\$266</b>	<b>\$269</b>	<b>\$272</b>	<b>\$276</b>	<b>\$279</b>	<b>\$283</b>	<b>\$286</b>	<b>\$290</b>	<b>\$293</b>	<b>\$297</b>
Equity Cum		\$21,513	\$21,782	\$22,054	\$22,330	\$22,609	\$22,892	\$23,178	\$23,468	\$23,761	\$24,058
Land Cost	Land Cost - Equity (M0)										
Liability Insurance Cost	Total Liab Cost in M1										
Construction Draw	1/18 of Construction Cost	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333
Construction Interest		\$443	\$493	\$542	\$592	\$642	\$693	\$744	\$795	\$846	\$898
<b>Construction Subtotal</b>		<b>\$8,777</b>	<b>\$8,826</b>	<b>\$8,876</b>	<b>\$8,926</b>	<b>\$8,976</b>	<b>\$9,026</b>	<b>\$9,077</b>	<b>\$9,128</b>	<b>\$9,179</b>	<b>\$898</b>
Construction Cum		\$87,590	\$96,416	\$105,292	\$114,217	\$123,193	\$132,219	\$141,297	\$150,425	\$159,604	\$160,502
<b>Total Costs</b>		<b>\$9,374</b>	<b>\$9,430</b>	<b>\$9,485</b>	<b>\$9,542</b>	<b>\$9,598</b>	<b>\$9,655</b>	<b>\$9,712</b>	<b>\$9,769</b>	<b>\$9,827</b>	<b>\$227,324</b>

## Appendix 4 -- Scenario D

Month		0	1	2	3	4	5	6	7	8	9
Equity Principle	First 20% of equity	\$41,400									
Equity Interest	Equity Int % each month	\$0	\$336	\$339	\$342	\$345	\$347	\$350	\$353	\$356	\$359
<b>Equity Subtotal</b>		<b>\$41,400</b>	<b>\$336</b>	<b>\$339</b>	<b>\$342</b>	<b>\$345</b>	<b>\$347</b>	<b>\$350</b>	<b>\$353</b>	<b>\$356</b>	<b>\$359</b>
Equity Cum		\$41,400	\$41,736	\$42,075	\$42,417	\$42,762	\$43,109	\$43,460	\$43,813	\$44,169	\$44,528
Equity Principle	Equity > 20%	\$0									
Equity Interest	Equity Int % each month	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Equity Subtotal</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Equity Cum		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Land Cost	Land Cost - Equity (M0)	\$8,600									
Liability Insurance Cost	Total Liab Cost in M1		\$100,000								
Construction Draw	1/18 of Construction Cost	\$0	\$7,333	\$7,333	\$7,333	\$7,333	\$7,333	\$7,333	\$7,333	\$7,333	\$7,333
Construction Interest		\$0	\$43	\$580	\$619	\$659	\$699	\$739	\$780	\$820	\$861
<b>Construction Subtotal</b>		<b>\$8,600</b>	<b>\$107,376</b>	<b>\$7,913</b>	<b>\$7,953</b>	<b>\$7,993</b>	<b>\$8,033</b>	<b>\$8,073</b>	<b>\$8,113</b>	<b>\$8,154</b>	<b>\$8,194</b>
Construction Cum		\$8,600	\$115,976	\$123,890	\$131,842	\$139,835	\$147,867	\$155,940	\$164,053	\$172,207	\$180,401
<b>Total Costs</b>		<b>\$50,000</b>	<b>\$107,713</b>	<b>\$8,252</b>	<b>\$8,295</b>	<b>\$8,337</b>	<b>\$8,380</b>	<b>\$8,423</b>	<b>\$8,466</b>	<b>\$8,510</b>	<b>\$8,553</b>
Month		10	11	12	13	14	15	16	17	18	19
Equity Principle	First 20% of equity										
Equity Interest	Equity Int % each month	\$362	\$365	\$368	\$371	\$374	\$377	\$380	\$383	\$386	\$389
<b>Equity Subtotal</b>		<b>\$362</b>	<b>\$365</b>	<b>\$368</b>	<b>\$371</b>	<b>\$374</b>	<b>\$377</b>	<b>\$380</b>	<b>\$383</b>	<b>\$386</b>	<b>\$389</b>
Equity Cum		\$44,889	\$45,254	\$45,622	\$45,993	\$46,366	\$46,743	\$47,123	\$47,506	\$47,892	\$48,281
Equity Principle	Equity > 20%										
Equity Interest	Equity Int % each month	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Equity Subtotal</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Equity Cum		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Land Cost	Land Cost - Equity (M0)										
Liability Insurance Cost	Total Liab Cost in M1										
Construction Draw	1/18 of Construction Cost	\$7,333	\$7,333	\$7,333	\$7,333	\$7,333	\$7,333	\$7,333	\$7,333	\$7,333	\$7,333
Construction Interest		\$902	\$943	\$985	\$1,026	\$1,068	\$1,110	\$1,152	\$1,195	\$1,237	\$1,280
<b>Construction Subtotal</b>		<b>\$8,235</b>	<b>\$8,277</b>	<b>\$8,318</b>	<b>\$8,359</b>	<b>\$8,401</b>	<b>\$8,443</b>	<b>\$8,486</b>	<b>\$8,528</b>	<b>\$8,571</b>	<b>\$1,280</b>
Construction Cum		\$188,636	\$196,913	\$205,231	\$213,590	\$221,992	\$230,435	\$238,920	\$247,448	\$256,019	\$257,299
		<b>\$8,597</b>	<b>\$8,641</b>	<b>\$8,686</b>	<b>\$8,730</b>	<b>\$8,775</b>	<b>\$8,820</b>	<b>\$8,865</b>	<b>\$8,911</b>	<b>\$8,957</b>	<b>\$303,910</b>

## Appendix 5 -- Scenario E

Month		0	1	2	3	4	5	6	7	8	9
Equity Principle	First 20% of equity	\$39,400									
Equity Interest	Equity Int % each month	\$0	\$320	\$323	\$325	\$328	\$331	\$333	\$336	\$339	\$342
<b>Equity Subtotal</b>		<b>\$39,400</b>	<b>\$320</b>	<b>\$323</b>	<b>\$325</b>	<b>\$328</b>	<b>\$331</b>	<b>\$333</b>	<b>\$336</b>	<b>\$339</b>	<b>\$342</b>
Equity Cum		\$39,400	\$39,720	\$40,043	\$40,368	\$40,696	\$41,027	\$41,360	\$41,696	\$42,035	\$42,377
Equity Principle	Equity > 20%	\$19,700									
Equity Interest	Equity Int % each month	\$0	\$246	\$249	\$252	\$256	\$259	\$262	\$265	\$269	\$272
<b>Equity Subtotal</b>		<b>\$19,700</b>	<b>\$246</b>	<b>\$249</b>	<b>\$252</b>	<b>\$256</b>	<b>\$259</b>	<b>\$262</b>	<b>\$265</b>	<b>\$269</b>	<b>\$272</b>
Equity Cum		\$19,700	\$19,946	\$20,196	\$20,448	\$20,704	\$20,962	\$21,224	\$21,490	\$21,758	\$22,030
Land Cost	Land Cost - Equity (M0)	\$600									
Liability Insurance Cost	Total Liab Cost in M1		\$125,000								
Construction Draw	1/18 of Construction Cost	\$0	\$7,333	\$7,333	\$7,333	\$7,333	\$7,333	\$7,333	\$7,333	\$7,333	\$7,333
Construction Interest		\$0	\$3	\$748	\$793	\$839	\$885	\$931	\$978	\$1,024	\$1,071
<b>Construction Subtotal</b>		<b>\$600</b>	<b>\$132,337</b>	<b>\$8,081</b>	<b>\$8,127</b>	<b>\$8,172</b>	<b>\$8,218</b>	<b>\$8,264</b>	<b>\$8,311</b>	<b>\$8,358</b>	<b>\$8,405</b>
Construction Cum		\$600	\$132,937	\$141,018	\$149,144	\$157,317	\$165,535	\$173,799	\$182,110	\$190,468	\$198,873
<b>Total Costs</b>		<b>\$59,700</b>	<b>\$132,903</b>	<b>\$8,653</b>	<b>\$8,704</b>	<b>\$8,756</b>	<b>\$8,808</b>	<b>\$8,860</b>	<b>\$8,912</b>	<b>\$8,965</b>	<b>\$9,018</b>
Month		10	11	12	13	14	15	16	17	18	19
Equity Principle	First 20% of equity										
Equity Interest	Equity Int % each month	\$344	\$347	\$350	\$353	\$356	\$359	\$361	\$364	\$367	\$370
<b>Equity Subtotal</b>		<b>\$344</b>	<b>\$347</b>	<b>\$350</b>	<b>\$353</b>	<b>\$356</b>	<b>\$359</b>	<b>\$361</b>	<b>\$364</b>	<b>\$367</b>	<b>\$370</b>
Equity Cum		\$42,721	\$43,068	\$43,418	\$43,771	\$44,126	\$44,485	\$44,846	\$45,211	\$45,578	\$45,948
Equity Principle	Equity > 20%										
Equity Interest	Equity Int % each month	\$275	\$279	\$282	\$286	\$289	\$293	\$297	\$300	\$304	\$308
<b>Equity Subtotal</b>		<b>\$275</b>	<b>\$279</b>	<b>\$282</b>	<b>\$286</b>	<b>\$289</b>	<b>\$293</b>	<b>\$297</b>	<b>\$300</b>	<b>\$304</b>	<b>\$308</b>
Equity Cum		\$22,306	\$22,585	\$22,867	\$23,153	\$23,442	\$23,735	\$24,032	\$24,332	\$24,636	\$24,944
Land Cost	Land Cost - Equity (M0)										
Liability Insurance Cost	Total Liab Cost in M1										
Construction Draw	1/18 of Construction Cost	\$7,333	\$7,333	\$7,333	\$7,333	\$7,333	\$7,333	\$7,333	\$7,333	\$7,333	\$7,333
Construction Interest		\$1,119	\$1,166	\$1,214	\$1,262	\$1,310	\$1,359	\$1,408	\$1,457	\$1,507	\$1,556
<b>Construction Subtotal</b>		<b>\$8,452</b>	<b>\$8,500</b>	<b>\$8,547</b>	<b>\$8,595</b>	<b>\$8,644</b>	<b>\$8,692</b>	<b>\$8,741</b>	<b>\$8,790</b>	<b>\$8,840</b>	<b>\$1,556</b>
Construction Cum		\$207,325	\$215,824	\$224,372	\$232,967	\$241,611	\$250,303	\$259,044	\$267,835	\$276,675	\$278,231
		<b>\$9,072</b>	<b>\$9,125</b>	<b>\$9,180</b>	<b>\$9,234</b>	<b>\$9,289</b>	<b>\$9,344</b>	<b>\$9,399</b>	<b>\$9,455</b>	<b>\$9,511</b>	<b>\$346,889</b>

## Appendix 6 -- Scenario F

Month		0	1	2	3	4	5	6	7	8	9
Equity Principle	First 20% of equity	\$45,400									
Equity Interest	Equity Int % each month	\$0	\$369	\$372	\$375	\$378	\$381	\$384	\$387	\$390	\$394
<b>Equity Subtotal</b>		<b>\$45,400</b>	<b>\$369</b>	<b>\$372</b>	<b>\$375</b>	<b>\$378</b>	<b>\$381</b>	<b>\$384</b>	<b>\$387</b>	<b>\$390</b>	<b>\$394</b>
Equity Cum		\$45,400	\$45,769	\$46,141	\$46,516	\$46,894	\$47,275	\$47,659	\$48,046	\$48,436	\$48,830
Equity Principle	Equity > 20%	\$22,700									
Equity Interest	Equity Int % each month	\$0	\$284	\$287	\$291	\$295	\$298	\$302	\$306	\$310	\$313
<b>Equity Subtotal</b>		<b>\$22,700</b>	<b>\$284</b>	<b>\$287</b>	<b>\$291</b>	<b>\$295</b>	<b>\$298</b>	<b>\$302</b>	<b>\$306</b>	<b>\$310</b>	<b>\$313</b>
Equity Cum		\$22,700	\$22,984	\$23,271	\$23,562	\$23,856	\$24,155	\$24,457	\$24,762	\$25,072	\$25,385
Land Cost	Land Cost - Equity (M0)	(\$5,400)									
Liability Insurance Cost	Total Liab Cost in M1		\$125,000								
Construction Draw	1/18 of Construction Cost	\$0	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000
Construction Interest		\$0	(\$30)	\$723	\$778	\$833	\$888	\$944	\$1,000	\$1,056	\$1,113
<b>Construction Subtotal</b>		<b>(\$5,400)</b>	<b>\$133,970</b>	<b>\$9,723</b>	<b>\$9,778</b>	<b>\$9,833</b>	<b>\$9,888</b>	<b>\$9,944</b>	<b>\$10,000</b>	<b>\$10,056</b>	<b>\$10,113</b>
Construction Cum		(\$5,400)	\$128,570	\$138,293	\$148,071	\$157,904	\$167,792	\$177,736	\$187,735	\$197,791	\$207,904
<b>Total Costs</b>		<b>\$62,700</b>	<b>\$134,622</b>	<b>\$10,382</b>	<b>\$10,444</b>	<b>\$10,505</b>	<b>\$10,567</b>	<b>\$10,630</b>	<b>\$10,693</b>	<b>\$10,756</b>	<b>\$10,820</b>

Month		10	11	12	13	14	15	16	17	18	19
Equity Principle	First 20% of equity										
Equity Interest	Equity Int % each month	\$397	\$400	\$403	\$406	\$410	\$413	\$416	\$420	\$423	\$427
<b>Equity Subtotal</b>		<b>\$397</b>	<b>\$400</b>	<b>\$403</b>	<b>\$406</b>	<b>\$410</b>	<b>\$413</b>	<b>\$416</b>	<b>\$420</b>	<b>\$423</b>	<b>\$427</b>
Equity Cum		\$49,227	\$49,627	\$50,030	\$50,436	\$50,846	\$51,259	\$51,676	\$52,096	\$52,519	\$52,946
Equity Principle	Equity > 20%										
Equity Interest	Equity Int % each month	\$317	\$321	\$325	\$329	\$333	\$338	\$342	\$346	\$350	\$355
<b>Equity Subtotal</b>		<b>\$317</b>	<b>\$321</b>	<b>\$325</b>	<b>\$329</b>	<b>\$333</b>	<b>\$338</b>	<b>\$342</b>	<b>\$346</b>	<b>\$350</b>	<b>\$355</b>
Equity Cum		\$25,703	\$26,024	\$26,349	\$26,678	\$27,012	\$27,350	\$27,691	\$28,038	\$28,388	\$28,743
Land Cost	Land Cost - Equity (M0)										
Liability Insurance Cost	Total Liab Cost in M1										
Construction Draw	1/18 of Construction Cost	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000
Construction Interest		\$1,169	\$1,227	\$1,284	\$1,342	\$1,400	\$1,459	\$1,518	\$1,577	\$1,636	\$1,696
<b>Construction Subtotal</b>		<b>\$10,169</b>	<b>\$10,227</b>	<b>\$10,284</b>	<b>\$10,342</b>	<b>\$10,400</b>	<b>\$10,459</b>	<b>\$10,518</b>	<b>\$10,577</b>	<b>\$10,636</b>	<b>\$1,696</b>
Construction Cum		\$218,073	\$228,300	\$238,584	\$248,926	\$259,327	\$269,785	\$280,303	\$290,880	\$301,516	\$303,212
<b>Total Costs</b>		<b>\$10,884</b>	<b>\$10,948</b>	<b>\$11,013</b>	<b>\$11,078</b>	<b>\$11,143</b>	<b>\$11,209</b>	<b>\$11,276</b>	<b>\$11,343</b>	<b>\$11,410</b>	<b>\$382,423</b>

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### **3. Impact of Parking Requirements on Housing Density**

**Bernard Lee**

#### **Abstract**

*Parking requirements are a barrier to housing density. That is well known in practice but overlooked in the academic literature. In the City of Los Angeles, there is no clear understanding of the true demand for parking. As a result, the current parking requirements are rather arbitrary.*

*Based on my analysis of two hypothetical development sites in our study area in Hollywood, parking requirements are not always the largest barrier to housing density. On a larger site, located at the corner of Hollywood and Van Ness, the floor area ratio (FAR) imposed by the specific plan proved to be the largest barrier to density. However on a smaller site, located at the corner of Hollywood and Garfield, the site geometry limits the amount of parking that may be provided. As a result, parking requirements drive the density of development on that site.*

*There are a number of solutions that may be employed to minimize the impact of parking requirements on housing density. Specific recommendations related to parking requirements for our study area are to unbundle parking, change the denominator so that parking requirements are per square foot rather than per dwelling unit, and offer transportation alternatives. In addition, increasing the FAR would allow developers to provide denser housing.*



## Introduction

Developers face numerous barriers to developing denser housing in the City of Los Angeles. One barrier that has been overlooked in academic literature, but is well understood in the development community, is the impact of parking requirements on the size of development projects – whether imposed by municipalities or by developer, investor and/or lender expectations. At the Urban Land Institute Los Angeles Chapter’s 2005 Urban Marketplace event, a number of developers noted that parking requirements play a role in driving project sizes.

Based on my analysis, parking requirements can influence residential density, but may not always be the largest barrier to density. Zoning conditions, specifically the floor area ratio (FAR), may be a larger barrier in certain instances. However, parking requirements can influence unit mix and the person-density of residential developments.

This chapter of the comprehensive project will examine the impact of parking requirements on the provision of denser housing in the City of Los Angeles. I will start with an overview of the history and nature of parking requirements in Los Angeles followed by an examination of market requirements for parking in Los Angeles. Then using two hypothetical project sites in Hollywood, located at the intersections of Hollywood and Van Ness and Hollywood and Garfield, I will examine the impact of parking requirements on housing densities. Next, I will offer some general parking solutions, noting examples from elsewhere that employ these solutions. Then I will provide some specific conclusions for our study area. Finally, I will expand on some areas of future study.

## Parking Requirements in the City of Los Angeles

Parking requirements are contained in Section 12.21 of Chapter I of the Los Angeles Municipal Code. While the code stipulates a minimum number of parking spaces per number of habitable rooms, it is not necessarily a strict requirement. The discretionary approval process may grant use variances that allow developments to proceed with less parking than required by code. The City of Los Angeles Adaptive Reuse Ordinance allows non-residential buildings, which have outlived their useful economic lives, to be converted to residential use while only requiring developers to maintain the current on-site parking. In addition, some City of Los Angeles specific plans grant a reduction in required parking if the site is within 1,500 feet of a MTA Red Line portal.

It is worth noting that residential parking requirements are more stringent in for-sale projects. While this is not stated in the municipal code, there is a policy that requires developers to provide additional parking spaces when creating a subdivision or parcel map. As per an interview with a Los Angeles City Planning case manager, the requirement is two parking spaces per unit, regardless of size, and one-quarter space per unit for guest parking in non-traffic impact areas. It may be possible to justify one parking space for a studio, but studios are not typically common in a for-sale project.

### *History of Residential Parking Requirements in Los Angeles*

The first general zoning ordinance in the City of Los Angeles, adopted in 1921, did not include specific off-street parking requirements (WSA 1963). A new ordinance was adopted in 1930 which required that each apartment of 20 units or more provide one garage parking stall per dwelling unit (WSA 1963). Due to public

uproar, the parking requirement was later amended to three parking spaces for every four dwelling units (WSA 1963). An amendment was adopted in 1935 which required that multi-unit buildings of two units or more provide one garage parking stall located on the same lot as the building (WSA 1963). Single-family homes were not mentioned and the multi-unit requirement did not initially cover the entire city, but was gradually expanded to cover the entire city (WSA 1963). In 1946, a complete revision of the entire planning code added a requirement of one space per unit for single-family homes and the parking space requirement for multi-unit buildings was modified to allow covered open-air rather than enclosed garage spaces (WSA 1963). An emergency ordinance was adopted in 1948 which reduced the requirement in multi-unit buildings located in R4 (high-medium density) and less restrictive zones to three spaces for every four dwelling units for three room apartments, and two spaces for every three dwelling units for apartments with less than three rooms (WSA 1963). In 1957, a thorough Los Angeles City Planning staff report on off-street parking requirements led to an increase in multi-unit buildings to 1.25 spaces per dwelling unit of four or more rooms in all buildings having six or more units of four or more rooms each (WSA 1963).

In 1963, Wilbur Smith & Associates performed a study of residential parking requirements for the Los Angeles Department of City Planning. The study identified two main trends occurring in residential development at that time. The first trend was the development of land in the Santa Monica Mountains. Due to the terrain, street widths were limited to 30 feet, which is not enough for parking on each side and two lanes of travel. The second trend was the construction of high-rise elevator apartment buildings along the Wilshire Corridor and elsewhere in West Los Angeles. The Wilbur Smith report mentioned a concern over the “flood of

tenant automobiles to choke nearby single-family residential streets and deny property owners the use of curb parking space in front of their own homes” (WSA 1963). The Los Angeles Home Builders Association was actually in favor of updating zoning to mandate more off-street parking because it was becoming extremely difficult to rent or sell dwellings with insufficient off-street parking (WSA 1963). Wilbur Smith provided a set of revised parking requirements after examining parking requirements in other cities, performing field surveys, and examining demographic characteristics. Based on their findings, Wilbur Smith recommended that parking requirements be set to one garage space per single-family home. For multi-unit buildings, they recommended one space per dwelling unit for all units except for buildings of over six dwelling units of four or more rooms each, in which case they recommended 1.5 spaces per dwelling unit for each such dwelling unit (WSA 1963).

#### *Current Residential Parking Requirements in Los Angeles*

By 1977, parking requirements were essentially the same as current requirements. The only differences are the relaxation from enclosed garage to covered open-air parking in zones R2 and those more restrictive in density, and the clarification of habitable rooms in zones RD1.5 and less restrictive. Table 1 (on the following page) shows both current and 1977 parking requirements.

**Table 1. Current and 1977 Parking Requirements in the City of Los Angeles**

Zone	Use	Current Parking Requirement	1977 Parking Requirement
RE40	Residential Estate	Two covered spaces per dwelling unit	Two garage spaces per dwelling unit
RE20			
RE15			
RE11			
RE9			
RS	Suburban		
R1	One-family Dwelling		
RU			
RZ 2.5	Residential Zero Side Yard		
RZ3			
RZ4			
RW1	One-family Residential Waterways Zone		
RW2	Two-family Residential Waterways Zone		
R2	Two-family Dwelling	Two spaces, one covered	Two spaces, one in a garage
RD1.5	Restricted Density Multiple Dwelling Zone	One space each dwelling unit of less than three habitable rooms, one and one-half spaces each dwelling unit of three habitable rooms, two spaces each dwelling unit of more than three habitable rooms	One space each dwelling unit of less than three rooms, one and one-half spaces each dwelling unit of three rooms, two spaces each dwelling unit of more than three rooms
RD2			
RD3			
RD4			
RD5			
RD6			
R3	Multiple Dwelling		
R4			
R5			

Source: Los Angeles Municipal Code and 1977 City of Los Angeles Parking Management Plan

*Residential Parking Requirements in Other Cities*

Minimum parking requirements in Los Angeles are similar to those in other Southern California cities. The fact that Los Angeles does not require guest parking in its standard parking requirements actually makes them less restrictive when compared to the published parking requirements in other Southern California cities, especially San Diego which requires 20% of total off-street parking spaces dedicated to common area parking.

However, minimum parking requirements in Los Angeles are still substantially higher than those in San Francisco and Portland, two west coast cities hailed as champions of denser housing development and more livable urban environments. In certain locations, particularly those with high densities, mixture of uses, and good access to public transit, San Francisco and Portland actually cap parking or have no requirements in order to promote a non-auto oriented urban form.

The following tables show minimum parking requirements for both ownership and rental situations in Los Angeles, other Southern California cities, San Francisco, and Portland. These are baseline parking requirements in all cases – no adjustments are factored in for transit, affordable housing, parking impact areas, discretionary approvals etc.

**Table 2. Comparative Minimum Parking Requirements (Ownership)**

City	Unit Size				Guest Parking
	Studio	1 Bedroom	2 Bedroom	3 Bedroom	
Los Angeles	1	1.5	2	2	N/A
Irvine	1	1.5	2	2	0.7 spaces per dwelling unit if residences have garages; 0.4 spaces per dwelling unit if residences have carports
West Hollywood	1	1.5	2	2	1 space per 4 units
Santa Monica	1	1.5	2	2	1 space per 5 units
Pasadena	1	2	2	2	1 space per 10 units
San Diego	1.25	1.5	2	2.25	20% of total off-street parking
San Francisco	1	1	1	1	N/A
Portland	1	1	1	1	N/A

Sources: Municipal codes from respective cities

**Table 3 – Comparative Minimum Parking Requirements (Rental)**

City	Unit Size				Guest Parking
	Studio	1 Bedroom	2 Bedroom	3 Bedroom	
Los Angeles	1	1.5	2	2	N/A
Irvine	1	1.4	1.6	2	1 space per 4 units
West Hollywood	1	1.5	2	2	1 space per 4 units
Santa Monica	1	1.5	2	2	1 space per 5 units
Pasadena	1	2	2	2	1 space per 10 units
San Diego	1.25	1.5	2	2.25	20% of total off-street parking
San Francisco	1	1	1	1	N/A
Portland	1	1	1	1	N/A

Sources: Municipal codes from respective cities

Parking requirements are comparable for both ownership and rental scenarios in all cities, except Irvine where ownership has more stringent parking requirements.

### Market Requirement for Parking in Los Angeles

Minimum parking requirements in most municipalities are largely derived from the Institute of Transportation Engineers (ITE) *Parking Generation* handbook. *Parking Generation* contains parking generation rates for a variety of land uses. The data are gathered by parties interested in supplying the ITE with data for future versions of the Parking Generation handbook. This includes private sector parking consultants, public sector planners, and students. The ITE compiles the data and synthesizes it by fitting a curve of parking spaces versus a relevant independent variable of their choosing. For example, residential condominium peak parking occupancies are plotted against an independent variable of number of dwelling units while grocery store peak parking occupancies are plotted against an independent variable of gross leaseable square feet. For each land use category, the ITE provides an average rate of peak parking occupancy per unit of independent variable, a range of rates observed, the standard deviation of parking rates, the number of studies, and average size of the independent variables.

There are a number of issues with their approach.

1. Many land use categories are based on a limited number of studies. The ITE warns users to exercise extreme caution when utilizing data based on a limited number of studies (ITE 1987). However, the ITE fits a curve even when there are a limited number of studies, potentially leading users of the handbook to accept

- their validity.
2. The ITE warns that “a vast majority of the data included in this report is derived from suburban developments with little or no significant transit ridership” (ITE 1987). Although the auto is the predominant transportation mode in Los Angeles, transit ridership is high enough to suggest that not everyone drives.
  3. The chosen independent variable may not always be the best variable to use. The ITE states “sometimes there is no choice because the only information known may be the size of the site or the building” (ITE 1987). For example, not all grocery stores are the same. Some have pharmacies and deli counters while others do not. Grocery stores with pharmacies and deli counters will invariably have different demand rates than those without. The parking generation rates do not make this distinction and therefore treat all grocery stores as homogenous with varying gross leasable square footage.
  4. Temporal variations exist for many of the land use categories. A shopping center will most likely experience much higher demand for parking leading up to Christmas. Parking results submitted from this period could skew the resulting fitted curve. When compounded with a small sample size, it could yield highly erroneous results.

Since Los Angeles is not similar to the prototypical municipality from which most of the parking generation data originate, it would be useful to understand what the true market demand is for parking in Los Angeles. My research did not identify any study that has examined the true market demand for parking in Los Angeles. Therefore the current minimum parking requirements may not reflect real needs. However, there is some difficulty in conducting such a study because the primary

determinant of parking demand is the price of parking. When parking is free, demand will be high. In nearly all residential housing in Los Angeles today, parking is included in the price or rent of the unit. Consumers do not have the option of “unbundling” the cost of parking from their purchase or rent. The main exception is in the Downtown area where some apartments do not include parking in their rental rates.

From a construction loan lender’s standpoint, a developer need only meet the parking requirements set forth by the city. However, it may be necessary for a developer to provide parking at a ratio that exceeds city requirements in order to demonstrate financial feasibility to a long-term lending source. This situation seems to be particularly pronounced for commercial and office uses which typically need to secure tenants prior to obtaining a construction financing commitment. It also occurs in Downtown Los Angeles buildings that were converted to residential use under the Adaptive Reuse Ordinance. Equity investors examine financial feasibility even more closely. Developers often blame lenders for imposing more restrictive parking requirements, while the lenders claim that they follow city zoning ordinances. City planners, in turn, tend to say that lenders are the ones who are driving more stringent parking requirements. If so, lowering minimum parking requirements would not do any harm since lenders would still be asking for more parking than is necessary.

There is anecdotal evidence to suggest that Angelinos will continue to rely on their cars in high-density areas like Downtown. A *Los Angeles Times* article from December 2004 noted that many new downtown residents continue to rely on their cars. The Southern California Association of Governments survey found that only 7% of trips by downtown residents were made on public transit, a negligible number were made on foot, and almost all the remaining 93% of trips were made by auto



(Bernstein 2004). The reliance on cars surprised the Community Redevelopment Agency, which is currently looking into creating shared parking facilities in the downtown area, and developer Tom Gilmore, who is converting an old city office building into a parking garage for a group of buildings that he owns (Bernstein 2004).

### **Impact of Parking Requirements on Denser Housing Development**

In order to examine the impact of parking requirements on the unit and person-density of residential development, I developed residential rental development scenarios on two of the sites in our study area – Hollywood and Van Ness and Hollywood and Garfield. The scenarios I developed are purely hypothetical and independent of any proposed development activity on these sites. I applied the relevant zoning ordinances and did not assume that any exceptions or use variances could be obtained. I also used current market assumptions for costs and above-market estimates for rental rates. In order to assess financial feasibility, I used return, measured as net operating income (NOI) divided by development cost, as the primary metric to determine success. The scenarios were not intended to gauge whether these developments would be feasible, but rather to illustrate the impact of parking on the developer's return.

On the Hollywood and Garfield site, the site geometry limits the amount of parking that can be provided, and therefore the density. However on the Hollywood and Van Ness site, a much larger site, the zoning conditions and not parking requirements inhibit density. The point at which developer returns flatten cannot be reached at current floor area ratio (FAR) limits, assuming more underground parking can feasibly be constructed at the appropriate cost. A developer could

conceivably achieve higher returns by building more units than what zoning currently allows. Clearly, if site conditions limit the amount of underground parking, that will limit the number of units built and limit the overall density of the area on both a unit and person basis.

Even though parking requirements did not impact the unit density on the Hollywood and Van Ness site, it could have an effect on the person density. Developers may be inclined towards building mostly or all studio units, due to the favorable economics that result from lower parking cost per unit and higher rents per square foot, assuming that rents decline on a per square foot basis as units get larger. An all studio development is probably not marketable compared to a more balanced mix of unit sizes. However, the economics do not justify this and perhaps partially explain why many of the sites in the study area are vacant or underutilized.

Modifying parking requirements, such as lowering maximum parking requirements to one space per unit or changing the denominator so that it is based on square footage rather than per unit, would provide better returns. This may encourage development with a mix of units and sizes that better matches the market and creates a higher person density.

#### *Hollywood and Van Ness Site Scenarios*

The site at the northeast corner of Hollywood and Van Ness is one parcel (APN 5586032900) made up of four contiguous lots. The two north lots are zoned RD1.5-1XL while the two south lots are zoned [Q]R5-2. For my analysis, I chose to model scenarios using the two south lots.

The dimensions of the combined lots is approximately 170 feet by 111 feet (width by depth assuming front-

**Figure 1. Hollywood and Van Ness Site**



Source: City of Los Angeles Zoning Information and Map Access System (See Appendix E for Full Size Map)

age is along Hollywood), resulting in a total area of approximately 18,870 square feet. The Q condition on the site limits residential uses to a 2:1 floor-to-area ratio (FAR). However, the site falls in the Vermont/Western Transit Oriented District Specific Plan also known as the Station Neighborhood Area Plan (SNAP). The SNAP permits residential densities up to a 3:1 FAR on this site and a height of six stories. Based on setback requirements, the building footprint is 154 feet by 94 feet. Standard R5-2 zoning, which is overridden by the SNAP, permits an FAR of 6:1 and unlimited building height.

Under a rental scenario using current market conditions and assumptions for unit sizes, rental rates, costs and lowered SNAP parking requirements with a four-story building on a podium above ground level parking and multiple levels of subterranean parking, overall return (measured as net operating income divided by development cost) is short of the 10% desired return for multi-family residential projects (Peiser and Frej 2003). A full list of assumptions is listed in Appendix A. I chose to model a building with a full level of at-grade parking within the building envelope and subterranean parking because the land costs in the area are higher than the cost to construct parking. A rule of thumb is to utilize a structure or underground parking configuration when the land cost per square foot plus construction cost is less than land cost plus construction cost of a surface parking configuration. Currently, land costs in the study area, estimated at \$150 to \$200 per square foot, far outweigh those of construction costs plus consumed land. Since FAR does not include parking, the parking levels match the building footprint. The following table illustrates a hypothetical parking cost comparison.

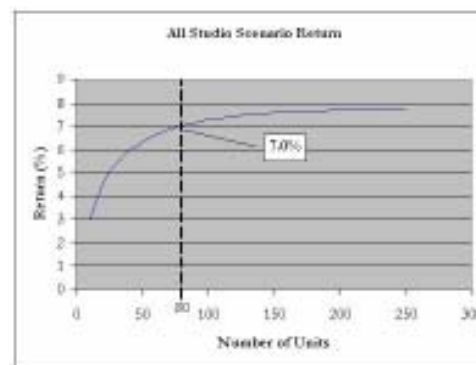
**Table 4 – Hypothetical Parking Cost Comparison**

	Surface	Three Level Structure	Two Level Underground
Number of Spaces [A]	100	100	100
Average Square Footage Per Space [B]	300	350	350
Average Construction Cost Per Square Foot [C]	\$ 10	\$ 50	\$ 80
Construction Cost Subtotal [D = A x B x C]	\$ 300,000	\$ 1,750,000	\$ 2,800,000
Land Consumed by Parking (Square Feet) [E]	30,000	11,667	0
Land Cost Per Square Foot [F]	\$ 150	\$ 150	\$ 150
Land Cost Subtotal [G = E x F]	\$ 4,500,000	\$ 1,750,000	\$ -
Total Parking Cost [H = D + G]	\$ 4,800,000	\$ 3,500,000	\$ 2,800,000
Cost Per Parking Space [I = H / A]	\$ 48,000	\$ 35,000	\$ 28,000

Regardless of whether the project meets financial feasibility, there is a point at which returns flatten, which is higher than the density permitted by zoning. The following graph illustrates the effect using an all studio scenario.

**Figure 2 – All 600 Square Foot Studio Scenario for Hollywood and Van Ness**

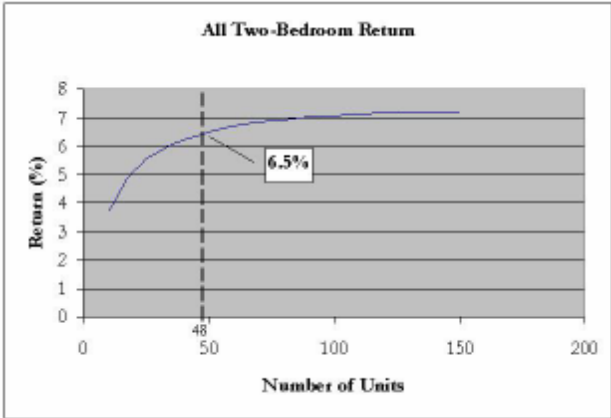
Only 80 studio units can be accommodated due to FAR limits, but a developer would ideally like to build around



130 studio units in order to maximize returns (FAR of nearly 4.8:1), assuming parking can feasibly be provided underground and that construction costs per square foot do not change dramatically with a larger building.

If the development is all two-bedroom units with 1,000 square feet, one might expect the returns to be greater than maximizing studios of 600 square feet due to the lower parking ratio required – one space per 667 square feet as opposed to one space per 600 square feet, assuming constant rental rates per square foot. Typically, rental rates decline with larger unit sizes, so the all two-bedroom scenario actually provides lower returns than the all studio scenario.

**Figure 3 – All 1,000 Square Foot Two-Bedroom Scenario for Hollywood and Van Ness**



Using the same assumptions as the all studio scenario, the all two-bedroom scenario results in the creation of

only 48 two-bedroom units before FAR limits density again. A developer would ideally like to build around 90 in order to maximize returns (FAR of almost 5.5:1), assuming parking can feasibly be provided underground and that construction costs do not change dramatically if building a larger building. The following table illustrates the potential impact to person-density based on unit configurations.

**Table 5 – Comparison of Density Measures Under Different Configurations (Hollywood and Van Ness Rental Scenario)**

Note: Site area of 18,870 square feet or 0.43 acre

Unit Type	Residents Per Unit	Number of Units	Net Dwelling Units	
			Per Acre	Persons Per Acre
Studio	1 to 2	80	186	186 to 372
Two-Bedroom	2 to 4	48	112	224 to 448

The unit density is below the almost 218 net dwelling units per acre that R5 zoning will allow<sup>1</sup>. This is due to the FAR limit of 3:1. The person density will vary based on the unit mix chosen, but it is conceivable that parking requirements will drive a decision towards smaller units occupied at a lower rate, thereby lowering the overall person density. In reality, building all of one unit type is probably not feasible from a marketability standpoint. Parking requirements clearly can play a role in influencing the unit mix and size.

A more marketable mix of units might look like the following table.

**Table 6 – A More Marketable Mix of Units in Hollywood and Van Ness Scenario**

Unit Type	Residents Per Unit	Number of Units	Net Dwelling Units	
			Per Acre	Persons Per Acre
Studio	1 to 2	16	37	37 to 74
One-Bedroom	1 to 3	24	56	56 to 168
Two-Bedroom	2 to 4	20	47	94 to 188
TOTAL	N/A	60	140	187 to 430

Under this scenario, using the same assumptions as the previous two scenarios, the return is only 6.7%, which is lower than the all studio scenario but higher than the all two-bedroom scenario. However, the dwelling unit and person density compares favorably to the all studio and all two-bedroom scenarios. While dwelling units per acre is lower than the 186 in the all studio scenario, the potential number of persons per acre is higher.

One way to encourage a more marketable mix of units is by lowering parking requirements. I modeled a scenario with the marketable mix of unit types but a maximum of one parking space per unit and no guest parking required. A full list of assumptions is in Appendix B. This scenario results in a return of 7.1%. An issue with this approach is that, without regulation, it may encourage the development of larger units as a way to reduce the impact of parking cost per unit.

Perhaps a better way to encourage a more marketable mix of units is by setting parking requirements on a square footage basis rather than on a per unit basis. For example, if parking were required per 1,000 square feet of gross building area, then 57 spaces would be required

instead of 60 in the previous scenario. This not only raises return slightly to 7.14% from 7.10%, but it also leaves it up to the developer to provide a mix of units that best meets market demands rather than delaying development until the market supports a mix of units that skews towards larger and more expensive ones.

#### *Hollywood and Garfield Site Scenarios*

The site at the northwest corner of Hollywood and Garfield is made up of three separate parcels. For my analysis, I chose to model scenarios for the middle parcel (APN 5544003002).

Approximately 190 feet in depth and 50 feet in width. It is approximately 9,500 square feet in area. The Q condition on the site limits residential uses to a 2:1 floor area ratio (FAR). However, the site falls within the Vermont/Western Transit Oriented District Specific Plan also known as the Station Neighborhood Area Plan (SNAP), which permits residential densities up to a 3:1 FAR on this site and a height of six stories. Standard R5-2 zoning, which is overridden by the SNAP, permits an FAR of 6:1 and an unlimited building height.

Due to setback requirements, the building envelope would be too small to support at-grade parking. Therefore, this site must have underground parking. Even if underground parking consumes the entire area of the lot, it will not be efficient and will not support more than one level of parking since the dimensions of the site do not provide enough space for ramps. Therefore, the parking configuration on this site will limit the density of the building.

Given the 190 foot by 50 foot parking area and a ceiling height of 10', it might be possible to squeeze in 12 tandem stalls for a maximum total of 24 parking spaces. Working backwards, this translates into a two-story building with a footprint of 40 feet by 160 feet and 12

**Figure 4 – Hollywood and Garfield Site**



Source: City of Los Angeles Zoning Information and Map Access System (See Appendix E for Full Size Map)

two-bedroom units of 925 square feet each, in order to maximize returns. The FAR is only 1.34, which is far below the 3:1 allowed by the SNAP and the 12 units is far below the 47 allowed by standard zoning. The return in this scenario is only 5.0%. The FAR, number of units and financial return all decline if fewer parking spaces can be provided. Appendix C contains the assumptions used in this scenario.

Since the geometric constraints of the site require tandem parking to be provided, that severely limits the ability to provide more units than the number of tandem stalls. However, if on-site parking is eliminated altogether, it would be possible to develop to the FAR of 3:1. This translates into a six-story building with a footprint of 34 feet by 155 feet with the following hypothetical unit mix.

**Table 7 – Unit Mix in Hollywood and Garfield Scenario with No On-site Parking**

Unit Type	Residents Per Unit	Number of Units	Net Dwelling Units Per Acre	Persons Per Acre
Studio	1 to 2	6	28	28 to 56
One-Bedroom	1 to 3	12	55	55 to 165
Two-Bedroom	2 to 4	12	55	110 to 220
TOTAL	N/A	30	138	193 to 441

The return under this scenario is 7.5%. Appendix D contains assumptions used in this scenario.

The results of my analysis suggest that on larger sites, zoning conditions may inhibit density. Based on current construction costs, a developer might want to build more units than allowed by zoning and provide the requisite parking in order to maximize return. However on small sites, the amount of parking may be constrained due to site geometry. In these situations, minimum parking requirements will

drive the number of units allowed and potentially inhibit density below what zoning permits. Even if parking requirements are not the greatest constraint on density, they may still impact unit mix and therefore person-density. One way to eliminate this effect is to shift to minimum parking requirements based on square footage as opposed to unit size.

**Possible Solutions**

There are a number of possible solutions that local governments can undertake to reduce the impact of minimum parking requirements on housing density. The majority of the solutions are regulatory in nature. All of the solutions require local regulatory change in order to be implemented.

*Modifications to Existing Minimum Parking Requirements*

Perhaps the easiest way to encourage the supply of denser housing is to reduce existing minimum parking requirements. Many cities, Los Angeles included, already grant reductions in parking for affordable housing projects and for housing located near transit (transit-oriented development). Reducing minimum parking requirements for affordable housing is easier to justify since car ownership rates are lower amongst lower income households (Pucher et al. 1998). An example of this approach comes from Seattle.

In March 2001, the Seattle Office of Housing conducted a survey of parking utilization rates by income category (0 to 30% of median, 31 to 50% of median, and 51 to 80% of median) in buildings owned or managed by non-profit developers (Cantos 2004). Their goal was to identify a more realistic minimum parking requirement for affordable housing projects. Some of their objectives included “striking a balance between

(a) providing sufficient parking to avoid significant on-street parking impacts and (b) avoiding unnecessary housing construction costs that result from required parking that goes unused” and “recognizing areas of Seattle where viable alternatives to car ownership exist” (Cantos 2004). As a result, minimum parking requirements were lowered from 0.5 to 0.33 for two-bedroom and smaller units, and from 1.0 to 0.50 for three bedroom or larger units for low income households. Similar studies could be undertaken in Los Angeles for both affordable and market-rate projects as a way to gauge actual parking usage. Any such studies would likely be specific to a particular area and could be reflected in the specific plan or community plan for that area.

Another approach to modifying parking requirements is to impose maximum requirements, which have been implemented in selected instances in Los Angeles, such as in our study area by the Station Neighborhood Area Plan. However, maximum parking requirements still mandate some amount of parking and could still be a potential barrier to denser development. If maximum parking requirements are set, they must be set at a level which will ensure that they are effective in increasing housing density while also meeting lender expectations for parking. An example of maximum parking requirements comes from San Francisco.

The Mission Bay redevelopment project is a mixed-use project in a formerly industrial area. The city imposed maximum parking requirements of one space per unit on residential development in the project area as a way to maximize housing production, maximize transit investment, and minimize traffic congestion (Russo 2001). An affordable housing developer benefited from the maximum requirement by building 17 fewer parking spaces than needed in a 100 unit project. The reduction in spaces freed up some ground floor retail space which was projected to generate \$132,000 annually for the

project.

Another approach is to modify the denominator in minimum parking requirements so that it is on a per square foot as opposed to a per unit basis. This may encourage development of units that best meet current market demand and encourage more timely development of vacant or underutilized land, as opposed to the development of units that fulfill a higher-end market at some point in the future. The City of Berkeley implemented this approach in R4 zones in 1973 at a ratio of one space per 1,000 square feet (SCANPH 2004).

Considerations of local land use patterns and transit access should factor into modifications to minimum parking requirements. Residences located in denser urban areas exhibit lower rates of auto ownership (Holtzclaw 1994). The Station Neighborhood Area Plan attempts to take this into account, but it may be imposing minimums that are still too high. Considerations for demographics should be taken into account as well, just as they already are for affordable housing and senior housing.

#### *Shared Parking Requirements*

Shared parking is another way to reduce parking in residential developments. Shared parking is where parking spaces are pooled for use by different land uses. Since peak parking usage varies among land uses, there is an opportunity to accommodate multiple land uses without requiring that each land use meet a certain minimum requirement. For example, peak demand for residential uses will be highest in the evenings and on weekends, whereas peak demand for office uses will be highest on weekdays. Therefore, a shared parking situation need only meet the peak demand when both land uses are combined and not the peak demand for each land use exclusively.

The City of Los Angeles permits shared parking at the discretion of a Zoning Administrator. However, the requirements are rather onerous – a parking demand analysis must be conducted on an hourly basis 24 hours a day for a consecutive seven day period. And there are no clear criteria for determining suitability of a shared parking arrangement. A developer must apply and then wait for a ruling from the Zoning Administrator. This creates an uneven playing field for developers. In Santa Monica, its Bayside Commercial District Plan (which covers an area the length of Third Street Promenade and a block on either side) waives parking requirements for residential uses and allows residents to utilize the shared public parking facilities.

Reserved or assigned spaces within a single land use also increase the overall parking needed. A study in Orange County indicated that one unassigned space was equivalent to 1.17 assigned spaces (Smith 1983). If parking were managed on an unassigned basis, zoning codes could allow an approximately 17% reduction in minimum parking requirements.

Community parking is another way to implement shared parking. Community parking pools parking spaces at a scale that is greater than an individual development, thereby eliminating on-site parking. While shared parking examples appear to be most effective when operated by the public sector, such as in Santa Monica or Pasadena, community parking relies on a public/private partnership to implement shared parking. Public spaces, such as curbside parking and public parking facilities, are pooled with those that are private such as privately owned off-street parking, thereby creating a shared parking pool that is larger and more flexible than individual on-site parking. This allows drivers to park once and walk, just as they do in Santa Monica or Pasadena currently.

Community parking has some support within the development community. Los Angeles developer James Suhr provided me with the following quote:

*“Developers want to provide the minimum parking that maximizes asset value upon completion. Residential consumers should be given an opportunity to determine their optimum level of parking consumption rather than accepting what is forced upon them. Allowing community parking is a way to meet the changing dynamics of parking supply and demand. This reduces some barriers in housing development, provides consumers with a product at a price that best meets their needs, and results in a more pedestrian-oriented environment.”*

#### *In-Lieu Fees*

This is an option that some cities have created which allows a developer to pay a fee in lieu of providing a parking space. The money collected by the city goes to fund construction and maintenance of the parking space in a shared, public facility. Some Southern California cities already offer this option including Beverly Hills, Pasadena, and Santa Monica. According to Donald Shoup, there are seven reasons for offering in-lieu fees (Shoup 2005):

1. Flexibility – It provides developers with another option for meeting off-street parking requirements.
2. Shared parking – Public parking facilities built with in-lieu fees inherently allow for shared uses. Since peak demand for different land uses occurs at different times, the overall supply of

- parking can be reduced.
3. Park once – Drivers need only park once and then may walk to a number of destinations, reducing traffic congestion and increasing foot traffic.
  4. Historic preservation – In-lieu fees support the adaptive reuse of historic buildings which cannot meet parking requirements on-site.
  5. Consolidation of parking – Some municipalities allow property owners to reduce the existing number of off-street spaces through the payment of in-lieu fees. This consolidates the off-street parking supply, freeing up land for higher and better uses, which can improve urban form.
  6. Fewer variances – Variances for parking reductions are handled differently in each case, making it unfair for some developers. In-lieu fees reduce the number of variances needed and level the playing field for developers.
  7. Better urban design – Since in-lieu fees eliminate the need for on-site parking, gaps between buildings due to surface parking are reduced thereby creating a better urban form.

In-lieu fees vary in price by city. For example, developers in Beverly Hills paid an average of \$37,000 per space between 1978 and 1992, while in the Bayside District in Santa Monica, developers are assessed \$1.50 per square foot each year, regardless of land use (Shoup 2005).

#### *Reduce Parking Demand*

Demand for parking exists because driving tends to be the cheapest option, both in terms of time and cost. One way to reduce parking demand is to make drivers pay their fair share for the privilege to drive. Studies have shown that drivers are subsidized anywhere between 3.4 and 55.3 cents per mile to drive in 1990 dollars (Gomez-Ibanez 1997). Some ways to make drivers pay

their fair share are through implementation of more accurate user fees, congestion pricing and market pricing for parking. These are largely macro policy issues which are politically unpopular to discuss. Requiring that drivers pay for parking is fundamental to reducing parking requirements.

Cities do have more control over local regulations that may contribute to a reduction in parking demand. One way to do this is by providing better alternatives to the automobile. For example, cities can allow developers to provide transit passes to residents in-lieu of providing parking or including parking spaces for a car sharing service.

#### *Unbundling Parking*

Removing the cost of parking from housing can make housing more affordable for those who do not drive, while also exposing more of the hidden costs of driving which may encourage some who do drive to find alternative transportation modes. Municipalities can start to offer this as an option in areas that are close to transit, such as our study area in Hollywood. Reducing the burden on developers to provide parking will result in higher density residential developments, which is also needed to promote higher transit usage particularly in areas with heavy investments in rail transit like our study area.

However, the downside to this approach is that new residents may attempt to park for free on the street. Pre-existing residents will certainly be opposed to unbundling due to the potential parking spillover onto their streets. In Los Angeles, numerous Neighborhood Councils have voiced opposition to a proposed inclusionary zoning ordinance which offers lower minimum parking requirements, partly due to potential parking spillover effects. Therefore any unbundling strategy must also



be accompanied with a system of pricing of curb parking. Out of fairness, pre-existing residents may receive a free street parking permit per household, but any new residents or visitors will be subject to curb parking fees. Another alternative is to restrict residential curb parking permits to residents of certain developments.

Shattuck Senior Homes was a senior housing project built in Downtown Berkeley. Senior housing typically receives a reduction in minimum parking requirements due to lower car ownership rates among seniors. However, the 27 unit development was developed entirely car-free. As a way to allay the city's concerns that residents would simply park on the street, the developer restricted residents from obtaining residential parking permits. Potential residents were informed of this during the leasing phase. There were nearby parking alternatives for a fee. In the end, the parking restrictions did not scare away many prospective tenants. Russo notes that only five out of 300 applicants withdrew their applications due to parking restrictions (Russo 2001).

Shared parking through a community parking solution may be an effective way to support unbundling of parking from residential developments. A larger pool of parking spaces can better manage the pending supply and demand changes. Over time, as more people use transit, land dedicated to community parking can be turned over to more productive uses.

#### *Parking Benefit Districts*

Parking Benefit Districts have been proposed by Shoup as a way to generate revenue for communities (Shoup 2004). Curb parking spaces, currently free to park in for everyone, could be priced at a level which ensures that a certain number of spaces will always be avail-

able. Technology already exists to easily collect parking revenue. A majority of the revenue would stay in the community and could be used for improvements to public infrastructure such as sidewalks and parks. These districts would also be an effective way to negate any spillover effects that result from unbundling parking in new developments. If they continue to drive, new residents of those developments will have to pay for parking one way or another.

#### *Technology Solutions*

As urban land values rise, it makes sense to start considering automated parking systems. These solutions utilize a computerized system of lifts, carriers, and pallets to increase parking space efficiency by over 50%. A driver need only drive their car into the entrance of the garage. The system will then move the car to an available slot to store it until the driver is ready to retrieve it. When the driver is ready to retrieve her car, she need only signal to the system that she is ready to receive her car, perhaps through a magnetic swipe card, and the car will be retrieved and available to the driver in a couple minutes. Automated parking systems eliminate the need to drive up and down multiple levels of parking structures saving time for the driver and reducing the risk of accidents within the structures. Utilizing these systems allows developers to reduce the space allocated to parking and may provide opportunities for higher density infill development on smaller lots that cannot accommodate traditional parking solutions.

This type of solution is currently difficult to implement in the City of Los Angeles currently because it requires an exception to most, if not all, the parking design standards. For example, things like minimum aisle width, turning radius, and parking stall dimensions will be significantly lower if utilizing an automated

parking solution. Without the reduced dimensions, an automated parking solution will not be cost effective.

### **Specific Recommendations for Study Area**

Based on the results of the study area site analysis, I have some specific recommendations for reducing the zoning barriers in our study area. The recommendations are premised on the creation of more livable, affordable and transit-friendly environments through higher density housing. Each recommendation is described independently, but a combination of some recommendations could be implemented as well.

1. Unbundle parking – Ideally, there would be no minimum parking requirements and the cost of parking would be solely borne by drivers. The cost of parking would be removed from residential rents and sale prices, thereby providing economic incentives to those who choose not to drive. It also provides everyone with more flexibility and choice than they are currently given. It also provides developers with more incentive to build projects that maximize density, as shown in the Hollywood and Garfield scenario. In order for this recommendation to be viable in the market, transportation alternatives such as better public transit need to be more competitive with the auto on a time and cost basis.

For those who choose to drive, a community parking solution needs to be employed to provide parking spaces for a fee. A parking benefit district should also be established to ensure that all public parking spaces, including curbside parking, are priced and that a portion of the revenues from the public parking spaces stay in the community.

2. Institute parking requirements per square footage rather than per dwelling unit – In order to encourage developers to select a mix of unit types that matches market demand, the financial impacts of parking requirements need to be constant regardless of unit type. The Hollywood and Van Ness scenario provides an example of this. By adopting this approach, measures of person-density will be brought into the forefront. In order to develop the appropriate ratio of parking per square footage, city planners will need to determine a suitable car ownership rate per square footage occupied.
3. Increase FAR – In order to promote higher density in our study area, the FAR should be raised since it was a limiting factor in the Hollywood and Van Ness scenarios. If this study area is truly intended to be a high density transit-oriented living environment, the SNAP-imposed FAR of 3:1 is too low. An FAR of 6:1, which is the by-right standard in the city's zoning ordinance in R5 zones, makes more sense in this area. Raising the FAR will also provide the needed densities to make better use of the Metro Red Line investment.
4. Provide transportation alternatives – In order to reduce the need to own and operate a vehicle, other transportation alternatives need to be provided. Car sharing services should be encouraged to locate to the area. Also, in-lieu fees could be offered to developers as an option to get out of parking requirements. The in-lieu fees collected could be used to provide transit passes to residents.

### **Topics for Future Study**

In order to test the viability of some of the solutions I have proposed, a number of areas need to be more closely examined.

1. Understanding market demand for parking in Los Angeles – A study is needed to reset the expectations for parking amongst the lending, development, and planning community. This could serve as the basis for updating parking requirements to something that is more realistic for all parties.
2. Consumer preference as it relates to shared parking – It is unknown whether drivers will accept community parking as a viable parking solution. Many drivers may still expect their cars to be parked on-site and therefore asking drivers to walk several blocks may not be feasible. Downtown Los Angeles is a good place to look for guidance on this issue.
3. Automated parking solutions – Automated parking solutions provide a way to place cars on-site but it remains to be seen whether drivers are comfortable with these systems. Their cost effectiveness is not well demonstrated yet. Also, the regulatory barriers to implementing these systems need to be examined more closely so that proposals can be made to modify existing parking standards.

## Endnotes

<sup>1</sup> R5 zoning permits one unit per 200 square feet of land. An acre of land is 43,560 square feet. 43,560 divided by 200 is approximately 218.

**Appendix A**

Unit Type	Unit Size (in SF)	Rent/month/SF	Monthly Rent	Parking Required
Studio	600	\$ 2.30	\$ 1,380	1
1 Bedroom	800	\$ 2.20	\$ 1,760	1.5
2 Bedroom	1000	\$ 2.10	\$ 2,100	1.5

Land cost per SF	\$ 150
Parking space size (in SF)	350
Expenses (per month per SF)	\$ 0.40
Guest parking ratio (per unit)	0.25
Construction cost multiplier	1.50
Net usable area factor	0.87
Construction cost per SF (hard costs only)	\$ 115
Parking construction cost per SF - at grade first level	\$ 55
Parking construction cost per SF - first full level underground	\$ 70
Parking construction cost per SF - second full level underground	\$ 75
Parking construction cost per SF - third full level underground	\$ 80
Parking construction cost per SF - fourth full level underground	\$ 85
Parking construction cost per SF - fifth full level underground	\$ 90
Parking construction cost per SF - sixth full level underground	\$ 95
Parking construction cost per SF - seventh full level underground	\$ 100
Parking construction cost per SF - eighth full level underground	\$ 105

includes soft costs, overhead, marketing costs etc.

Type V building construction

Notes:

- > assume entirely residential building - 4 stories above parking
- > assume unit mix will fit in building
- > holding certain variables constant: building construction cost per SF (regardless of height), rent per SF, parking space size
- > assume known land cost
- > assume feasible to go dig parking down to level specified

## Appendix B

Unit Type	Unit Size (in SF)	Rent/month/SF	Monthly Rent	Parking Required
Studio	600	\$ 2.30	\$ 1,380	1
1 Bedroom	800	\$ 2.20	\$ 1,760	1
2 Bedroom	1000	\$ 2.10	\$ 2,100	1

Land cost per SF	\$ 150	
Parking space size (in SF)	350	
Expenses (per month per SF)	\$ 0.40	
Guest parking ratio (per unit)	0	
Construction cost multiplier	1.50	includes soft costs, overhead, marketing costs etc.
Net usable area factor	0.87	
Construction cost per SF (hard costs only)	\$ 115	Type V building construction
Parking construction cost per SF - at grade first level	\$ 55	
Parking construction cost per SF - first full level underground	\$ 70	
Parking construction cost per SF - second full level underground	\$ 75	
Parking construction cost per SF - third full level underground	\$ 80	
Parking construction cost per SF - fourth full level underground	\$ 85	
Parking construction cost per SF - fifth full level underground	\$ 90	
Parking construction cost per SF - sixth full level underground	\$ 95	
Parking construction cost per SF - seventh full level underground	\$ 100	
Parking construction cost per SF - eighth full level underground	\$ 105	

### Notes:

- > assume entirely residential building - 4 stories above parking
- > assume unit mix will fit in building
- > holding certain variables constant: building construction cost per SF (regardless of height), rent per SF, parking space size
- > assume known land cost
- > assume feasible to go dig parking down to level specified

## Appendix C

Unit Type	Unit Size (in SF)	Rent/month/SF	Monthly Rent	Parking Required
Studio	600	\$ 2.30	\$ 1,380	1
1 Bedroom	800	\$ 2.20	\$ 1,760	1.5
2 Bedroom	925	\$ 2.10	\$ 1,943	1.5

Land cost per SF	\$ 150	
Expenses (per month per SF)	\$ 0.40	
Guest parking ratio (per unit)	0.25	
Construction cost multiplier	1.50	includes soft costs, overhead, marketing costs etc.
Net usable area factor	0.87	
Construction cost per SF (hard costs only)	\$ 115	Type V building construction
Parking construction cost per SF - first full level underground	\$ 70	

Notes:

- > assume entirely residential building
- > assume unit mix will fit in building
- > holding certain variables constant: building construction cost per SF (regardless of height), rent per SF, parking space size
- > assume known land cost

**Appendix D**

Unit Type	Unit Size (in SF)	Rent/month/SF	Monthly Rent	Parking Required
Studio	600	\$ 2.30	\$ 1,380	0
1 Bedroom	800	\$ 2.20	\$ 1,760	0
2 Bedroom	950	\$ 2.10	\$ 1,995	0

Land cost per SF	\$ 150	
Expenses (per month per SF)	\$ 0.40	
Guest parking ratio (per unit)	0	
Construction cost multiplier	1.50	includes soft costs, overhead, marketing costs etc.
Net usable area factor	0.87	
Construction cost per SF (hard costs only)	\$ 120	Type III building construction

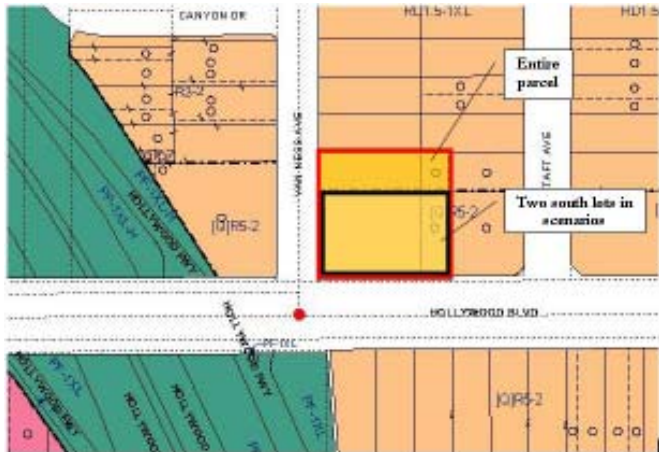
Notes:

- > assume entirely residential building
- > assume unit mix will fit in building
- > holding certain variables constant: building construction cost per SF (regardless of height), rent per SF, parking space size
- > assume known land cost



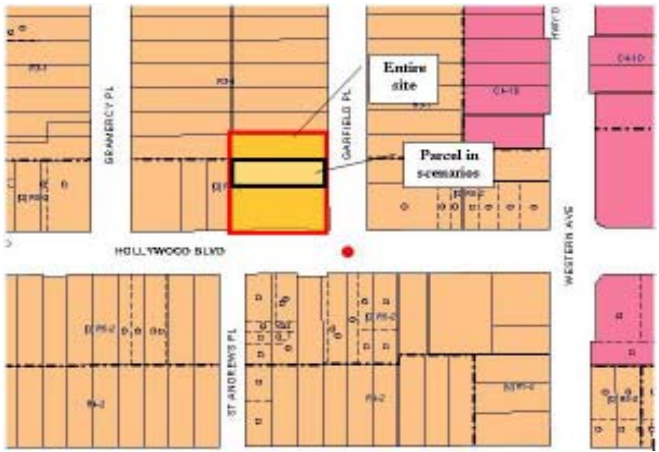
Appendix E

Figure 1. Hollywood and Van Ness Site



Source: City of Los Angeles Zoning Information and Map Access System

Figure 4 – Hollywood and Garfield Site



Source: City of Los Angeles Zoning Information and Map Access System

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## **4. The Recycling of Land to Create Housing in Los Angeles: Opportunities and Barriers**

**Victoria Ramírez**

### **Abstract**

*The large housing demand that grips the city of Los Angeles, coupled with the perceived lack of available land on which to develop has led to an escalating housing crisis within the region. The redevelopment of vacant and abandoned properties is an effective way to meet the housing demand as well as to recycle land, and revitalize communities. Focusing on Council District 13 in East Hollywood, five vacant and abandoned sites were used as case studies to illustrate the barriers and opportunities to recycling land to promote higher density infill housing. The city of Los Angeles' inability to accurately keep an inventory of vacant and abandoned properties and to focus stronger efforts towards dealing with absentee landlords has in large part led to the alarming growth of blight, neglect, and underutilized land. This chapter also includes an analysis of the existing literature on vacant and abandoned lots. This study concludes with a set of best practices specifically tailored to the Los Angeles region that are presented as possible ways in which to encourage both the redevelopment of vacant lots and increase housing density.*



## **Introduction**

Vacant land and abandoned properties are a threat to the well being of a community in a myriad of ways: economically the majority of these properties and land represent a tax loss and foregone source of revenue for local cities and governments, socially they create safety and crime concerns for communities, and politically they stigmatize areas as blighted thus further eroding any possibility of redevelopment or investment in these communities. Thus, while cities throughout the Los Angeles region grapple with issues related to effectively dealing with vacant and abandoned properties they also find themselves dealing with an ever increasing housing crisis predicated on the fact that there is an overwhelming demand for housing while there is an apparent lack of available land on which to develop. As a result, while these two issues seem peripherally related, in fact, the utilization of vacant and abandoned properties as potential sites for the development of housing can be an effective way in which to deal with both issues and help create more sustainable and thriving communities. Given the scope of this chapter a critical starting point is a general description of characteristics that can be attributed to vacant and abandoned properties in Los Angeles. From these characteristics I will discuss an overarching set of factors that lead to abandonment and most importantly how different cities and municipalities deal with abandonment within their communities. After carefully analyzing some of the barriers to redevelopment of vacant and abandoned properties I identify several key strategies to encourage infill higher density housing development in the City of Los Angeles which include: the creation of a systematic tracking system for identifying vacant lots and their owners, fiscally-based strategies to encourage absentee land owners to effectively utilize land, land use strategies to facilitate the redevelopment of land, and community-based strategies that include land banks and the creation of intermediary Community Based Organizations to oversee the

redevelopment of vacant lots and abandoned properties.

## **Methodology**

This chapter draws from a thorough review of the literature that discusses the causes for and characteristics of abandonment. These findings are then juxtaposed to potential solutions to encourage redevelopment of vacant and abandoned sites. While extensive literature dealing with abandonment and vacant land exists at the national level, a brief analysis of the City of Los Angeles' Code Enforcement and Building Safety functions to address vacant and abandoned sites is the starting point for focusing the abandonment issue at the local and regional level in Los Angeles. A major finding that posed challenges for developing this chapter was the fact that they city of Los Angeles does not have a systematic way of tracking all vacant and abandoned parcels within their jurisdiction—thus, it was not possible to obtain an accurate estimate of the abandonment problem in the region. Most of the information on vacant and abandoned properties in Los Angeles draws from an extensive research project that was undertaken by Genesis LA (a Los Angeles based non-profit Economic Growth Corporation) for the Los Angeles City Attorney's office that identified vacant and abandoned parcels in Los Angeles county and then determined the feasibility of redevelopment into housing of these sites. The study found that the majority of problematic sites were located in the South Los Angeles region of the county. While the South Los Angeles region is not representative of the entire scope of the abandonment issue in the city, it is an area of the region that has been particularly hard hit by a long history of neglect, civil unrest, and is characterized by an extensive inventory of abandoned and vacant sites.

Focusing on the study area within Council District 13 in

East Hollywood, California, I also undertook an inventory of all vacant and abandoned sites. I identified the sites through field visits to the study area and then gathered information on these sites from interviews with a planning deputy, local developer, and community group member within the district. The five sites that I identified were then used as case studies to analyze potential barriers to redevelopment and generate a set of best practices for dealing with abandonment. Lastly, this chapter largely draws from case studies of cities and states throughout the United States and their efforts to work to redevelop vacant and abandoned sites.

### Defining vacant land and abandoned properties

In describing blighted communities with issues of abandonment the terms vacant land, abandoned buildings, and brownfields are often times used interchangeably. This is understandable given the fact that the physical characteristics of vacant and abandoned properties are very similar. However, these sites are distinguished by their current ownership and past uses of the land. Both factors have a tremendous influence on the feasibility of redeveloping these sites in the future. This chapter will focus solely on vacant lots and parcels of land with abandoned structures, and will not delve into issues related to redevelopment and remediation of brownfield sites. Brownfields are vacant or abandoned properties whose reuse may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant (City of Los Angeles Brownfields Program 2005). A major vacant land typology is Temporarily Obsolete, Abandoned or Derelict Sites (TOADS). TOADS are of three varieties (Pagano and Bowman 2000):

- Formerly productive and valued sites such as automobile factories, furniture plants, warehouses or textile mills that have since been

abandoned by their owners.

- Formerly productive but unwanted sites that housed less desirable activities such as slaughterhouses, dry cleaners, and paper mills.
- Unused parcels of overgrown land that for various reasons have not been developed.

Table 1 outlines some of the most common characteristics of vacant land and based on this assessment determines the probability of redevelopment on these sites. Clearly, while vacant and abandoned properties may look the same, characteristics such as who owns the plots of land can have a tremendous impact in determining whether or not these properties will be recycled into other uses.

**Table 1. Types of Vacant Land**

Type of Parcel	Site Characteristics	Probability of Development
Remnant land	Small size; irregular shape	Low: Unsuitable for development
Land with physical limitations	Small or large; unbuildable	Low: Unsuitable for development
Reserve parcels	Held by public and private owners. Located at urban fringe or at the border of existing holdings	High: Eventual development likely
Speculative parcels	May be located in low value or transitional areas; held in anticipation of increased future land values	High: Especially in strong property markets
Derelict land	Damaged parcels; brownfields that are contaminated or perceived to be contaminated	Low: Unless the parcel is restored to an acceptable standard for development

Source: Pagano and Bowman 2004.

### **Vacant and abandoned properties in the Los Angeles Region**

One of the major drawbacks in trying to gauge the extent of the vacant and abandoned property problem in the Los Angeles region is the fact that the city of Los Angeles does not have a database or any way of tracking which properties are vacant and abandoned (Richman 2005). Nonetheless, individuals such as Tomás Duran of Genesis LA and Neal Richman, professor of Urban Planning at UCLA who is involved in the development of an interactive website, the L.A. Land Opportunities Tracking System (LOTS), to identify potential infill sites, argue that the majority of these nuisance abandoned and vacant properties are largely concentrated in the South Los Angeles region of the county. According to Richman, low income and communities of color tend to be most negatively impacted by the growth of vacant and abandoned properties in their neighborhoods. Genesis LA was contacted by the Los Angeles City Attorney's office to analyze the feasibility of redeveloping nuisance properties with liens on their records into housing. Not surprisingly, the Genesis LA Vacant Lot study found that almost 75% of all properties with liens were concentrated in three communities: Southeast LA 35%, South LA 22%, and Northeast LA 13% (Perez 2004). Clearly, anecdotal evidence that characterizes the vacant and abandoned property problem as one that most afflicts the inner city core of our communities is very much in line with actual findings.

### **The city of Los Angeles' strategies to deal with vacant and abandoned properties**

As previously mentioned, the city of Los Angeles does not have a database inventory of current vacant and abandoned properties in the region, but it does have two sections within the Code Enforcement unit of the Building and Safety Department that address vacant and abandoned nuisance properties that are reported by neighborhood residents. The Contract Nuisance Abate-

ment (CNA) section focuses on the abatement of open, vacant, abandoned and vandalized buildings (City of Los Angeles Department of Building Safety 2005). The CNA program is focused on declaring these properties to be a 'Nuisance' and/or 'Hazard' and encouraging property owners to clean, secure, and board up these properties. When property owners fail to comply with orders requiring them to clean, secure, rehabilitate or demolish these buildings, code enforcement steps in and actually performs the preliminary physical abatement work of cleaning and securing the land. The cost of this work (plus a 40% administrative fee) is assessed as a lien against the property (Perez 2004). The CNA in effect takes a reactive approach to dealing with vacant and abandoned properties, since the department's task force deals with these properties only after they have become nuisances and does not focus on any preventative measures against property abandonment.

Moreover, the agency relies heavily on tips from community residents who call in to report nuisance properties. This seems to be the preferred method of identifying nuisance properties as the Department's website dedicates a large section to providing community residents with hotline phone numbers and online forms to report nuisance properties (City of Los Angeles Department of Building Safety 2005). The city's Code Enforcement website also provides users with online access to a 25 page address list of vacant properties with abatement orders. As of May 2005, the list included roughly 917 properties with abatement orders dating back as far as July 1993 (City of Los Angeles Department of Building Safety 2005b). In addition to the CNA section, the Code Enforcement department has an Abandoned Building Task-Force (ABTF) that pursues abatement of 400 of the City's most severely blighted abandoned buildings (worst of the worst), with the goal of having these buildings rehabilitated or demolished (City of Los Angeles Department of Building Safety 2005).

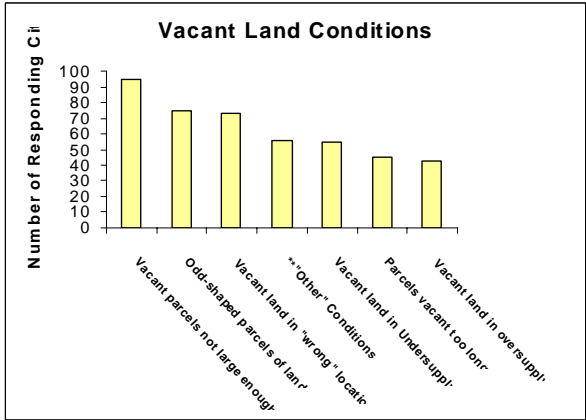


**Characteristics of vacant and abandoned properties**

While property abandonment and vacant land is not a new issue that confronts cities, but rather a phenomenon that has intensified in the last 20-30 years, attempts to understand how cities deal with these properties have recently emerged in the academic literature. In fact, a 1997 survey regarding vacant land was sent out to city officials in U.S. cities with populations of 50,000 or more asking them about the incidence of vacant and abandoned properties, their strategies for dealing with them, and the types of sites that were either abandoned or vacant (Pagano and Bowman 2004). When asked about the conditions of vacant and abandoned properties, the overwhelming majority of cities responded that the stock of vacant land they had within their jurisdiction was made up of parcels that were simply too small to build on (see Table 2). Other reasons cited tended to be attributed to the physical location and improper zoning of the parcels.

Although the city of Los Angeles did not respond to this survey, the conditions cited by cities across the U.S. are perhaps quite accurate given the fact that the Genesis LA Vacant Lot study also found that small parcel size is a defining characteristic of many vacant and abandoned properties. In fact, the research conducted by Genesis LA found that through an initial analysis of 59 properties about 88% of the sites that were identified were smaller than 10,000 square feet as Table 3 indicates. Overall, Genesis LA concluded that of the 120 sites that were looked at, nearly 80% of them were less than 10,000 square feet in size (Duran 2005). Undoubtedly, small parcel size can play a major role as an impediment to the redevelopment of vacant or abandoned sites and thus must be taken into consideration when making recommendations about how to encourage the redevelopment of these sites.

**Table 2. Vacant Land Conditions**



Source: Pagano and Brown 2004  
 \*\*\*"Other" conditions include land that is vacant due to real estate speculation, perceived (or real) contamination, steep slopes, infrastructure, problems, or wetlands.

**Table 3. Property Mix by Area**

Area (Square Feet)	Number of Properties
0-5,000 sq. feet	16
5,001-10,000 sq. feet	36
10,001-20,000 sq. feet	2
20,001-30,000 sq. feet	3
> 30,000 sq. feet	1

Source: Perez 2004.

To further understand the types of buildings and vacant lots that suffer from abandonment, another study on vacant land and abandoned properties in the U.S. asked city officials to rank the types of properties that were most problematic or prevalent within their communities (Accordino and Johnson 2000). The study asked the respondents to rank from 1 (least problematic) to 6 (most problematic) and then compared the overall responses to those cities in the Western portion of the country (see Table 4). In the West coast, the most often cited type of abandoned property were single family homes, followed by multi-family units, and lastly, retail sites.

**Table 4. Types of Vacant and Abandoned Properties**

U.S. compared to the West	Total	West
Single-Family Homes	4.3	3.7
Multi-Family Homes	3.8	3
Retail Buildings	3.5	3
Land	3.3	2.7
Industrial Buildings	2.9	2.5
Office Buildings	2.7	2.5

Source: Accordino and Johnson 2000.

**Factors that contribute to the growing incidence of vacant and abandoned properties**

While there is no single reason that has led to the increase in the amount of vacant and abandoned property in the U.S. as a whole, there are several federal and local policies that have contributed to the rise of disinvestment in older inner-city core neighborhoods and have ultimately resulted in the escalating abandonment of properties and land. A seminal survey of 200 cities across the U.S. conducted in 1997 which focused on understanding the reasons for the growth of vacant and abandoned property found that a confluence of factors

has led to this trend, but overall, much of the blame can be placed on the well intentioned, but ill-conceived federal policies that subsidized out-migration of much of the middle-class from central cities in the aftermath of World War II (Accordino and Johnson 2000). In the broader context according to the analysis of the survey of cities, the development of freeways, the increasing suburbanization of cities, and white flight played a significant role in hastening the growth of vacant and abandoned land. More specifically the authors' of the survey found that, federal housing policies overtly favored new construction over existing developments and sanctioned the redlining of vast areas of the inner-cities. At the same time, the new interstate highway program opened up large quantities of inexpensive and minimally taxed land on the urban fringe for industrial and residential developments. Lastly, the survey found that the federal transportation and housing policies of the post war years essentially siphoned off middle-class, would-be residents of rental units in older neighborhoods. Another country-wide survey focusing on issues related to vacant land and larger cities was sent out to cities (population greater than 100,000) with increased amounts of vacant land and asked them to indicate what they believed were the causes for abandonment. The research found that the two most often cited causes were disinvestment and suburbanization (see Table 5).

It is important to note that the two most often cited causes of abandonment often feed off of one another and thus further perpetuate the cycle of abandonment. As demand for homes in the worst inner-city neighborhoods begins to plummet, so too do the rents that landlords can demand for them. With falling revenues the owners of such properties begin a fairly routinized process of deferring maintenance, dropping services and generally trading off immediate profits against a lengthening of the owned lifetime of the building (Accordino and Johnson 2000). Moreover, the routine is fairly

**Table 5. Causes of Increased Vacant Land in the 1990s.**

Causes	Number of Cities
Disinvestment	25
Suburbanization	24
Deindustrialization	18
Contamination of Land	15
Out-migration	14
Limited access to capital	12
Annexation	10
Land assembly problems	10
“Other”	7
City land use policies	7
City real estate tax policies	6
Transportation problems	3

Source: Pagano and Bowman 2004.

straightforward: (1) nonessential repairs are delayed or stopped; (2) mortgage obligations go into default; and (3) property tax payments are stopped, starting the timetable for loss of ownership and abandonment (Accordino and Johnson 2000).

The survey of most problematic types of vacant and abandoned properties indicated that single-family homes are one of the major types of properties that are abandoned. The prevalence of abandoned single-family homes is yet another barrier to redevelopment because to some extent, it is beyond the reach of local governments to try to regulate the abandonment of single-family homes since the growth in

abandonment is due more to the socio-economic and cultural practices of individuals. For example, anecdotal evidence from Nashville, Richmond,

Rockford, and San Diego indicates that a significant cause of single-family housing abandonment is that many homeowners, especially lower-income persons, die without wills, leaving a confusing situation for their families and no person whom the city can contact regarding disposition of the property (Accordino and Johnson 2000).

### **Specific causes of property abandonment in Los Angeles**

The growing incidence of property abandonment in the Los Angeles region is particularly perplexing given the high price of land and the ever-escalating demand for housing. Nonetheless, the causes leading up to the escalating vacant and abandoned lot problem are to some extent mirrored in national trends. According to the head of the Contract Nuisance Abatement Program for the city of Los Angeles, Luke Zamperini, some of the main reasons why properties become nuisances, and for the most part abandoned and vacant, include: (Perez 2004):

1. Deceased property owners and no heir, or a heir not aware they now own the property
2. Owners cannot maintain payments for their property
3. Owners “walk away” or neglect their responsibility to their property
4. Fire damage

In addition, the region as a whole has been hard hit by a long and complex history of disinvestment and neglect which is reflected in the explosion of communities during the Watts Riots of 1965 and more recently the 1992 Civil Unrest. According to Genesis LA, which focuses their efforts on redevelopment in the South LA region, to some extent some of the property abandonment that we currently see in the region dates back to 1965 (Duran 2005). Similarly, the 1992 Civil Un-

rest led to the destruction of many commercial strips. As the 10<sup>th</sup> anniversary of the unrest passed, several studies found that while efforts to demolish and secure partially-burned structures had been largely successful, vacant lots and abandoned buildings had been left behind (Tobar 1997).

California's Proposition 13, legislation that initially was passed to curb the exploding increase in property taxes for homeowners, has had profound implications on the fiscal well being of cities. It has ultimately affected every aspect of our society and to some degree has impacted the growth of vacant and abandoned property. According to Neil Richman and Tómas Duran, Proposition 13 is one of a host of barriers to redevelopment of vacant and abandoned lots in the Los Angeles region and the state as a whole. In essence, Proposition 13 makes it economically feasible for property owners to sit on their properties because they are not impacted by a heavy property tax burden. This in turn provides these individuals with very little incentive to sell their plots of land or develop them. In fact, it can be argued that to some extent Proposition 13 facilitates speculative behavior within the real estate market (Richman 2005). This situation arises from the confluence of several factors. First, Proposition 13 does not place a heavy tax burden on property owners, thus encouraging them to maintain property that is otherwise not profitably. In addition, the city of Los Angeles' lax code enforcement standards make it more affordable for property owners to pay the often low priced liens and fees charged for nuisance properties rather than actually invest in rehabilitation of these sites. Lastly, the stigma associated with certain parts of Los Angeles does not encourage land owners to try to rehabilitate their plots of land or provide them with the market to sell these sites.

While urban population decline is often cited as a cause and result of vacant and abandoned land (Goldstein, Jensen, and Reiskin 2001), in the context of Los Ange-

les this is not a major driving factor of abandonment. In the Los Angeles region we see that while there has been a steady out-migration of residents from the area, overall population in the region has not declined as a result of an almost simultaneous inflow of Latino immigrants into the region. Thus, understanding that population decline is not one of the major factors driving the growth of vacant and abandoned properties is important in gauging to what extent this phenomenon can be attributed to a long history of racism and neglect of older inner-city communities.

### **Consequences of urban vacant and abandoned properties**

Perhaps the most harmful consequence of abandonment is the fact that it continues to manifest itself profoundly as it propagates more abandonment and disinvestment. In effect, vacant property opens up a cycle of abandonment and decline by deterring development and decreasing property values. This leads to property owners being less willing and able to make repairs, thus decreasing rents as the units become less desirable. When the value of the property falls to the point that it approaches the cost to maintain it, including its tax burden, the owner has more incentive to abandon the property than to try to sell it (Goldstein, Jensen, and Reiskin 2001).

As a result, owner-occupant landlords default on the mortgages and fail to make tax payments—subsequent foreclosures create empty buildings which stay empty because properties are not sellable (Goldstein, Jensen, and Reiskin 2001). As Table 6 indicates, the impacts of vacant land and abandonment are far reaching within a community as they severely compromise the overall quality of life of residents that remain in the neighborhood.

**Table 6. Community Quality Factors most affected by Vacant Properties**

*(in Descending Order)*

Housing/Neighborhood Vitality
Crime Prevention Efforts
Commercial District Vitality
Overall Quality of Life
Assessed Property Values
Fire Prevention Efforts
Industrial District Vitality

**Estimating the total amount of vacant and abandoned properties**

Recent surveys of cities that inquired about vacant land issues have found that there are some cities and regions that really have no way of tracking the total amount of vacant land within their jurisdiction. However, a survey of 83 cities with populations over 100,000 provided estimates of the number of abandoned structures and/or acres of “usable vacant land” within their boundaries (Brophy and Vey 2002). Survey results revealed that several cities, particularly Baltimore and Philadelphia, have large numbers of abandoned structures. In addition, the survey indicated that the average city possesses over 12,000 acres (or 15 percent of its area) of usable vacant land (Brophy and Vey 2002). To put this amount of land in perspective, this average of 15 percent means that the 100 largest cities in the nation have the equivalent of the total combined land area of New York City, Los Angeles, Chicago, Houston, Philadelphia, and San Diego sitting idle (Brophy and Vey 2002). Most importantly, the survey highlighted the fact that tracking methods for vacant land continue to be very limited in scope. Many cities are still learning about vacant and abandoned land from “calls from neighbors” and “informal feedback.” Tax delinquency information, a strong indicator of abandonment, was used by only 24 percent

of the respondents in identifying these properties (Brophy and Vey 2002). Again, because the city of Los Angeles did not participate in this survey, it is difficult to arrive at an accurate assessment of the total amount of vacant parcels in the region. It can be argued that since the region has not been affected by the large population loss experienced in older urban cities, this would not be a source of the increase in the abandonment of land. However, the rapid deindustrialization of the region, punctuated by the loss in manufacturing jobs, and the rapid decline of the apparel industry can largely be described as key propellants of the rise in vacant and abandoned properties.

**Vacant and abandoned properties in Council District 13**

Located in the heart of East Hollywood, Council District 13 is part of the study area dedicated to looking at some of the potential barriers and opportunities for infill development of higher density housing in Los Angeles. Through a brief analysis of five vacant and abandoned properties within this area (see Figure 1), key characteristics of vacant and abandoned properties will be further discussed and will serve as case studies to formulate policies that specifically address vacant and abandoned properties in Los Angeles.

*Site 1: Hollywood Boulevard and Garfield Place*

The vacant lot and closed down restaurant that sit on the corner of this intersection, make up perhaps one of the largest underutilized sites within the study area. The site itself is approximately 18,482.1 square feet and has been a hotly contested piece of land for the past year (see Figures 2-4). In February of last year, a developer bought the site and relocated a small restaurant that was on it. He then met with community members that make up a neighborhood group—Eastwood Coalition to tell them about his proposed

**Figure 1. Vacant and abandoned properties in Council District 13.**



plans for a Whole Foods Supermarket. According to K.C. Schmidt, a member of the Eastwood Coalition who also sits on the advisory board of the Community Redevelopment Agency (CRA), the working class community in the neighborhood would not have benefited from the proposed Whole Foods. In addition, there was tremendous concern about increased traffic congestion and lack of parking in the neighborhood (Schmidt 2005). The Eastwood Coalition strongly opposed the development of the Whole Foods Market, and as a result of community opposition the developer and owner of the site decided to abandon his idea.

The Eastwood Coalition envisions maintaining the site as a green space as well as building a small parking structure for the existing residents since many of the apartments buildings are older and are not accommodating

**Table 7. Hollywood Blvd. and Garfield Place**

Address	5553-5555 Hollywood 1707 N. Garfield Place
General Plan Land Use	High Density Residential
Zoning	[Q] R5-2
Site Area	18,482.1 square feet
Ownership	2/3/2004
Last Sale Amount	\$5,225,052
Assessed Land	\$2,320,000

to the large number of parking spots that residents demand. The parking lot would pay for itself as users would be charged a monthly fee. As Schmidt stated, given

all the development in the area it is pivotal that the site remain as green as possible, because although there is a park on the outskirts of the city, it is not very accessible to mothers with children and is nearly one mile away from the residential area of the neighborhood (Schmidt 2005). The and convert the Panarama building itself into a ‘Welcome to Hollywood, Thai Town, and Little Armenia’ Culture and Information Center.” Alison Becker, Planning Deputy for Council District 13, mentioned in an interview that due to neighborhood opposition, the developer has gone back and reconfigured his plans and is now proposing a mixed-use development that will include commercial, mom-and-pop-type retail shops on the ground floor and market-rate housing on top (Becker 2005). The site was also identified as a potential opportunity for housing within the city of LA’s General Plan housing element as they argued that approximately 94 units of housing could be built on the site (City of Los Angeles Planning Department 2005).

**Figure 2. Site #1**



**Figure 3. Site #1**



**Site 2: St Andrews Place and Hollywood Boulevard**  
 A second vacant site within the study area is located directly across the street from the proposed Whole Foods site and is approximately 9,514.3 square feet in size. Community opposition and issues related to the ability to conform to uses in the surrounding neighborhood have served as critical impediments to the redevelopment of this site. The Eastwood Coalition was interested in having the site be transformed into a green space. According to the Planning Deputy, the site has been vacant for several years. Some of the challenges to redevelopment center on the physical configuration of the site, the fact that it is adjacent to an existing two-story brick building, and the economics of financing redevelopment (Becker 2005). Council District 13 acknowledges that the community is in need of more open space so the site has now been identified as a potential site for a pocket park (Becker 2005). Given the size of the lot, this seems to be an ideal use for this site, although once again, the city of LA identified this site as a potential opportunity for the construction of 47 units of housing.

**Figure 4. Site #2**



**Figure 5. Site #2**



**Table 8. St Andrew's Place and Hollywood Blvd.**

Address	5600-5602 Hollywood 1669-1681 St. Andrews
General Plan Land Use	High Density Residential
Zoning	[Q] R5-2
Site Area	9,514.3 square feet
Ownership	2/28/2000
Last Sale Amount	0
Assessed Land Value	\$151,146

**Site 3: Abandoned Single Family Home in East Hollywood**

The third site that was identified in the study area was a boarded and abandoned single family home which sits on a relatively large parcel of land for a traditional single family home. It is approximately 5,850.7 square feet. I was able to contact the previous owner of the home and she stated that the site had been abandoned and boarded up for several years after her father died as they straightened out issues related to who would take ownership of the home (Emerson 2005). The home was sold last year and will now be renovated to serve as a Korean Methodist Church and Day Care Center according to the current owners.

**Table 9. Abandoned Single Family Home**

Address	1800 Western Avenue
General Plan Land Use	Neighborhood Office/Commercial
Zoning	R3-1, C4-1D
Site Area	5,850.7 (sq ft)
Ownership	2/28/2000
Last Sale Amount	\$815,008
Assessed Land Value	\$378,356

**Figure 6. Site #3**



*Site 4: Hollywood Boulevard and Serrano Avenue*

This vacant lot sits on the corner of a major traffic corridor—Hollywood Boulevard and abuts housing through Serrano Avenue, a smaller residential street. Moreover, this site is strategically located at the very tip of the Hollywood Redevelopment Project area that was designated as such by the CRA. The Hollywood Redevelopment Project area is located approximately six miles northwest of the Los Angeles Civic Center at the base of the Hollywood Hills, is composed of 1,107 acres and is generally bounded by Franklin Avenue, Serrano Avenue, Santa Monica Boulevard and Fountain Avenue (Community Redevelopment Agency 2003). The Hollywood Redevelopment Project Area Plan was adopted by the Los Angeles City Council on May 7, 1986 to address a host of identified blighting conditions in the Project Area. At the time of adoption, the Project Area was found to contain the following conditions that are descriptive causes and symptoms of the significant number of vacant and abandoned sites within the study area:

- Economic stagnation was characterized by a shortage of available industrial space for entertainment-related uses and a decline in residential investment, shifting commercial uses, and a shortage of first-class office space.
- Irregular parcels which did not meet established planning and zoning standards or economic requirements for development were found throughout the area (Community Redevelopment Agency 2003).

The now vacant site sits directly next to a Days Inn Motel and is rather large at 13,982.8 square feet. According to the Los Angeles Department of Building Safety, the site was on both the Contract Nuisance Abatement and Abandoned Building Task Force List since 2000 when it housed three commercial businesses. It was subsequently abandoned and eventually demolished in

**Table 10. Hollywood Blvd and Serrano.**

Address	5400-5406 Hollywood 1649-1659 Serrano Ave.
General Plan Land Use	Highway Oriented Commercial
Zoning	C2-1
Site Area	13,982.2(sq ft)
Ownership	11/8/2000
Last Sale Amount	\$550,000
Assessed Land Value	\$573,364

2001 (City of Los Angeles Department of Building Safety 2005b). Evidently, the major driving force for abandonment of this site was related to the changing economic landscape due to the slow economic downturn that affected the region. The site was also identified as a potential opportunity for housing within the city of LA's General Plan housing element as they argued that approximately 40 units of housing could be built on the site (City of Los Angeles Planning Department 2005).

*Site 5: Western Avenue and Carlton Way*

The vacant site along Western Avenue is located in between a bustling strip of small businesses that include a martial arts studio, a convenience store, and a Mexican food restaurant. This lot is medium sized at about 8,777.7 square feet, and seems quite out of place among the thriving small businesses that it is surrounded by. It sits about a quarter of mile from

**Figure 7. Site #4**



**Figure 8. Site #4**





the intersection of Hollywood and Western, an area that has been heavily developed in recent years. Clearly, this site was once home to several commercial businesses, but has been completely abandoned for over five years. The current owner is a non-profit developer that struggled to get the financing and entitlements for this site. According to the Planning Deputy for Council District 13, this site will be utilized to build 64 units of affordable housing (Becker 2005).

Council District 13 is very cognizant of the struggles that small businesses are facing in the midst of the tremendous amount of development that has been occurring in the area, and a result have taken proactive legislative measures to aid small businesses. The pas-

**Table 11. Western Ave. & Carlton Way**

Address	1600-1606 Western Ave
Current Use	Residential Vacant Land
Zoning	[Q] R5-2
Site Area	8,777.7(sq ft)
Ownership	4/3/2002
Assessed Land Value	\$529,911

sage of the Greuel-Garcetti Small Business Package in fall of 2004 is an attempt to alleviate the financial burden on small businesses throughout Los Angeles and may help to reduce the incidence of decay of commercial businesses, a significant source of abandonment within Council District 13. Features of the reform plan will allow business owners making \$100,000 or less to be exempt from business tax, will allow business owners to only pay taxes on actual receipts and will no longer require them to pay taxes on payments they have not yet received, eliminating the tax on

**Figure 9. Site #5**



“bad debts.” Medium to large businesses will see a 15% across the board reduction in city taxes, 61% of small business owners will see significant tax relief, and overall about 130,000 small businesses will benefit (Kamensky 2004).

**Figure 10. Site #5**



**Barriers to redevelopment of vacant and abandoned properties in Los Angeles**

Ultimately, some of the defining characteristics of vacant lots as well as the causes for abandonment play a major role in determining the feasibility of redeveloping these sites into future uses. Looking at the Los Angeles region specifically, Genesis LA’s study on the feasibility of redeveloping nuisance properties with liens on their records cited three major barriers to redevelopment:

- Small parcel sizes (80% of the sites analyzed were less than 10,000 square feet)
- Improper zoning—majority industrial sites (particularly vacant businesses in South LA)
- Cost of land too high given development opportunities (the most feasible use for the sites was pocket parks). Namely, this finding is related to the fact that sufficient interest by private developers has not been generated given the fiscal burdens and perceived lack of returns on investment for open space and parks (the most adequate uses for these sites).

Similarly, according to the Contract Nuisance Abatement Program for the city of Los Angeles, private developers have in the past expressed interest in the revitalization of Los Angeles city nuisance properties, but were discouraged for several reasons (Perez 2004):

- Parcel sizes too small
- More costs involved than project is worth (many nuisance properties have a large amount owed to lending sources and tax delinquency)
- Parcels located in areas developers consider risky for investment

In looking at inner-cities in particular, several unique barriers to redevelopment exist. For example, the redevelopment of vacant lots is challenging because of physical conditions such as deteriorated infrastructure, patterns of disinvestment and abandonment, and a lack of supporting facilities and services like grocery stores and convenience retail outlets (Suchman 1997).

### **Barriers to Redevelopment in Council District 13**

In analyzing the study area of East Hollywood, the first and most important barrier to infill redevelopment of vacant sites is the neighborhood's reaction and opposition. This is followed by issues of land assembly for smaller sites; closely related to this is the financing of small projects. Lastly, zoning can sometimes have an adverse impact on the feasibility of redevelopment. The overarching theme that emerges when discussing the issue of community opposition to redevelopment in Council District 13 is the fact that there is little interaction between key decision makers in the city and the community residents. While the community does seem to be actively involved in their neighborhood through grass roots organizations such as Eastwood Coalition, there is clearly a lack of communication between city officials and the community that lives in the area. This is further evidenced by the huge gulf between the community vision for Council District 13 and the city's and local developers' plans for development.

According to the Planning Deputy, there is a growing trend in the development of condominiums in order to make development feasible because land values are so high (Becker 2005). It is just not feasible to spend upwards of \$375 per square foot on construction costs alone for rental projects when you can build condos that can sell for as much as \$400,000 within the area (Becker 2005). As a result, the high costs associated with development of housing in Los Angeles are yet another barrier to the redevelopment of vacant and abandoned properties in the region.

### **Community opposition as a barrier to redevelopment of vacant and abandoned sites**

The redevelopment of vacant and abandoned sites poses a difficult challenge for cities that are struggling with this rising phenomenon in a variety of ways: from economic barriers, to zoning barriers, and lastly but perhaps most pressing is the growing rise in community opposition to specific types of redevelopment. As illustrated in two of the case studies within Council District 13, community opposition resulting from a disconnect between the developer's vision for the vacant site and the community who lives in the surrounding area has played a significant role in the inability to return these sites to efficient uses. The literature on community opposition relating to development finds that opposition arguments usually express three specific concerns: the perceived threat to property values, personal security, and neighborhood amenity (Dear 1992). In the case of the proposed Whole Foods site, several of the most basic community opposition arguments were brought to the forefront of discussions with the developer of the site. Chief among these arguments was the belief that the host community would be adversely affected by the proposed development. In effect, small businesses complained that clusters of clients could potentially drive customers away and residents worried that their enjoyment of the neighborhood would be undermined by

the increased congestion (Dear 1992). Organized community opposition, as in the case of East Hollywood with the vocal Eastwood Coalition, can effectively halt development of projects. As a result, it is imperative that community opposition to proposed redevelopment of vacant and abandoned sites be addressed by local jurisdictions. It is simply not enough to set in place economic and zoning ordinances to facilitate redevelopment. If a community feels that they will not benefit from the proposed development, they can and will be a formidable opponent for cities, further prolonging the already arduous task of redevelopment of vacant and abandoned sites.

### **Benefits of Infill Development**

As discussed above, the barriers to infill redevelopment of vacant and abandoned sites are substantial. Nonetheless, the benefits of infill development while often times overlooked, can also serve as a strong impetus and incentive to offset some of the perceived added difficulties associated with developing these sites. First, development of infill sites in established city neighborhoods can provide many public benefits by furnishing needed housing, putting vacant land and buildings back on the tax rolls and serving as an effective manner in which to manage growth and stop urban sprawl (Suchman 1997). As regions and cities struggle with how to accommodate growth and demands for affordable housing, many have come to recognize they can no longer expand outward because the environmental impacts, economic costs, and social consequences of traditional growth patterns are too great. As a result, cities and regions must look inward to their urban neighborhoods and inner ring suburbs as logical places for new growth (ICMA 2002). In addition, infill development typically has the added benefit of not requiring extra expenditures for infrastructure and may actually encourage smart growth goals like mixed-use and transit-oriented development

(Suchman 1997). Thus, cash-strapped cities can invest in infill development without having the added capital expenditures associated with developing in areas that do not have the economic, social, or transportation infrastructure that inner-city core communities possess.

### **Strategies to promote Infill and Redevelopment**

The causes of abandonment and disinvestment in communities are varied, yet the resulting outcomes, particularly the blight and negative impact on communities that remain in these neighborhoods, are very similar. Having examined the characteristics, amounts, causes for abandonment, and the consequences of widespread disinvestment in communities this next section moves beyond describing the symptoms of abandonment and towards formulating a more proactive set of policies to combat the growing trend of vacant and abandoned land. Among the key strategies to dealing with vacant and abandoned properties to encourage the redevelopment of these sites into housing are: the implementation of state policies to generate money and the authority to take ownership of properties, local policies to ensure that there are programs to deal specifically with abandonment, the creation of community linkages through collaboration with non-profit organizations to redevelop land, and more outreach or punitive measures against property and land owners to ensure that they are more accountable for the upkeep and utilization of their land. This section will draw from the programs, policies, and experiences of cities and counties across the U.S. in order propose innovative approaches tailored specifically to the Los Angeles region.

### **Inventory and Tracking**

Given the characteristics and causes of abandonment, the most important first step that must be taken by the

city of Los Angeles (if it serious about dealing with issues of abandonment) is to set forth a clear system of identifying and keeping track of all vacant land within its jurisdiction. The city of Chicago can serve as a model for implementing such a program as it has a mandatory Vacant Property Register that buildings must be on within 30 days of becoming vacant. In order to ensure that property owners register their vacant plots a \$100 annual fee is charged, and if an owner fails to register the property, there is a \$200 - \$500 per day fine (City of Chicago Troubled Buildings Initiative 2005). Collecting as much information on a vacant property as possible is also a key step that must be taken by city officials through the initial inventory process. During the preliminary investigation it is also critical to find out why the property owner let the property deteriorate (ICMA 2002). Does the owner have the interest and the commitment to make the repairs necessary to bring the property back up to code? Does the owner also have the financial and physical ability to complete the rehabilitation? Is the owner interested only in real estate speculation? (ICMA 2002). Understanding the property owner's motives in keeping the land vacant can better train city officials to be more effective advocates for redevelopment.

#### **Enhance accountability for rehabilitation of vacant and abandoned properties**

After identifying landowners who possess vacant and abandoned sites, local authorities must actively engage them to encourage them to rehabilitate these sites. The city of San Diego, California provides an excellent case study of active involvement in encouraging owners to rehabilitate vacant lots. In 1993, the city established a task force to address the growing problem of abandoned and deteriorated housing units and as a result they hired the city's first vacant properties coordinator to take charge of the program. Working closely with the police department, the City Attorney's office, building inspectors, and others, the coordinator is required to ascer-

tain property owners' ability and willingness to voluntarily abate public nuisances and rehabilitate their structures if possible and to work with owners to determine the most appropriate course of action (City of San Diego Neighborhood Code Compliance 2005). San Diego's approach is premised on the need to do whatever it takes to make sure that vacant and abandoned property is returned to active uses and as a result looks to the property owners as a key part of this process. This includes helping owners tap into the various resources (including both funding and technical assistance) that may be available to assist them (Brophy and Vey 2002). However, providing a property owner with resources is not the only way that the city encourages them to redevelop these sites, they also impose harsh sanctions to serve as another incentive for redevelopment. Owners of nuisance structures are required to file a statement of intent, laying out a plan and timetable for rehabilitation. In addition, fines can be levied on the owner if he or she either does not file the statement or does not make progress on the work set forth in their submitted plan (Brophy and Vey 2002).

Many cities and local governments have set in place regulatory measures to ensure that vacant and abandoned properties are at the most basic level secured through the use of property liens. However, the liens that are placed on these properties are not very large, in fact according to the Genesis LA Vacant Lot study, the average amount of liens on properties was \$15,000, and while 60% of liens have been in process for 0-5 years, only 19% of these liens had been in place between 5-10 years (Duran 2005). Moreover, these liens are usually one time assessments, and while interest does accrue, the amount can be negligible. As a result, there really is no incentive for absentee property owners to rehabilitate or fully utilize the land, and this creates a situation in which property owners prefer to pay the lien amounts and continue to in effect sit on the land,

this trend is further facilitated by California's Proposition 13 (Duran 2005). In addition to imposing tax liens on vacant and abandoned properties, several states have gone a step further by imposing higher interest rates and penalties for each year that a property has a lien on its title. In recent years, higher penalties averaging 10 percent annually and interest rates 16-18 percent have been imposed as a means of discouraging property owners from delaying their tax payments (Green Leigh 2004). Another option that can be given to owners with large tax and property liens is voluntary release of the property. The city of Trenton, New Jersey, established a program that allows owners to give their properties to the city and receive forgiveness of any back taxes or liens (Kildee 2004).

#### **Split-Rate Taxation**

A viable tax based and financially punitive solution to deter property owners from not improving their lots is placing a higher economic cost on the failure to fully utilize land through split-rate taxation. In effect, split-rate taxation is an excellent example of a tax incentive designed to put a high taxation rate on land but a low rate, or no taxes at all, on improvements (Accordino and Johnson 2000). The guiding premise of split-rate taxation is to reduce the taxation on the actual physical structures that sit on the plot of land to encourage improvements and renovations. In the same manner, taxes are increased, meanwhile, on land as a means of discouraging land speculation (Green Leigh 2003). Clearly, this method of taxation is structured to encourage more intensive use of available land as increased taxes on land serve as potential deterrents to maintaining vacant land. A 1997 study by University of Maryland economists Oates and Schwab that compared Pittsburgh trends in annual building-permit values with those in 14 other eastern cities in the decade before and after Pittsburgh expanded its split-rate tax program, found a 70 percent increase in building-per-

mit activity in Pittsburgh (during the time it was experiencing deindustrialization in its steel industry), while the 15 cities combined experienced a 14 percent decrease in the value of permits (Green Leigh 2003).

#### **Conducive Land use regulations**

One of the major causes of vacant and abandoned properties cited throughout the U.S. is directly related to the land use policies of local municipalities, i.e. building codes. Stringent building and zoning codes place an unduly harsh economic burden on property owners of older buildings and can to some degree be the major driving factor towards abandonment rather than rehabilitation. Recognizing this fact, some states have enacted smart or rehabilitative building codes that clearly make distinctions between regulations for new property owners and owners of older buildings. In fact, the state of New Jersey's smart building codes which were implemented in 1998, have become the model that other states and jurisdictions have looked toward when revamping their own systems (New Jersey Department of Community Affairs 2005). New Jersey's old codes were written to guide new construction, and were thus difficult to apply to existing buildings in a rational, cost-effective manner. As a result, major improvement projects were encumbered by unpredictability over code requirements and project costs, and were causing developers to shy away from rehabilitation work on the state's large stock of old buildings (New Jersey Department of Community Affairs 2005). Moreover, rehabilitation codes are streamlined building codes related strictly to renovations. Under the revised codes, an entire building no longer must be brought into full compliance with current (new construction) codes, greatly reducing costs (Green Leigh 2003).

Another effective way to utilize ordinances to encourage the rehabilitation of vacant and abandoned prop-

erty is by limiting the amount of time that buildings or homes can remain boarded up. An excellent example of this is the city of Jacksonville, Florida which determined that less than 5% of its boarded-up residential buildings outside of historic areas were ever returned to service. The city established an ordinance in 1996 that placed a maximum time limit of 36 months on the board-up of such properties; after 36 months, the boards must come down, speeding up the deterioration process, so that the property can be condemned and demolished more quickly (Accordino and Johnson 2000). In the same vein, in Greensboro, North Carolina, properties that have been vacant for more than one year are taken before a special commission that can order repair or demolition within 90 days (Accordino and Johnson 2000). Ordering the demolition of private property can be a politically controversial measure, but nonetheless should be considered as a last recourse for cities that have a large stock of persistently vacant and abandoned properties.

The city of Chicago effectively deals with nuisance properties through its Slum Nuisance Ordinance by first ensuring that the vacant properties are secured. If the building becomes unsecured at anytime, then the building is entered into the city's demolition program and through the ordinance it gives the city the power to foreclose on these properties and take down the building within three months (Kildee 2004). As previously mentioned, the city of Los Angeles currently has a compiled list of over 900 properties that are deemed to be nuisances, with the majority of these properties being designated as such for several years. Instituting an ordinance similar to that of Chicago would be an efficient way to ensure that properties do not remain nuisance for many years. Another way to encourage the redevelopment of vacant and abandoned properties is by offering developers incentives for working with this land. For example, in Portland, Oregon, the city established an

expedited permit review program for vacant properties to set a one-year cycle for the entire process of land acquisition and building permitting (ICMA 2002).

### **Townhome Ordinance in the City of Los Angeles, California**

Faced with a growing housing crisis, the city of Los Angeles has taken a significant step towards encouraging the efficient development of housing within the region with the recent introduction of the Townhome ordinance. While not developed specifically to address the redevelopment of vacant and abandoned properties, the Townhome ordinance is a land use tool that can aptly be utilized on the plethora of smaller vacant and abandoned sites that dot the landscape of the region. The overarching theme of the Townhome ordinance is to set forth minimum standards for building that focus on making the development of townhomes on smaller lots much more economically feasible for developers by reducing setback, parking, and street frontage requirements. As previously mentioned developers argue that it is difficult to develop smaller vacant and abandoned sites, which characterizes the majority of the sites that are underutilized or vacant in the Los Angeles region. The Townhome ordinance speaks directly to these concerns by reducing the street frontage requirement from 20 feet to 16 feet for townhomes. In addition, depending on whether the town home is detached or not, the ordinance eliminates setbacks or decreases them to 5 feet. Moreover, minimum lot widths are reduced to 16 feet and the minimum lot area is also reduced to 600 feet (White 2005).

Inappropriate zoning is also an often cited barrier for redevelopment of vacant and abandoned sites into housing and is also addressed by the Townhome ordinance. According to the ordinance adopted in January

of 2005, townhomes can be a single family home, duplex, or triplex on a lot in a multi family or commercial zone (White 2005). Thus, the townhome ordinance offers more flexibility for developers in several ways: first, it allows for more efficient use of available land—which allows developers to maximize the total number of units that can be built on a parcel of land, thus increasing the economic feasibility of development. In addition, by allowing the development of housing in commercial and multi-family zones it opens up opportunities for development in vacant and abandoned sites that were once commercial buildings, a major typology that is characterized by abandonment in Los Angeles. In effect, the development of townhomes that are compact and able to support more high density development than typical single family housing models represents an opportunity for the city of Los Angeles to both deal with difficult to develop smaller lots and provide increased housing opportunities for residents (White 2005).

#### **Incentives to rehabilitate vacant and abandoned properties**

Several programs throughout the U.S. have turned the escalating problem of abandonment of single-family homes and transformed it into an effective way to both encourage rehabilitation and create housing opportunities for low income residents. For example, St. Paul, Minnesota's Houses to Homes program subsidizes up to \$40,000 of the rehabilitation costs of vacant single-family houses that are sold to low-to moderate-income persons (Accordino and Johnson 2000). Detroit, Michigan gives vacant and abandoned houses to persons who repair and live in them for three years; Thousand Oaks, California provides financial assistance to first-time homebuyers in purchasing properties acquired through tax sale (Kildee 2004).

#### **Preventative measures against abandonment**

While it is important to set an agenda for dealing with vacant properties that already plague communities, preventative measures to stop abandonment before it grips communities is the most effective way to ensure that communities thrive. Recognizing the need to be more proactive before abandonment starts, certain neighborhoods in Philadelphia, a region of the country that has experienced a spurt of abandonment in recent years, has implemented programs to prevent abandonment. The city of Philadelphia implemented a Targeted Basic Systems Repair Program (TBSRP) that is aimed at low- and moderate-income, owner-occupied houses (Brophy and Vey 2002). In addition, Philadelphia's experience during the 1990s shows that homebuyer assistance programs can be an important element of a larger vacancy prevention strategy. By promoting homebuying opportunities in urban neighborhoods, more buyers can be found for for-sale properties that otherwise might remain on the market and, in some of the city's weaker real estate markets, become abandoned (Kromer 2002).

#### **The role of communities in encouraging redevelopment**

This next section will look at various programs and strategies to encourage the redevelopment of vacant land that are specifically tailored to create partnerships between local city agencies and community based organizations. These types of partnerships have proven to be very effective tools in dealing with abandonment and include programs such as community land banks, land trusts, and third party initiatives. Undoubtedly, part of the success of these innovative programs has to do with the fact that community based organizations play an active role and have a voice in the planning process for redevelopment. As illustrated with several of the case study sites within East Holly-

wood, the degree of community opposition within a proposed project area plays a key role in determining the feasibility of redevelopment.

### **Community Land Banks**

Dealing with the issue of abandonment is a complex and lengthy process that not only requires action at the local level, it must also be supported by state wide efforts to deal with vacant land redevelopment. An excellent example of a state legislative power to deal with vacant land is the creation of land banks. At the most basic level land banks act as a legal and financial mechanism to transform vacant, abandoned and tax-foreclosed property back to productive use. Generally, land banks are funded by local governments' budgets or the management and disposition of tax-foreclosed property (Green Leigh 2004). Land banks are also an effective mechanism through which local cities can actively encourage non profit and community based organizations to take part in efforts to redevelop vacant lots. Typically, the land bank authorities are non-profit entities empowered by state (or local) governments to waive or forgive back taxes owed on a property, they have the power to acquire and manage land, often in anticipation of a future use, and to sell or give it to non profit or for profit groups (Green Leigh 2003). The banks' assemblage of small, individual parcels into larger blocks under common ownership can enhance the development potential of these parcels, which otherwise would be too small to warrant investment by most developers (Green Leigh 2003). The major benefit of creating land banks is the fact that they actively address one of the key barriers to redevelopment of vacant and abandoned land by taking part in the process of assembling land in order to make it more feasible for development. In addition, since the individuals working on land assembly are often from the community they will tend to be better equipped to identify potential sites and uses that fit best with the community fabric.

To give a brief example of how land banks work, Cleveland, Ohio's land bank program is made up of non-profit and for-profit developers who identify vacant lots to develop. The county then researches each property to determine if it is eligible (tax delinquent) for the program (Accordino and Johnson 2000). If so, the county begins the tax foreclosure process on the properties and gives a list of all properties, complete with maps, and owner and tax information to the city. Within nine months of the original request by a developer, the properties are ready for sheriff's sale. If no bids are received during the first two sales, the city is awarded title to the property (Accordino and Johnson 2000).

### **Community Land Trusts**

Community Land Trusts are yet another innovative way to ensure that whatever development takes place in communities is serving the best interest and needs of all residents. Unlike land banks, local non profits take a lead ownership role within community land trusts. In effect, non-profit corporations acquire property through direct purchase, partnerships with government-based land banks, donation, and other means; the money with which they purchase properties can come from community development funds such as Community Development Block Grant (CDBG), or private donations and gifts (Green Leigh 2003). Table 12 below identifies some of the key features of community land trusts.

### **New York's approach to dealing with vacant land: Third Party Transfer Initiative**

In 1996, New York City adopted Local Law 37, which allows the Commissioner of Finance to sell tax liens on tax-delinquent residential buildings, and convey distressed properties directly to responsible third parties who will provide affordable housing without taking title itself for \$1 (LISC 2001). At the same time that this process was taking place, the Local Initiatives Support Cor-



poration (LISC) established a non profit organization to act as an interim owner of distressed properties for about 12 months—Neighborhood Restore (LISC 2001). Again, drawing from the previous examples, the third party transfer initiative makes property owners the focal point of revitalization efforts by offering them various incentives to redevelop their land. First, Neighborhood Restore establishes a management agreement with new managers and potential owners it selects in consultation with the city of New York, and assists them in making needed property improvements during the interim ownership period (LISC 2001). After signing agreements with owners, the program allows rehabilitation financing to be arranged, the necessary legal documents to be prepared, and properties to be stabilized before the final property transfer is made to a responsible owner selected through a public Request for Qualifications process (LISC 2001).

In addition, financial and tax incentives are given to owners through this program. The financial incentives include lien forgiveness, low cost of acquiring and rehabilitating buildings as compared to the open market, and subsidies for the development of properties disposed through Neighborhood Restore (LISC 2001). Tax incentives include (because of the non profit status of Neighborhood Restore), full property tax exemption during the interim ownership period, and a twenty year period tax exemption on building improvements (LISC 2001). The third party transfer initiative has been effective in transferring previously blighted properties to responsible for profit and non profit owners; 46 properties were transferred from negligent owners to new owners with proven track records of responsibility and effective building management. In the Bronx pilot program it took only 26 months from the date the properties were included in the action for the final transfer to be completed, providing a quick remedy to a potential blighting influ-

**Table 12. Features of Community Land Trusts**

Feature	Description
<b>Dual Ownership</b>	The CLT) acquires multiple parcels of land throughout a targeted geographic area with the intent of retaining ownership of these parcels in perpetuity. Buildings already on the land, or later constructed, are sold to individual homeowners; cooperative housing corporations; nonprofit developers of rental housing.
<b>Leased Land</b>	ground leases.
<b>Perpetual Affordability</b>	The CLT retains an option to repurchase any structures that are located on its land if the owners decide to sell. The resale price is set by a formula is designed to give present low-income homeowners a fair return on their investment, but also to provide future buyers fair access to housing at an affordable price.
<b>Perpetual Responsibility</b>	The CLT, as owner of the land, has a continuing interest in and responsibility for the buildings and the owners. If the owners create hazards, default on their mortgage, or otherwise significantly endanger the property, the ground lease gives the CLT the ability to step in and secure the property's value.
<b>Community Control</b>	The CLT is a community-based organization, drawing members from its own leaseholders and other local residents. The board is formed by election and is accountable to its membership.
<b>Expansionist Acquisition</b>	Although many CLTs may begin with a single project, they are not focused on only one land holding. They are committed to focusing on expanding their holdings.
<b>Flexible Development</b>	The CLT is a flexible tool that provides for many different types of development and encompasses a variety of land uses, as well as a diversity of building tenures and types
<b>Tripartite Governance</b>	A "classic" CLT board contains three equal parts: one- third leaseholders; one-third representatives from the surrounding community who are not leaseholders; and one-third public interest representatives, such as public officials, local funders, nonprofit housing.

Source: Green Leigh 2003.

ence on the surrounding block (LISC 2001).

**Strategies for dealing with community opposition**

In effectively dealing with community opposition to proposed redevelopment of sites, the literature cites two very different approaches for dealing with community residents, as Table 13 illustrates.

These two broad approaches are very distinct, and clearly a collaborative approach is the most effective way in which to ensure that developers do not impose their view of development on communities in a manner in which it harms the physical, social, and economic well being of the region. Given the negative impacts of vacant and abandoned properties on host communities, they are perhaps the most interested in ensuring that redevelopment of these sites occurs, and as a result can be a valuable source of information and input during the development process. In the next section, I outline several community based strategies for dealing with community opposition.

**Community Education and Outreach**

Keeping the community informed about what is going on in their community is the key first step in helping to foster a collaborative sentiment between developers, planners, and area residents. Developers and city officials can use television, radio, print media, general mailings, and leaf-letting to increase public awareness and understanding of the economic and social impacts of vacant and abandoned properties; familiarity and understanding tend to increase tolerance and acceptance (Dear 1992). To encourage the development of higher density housing in particular, community education efforts should stress the benefits of this type of housing and most importantly the extreme housing crisis that confronts the region as a whole. Developers and city officials should also have direct contact with the host

community or its representatives. This is usually achieved through public or private meetings to promote acceptance, outreach can be especially important in the early stages of planning to gauge host community responses and, later, as part of a mediation process (Dear 1992).

**Community Advisory Boards**

While community education and outreach is an essential first step in acquiring buy-in for a proposed development, community residents must also actively be engaged in the decision making process throughout the entire life of the project. The creation of an advisory board can be an effective way to legitimize the community’s role in the development process. Advisory boards can also provide the added incentive of incorporating needed technical and advocacy skills, and defuse opposition (by, for instance, appointing the most vocal opponents to the advisory board) (Dear 1992). In this manner, community members are not only in-

**Table 13. Approaches to dealing with community opposition.**

Collaboration	Autonomy
Direct contact between developer and host community	Accords priority to the rights of the clients
Grants relative priority to the community’s right to be informed of and participate in decisions affecting their neighborhood	Presumes no direct contact with the host community prior to siting.
Involves establishing a social contract between the developer and host community.	Motto: “You didn’t seek permission to move into this neighborhood, so why should we”

Source: American Planning Association 1992.

formed about the development that will impact their neighborhood, they also have an active voice in making decisions to improve the overall compatibility of the proposed development with the surrounding neighborhood.

### **Concessions and Incentives for the Community**

Another important way in which to diffuse community opposition for a proposed housing development is to offer the host community some incentives or benefits that will enhance their own lives and overall community as a result of the project. Typically, developers offer concessions that relate to the design and amenities of the proposed housing development; these include landscaping, property rehabilitation, and parking arrangements (Dear 1992). Enlisting community input in the physical amenities of the project will undoubtedly result in the development of housing that is more compatible with the needs of the surrounding community than having an outside architect impose his or her design model. In addition, whenever possible, developers or city officials should identify ways that the development will benefit the host community; these include local employment opportunities, utilizing local contractors for building renovation, maintenance services, the availability of the facility for community meetings and programs, and obtaining additional funds to be spent in the host community (Dear 1992). A clear example of the inability to offer incentives for the community to obtain buy-in for a development is the proposed Whole Foods site in Council District 13. The major point of contention there was the fact that the community felt there was a lack of open space in the neighborhood, a potential compromise could have been for the developer or the city to fund the development of additional programs at the existing park or the creation of several scattered pocket parks in the nearby area as a way of obtaining community support for the proposed supermarket.

### **Conclusion**

The issue of property abandonment and vacant land in our communities is one that continues to elude policy makers at both the local and national level. Strategies to deal with abandonment are varied across the U.S. and have as a result been met with different levels of success in terms of bringing properties back to full use and transforming blighted communities into viable and thriving neighborhoods. Neighborhood Progress Incorporated, a non-profit organization based in Cleveland, Ohio, a state within the U.S. that has been particularly hard hit by the issue of abandonment, developed a schematic which highlights major strategies to deal with vacant and abandoned property (Neighborhood Progress 2005). This schematic will be used as a guide to propose potential strategies for successfully leveraging vacant and abandoned properties in Los Angeles (see Figure 13). These strategies are broadly grouped into four different categories: data information management systems, fiscally punitive measures, land use based tools, and community based strategies.

### **Data Information and Management Systems**

Given the scope of the problem of abandonment vacancy throughout the Los Angeles region, it is quite obvious that current measures to deal with this issue have not significantly deterred or reversed this growing trend. The most glaring example of the region's inability to deal with this issue can be attributed to the lack of viable knowledge on the scale of abandonment. The Department of Building and Safety which houses the Code Enforcement sector and is largely responsible for overseeing nuisance and abandoned properties throughout the vast metropolis, functions in a very limited capacity and currently is not conducive

to furthering the city's goal of redeveloping vacant and abandoned properties. The Code Enforcement's Contract Nuisance Abatement Program which in effect assesses a one time fee or lien on vacant and abandoned land to secure these properties does not in any way encourage further action by negligent property owners. In addition, the department's lack of comprehensive tracking system to identify nuisance properties, as exemplified by their heavy reliance on neighborhood tips to identify these sites, severely limits the ability of efforts to redevelop these sites. As the Neighborhood Progress schematic highlights, reliable data and information management systems are the foundation for successfully implementing strategies to prevent abandonment and reclaim these sites.

Setting time limits on how long land can remain vacant or abandoned is definitely a solution that meets the particular characteristics and causes of abandonment in Los Angeles. This proposed solution is guided by the belief that it is not sufficient to merely require property owners to board up properties, this type of action does not provide any incentive for redevelopment of sites but rather facilitates the growth of visually, socially, and economically blighted communities. Setting time limits on vacancy and abandonment is an important first step to encourage, if not force, property owners to be more proactive with their property. Within the context of Los Angeles this is particularly relevant as the Code Enforcement Department acknowledges that some of the 900+ nuisance properties on record within the city of Los Angeles date back to the mid 1990's.

#### **Fiscally Punitive Measures**

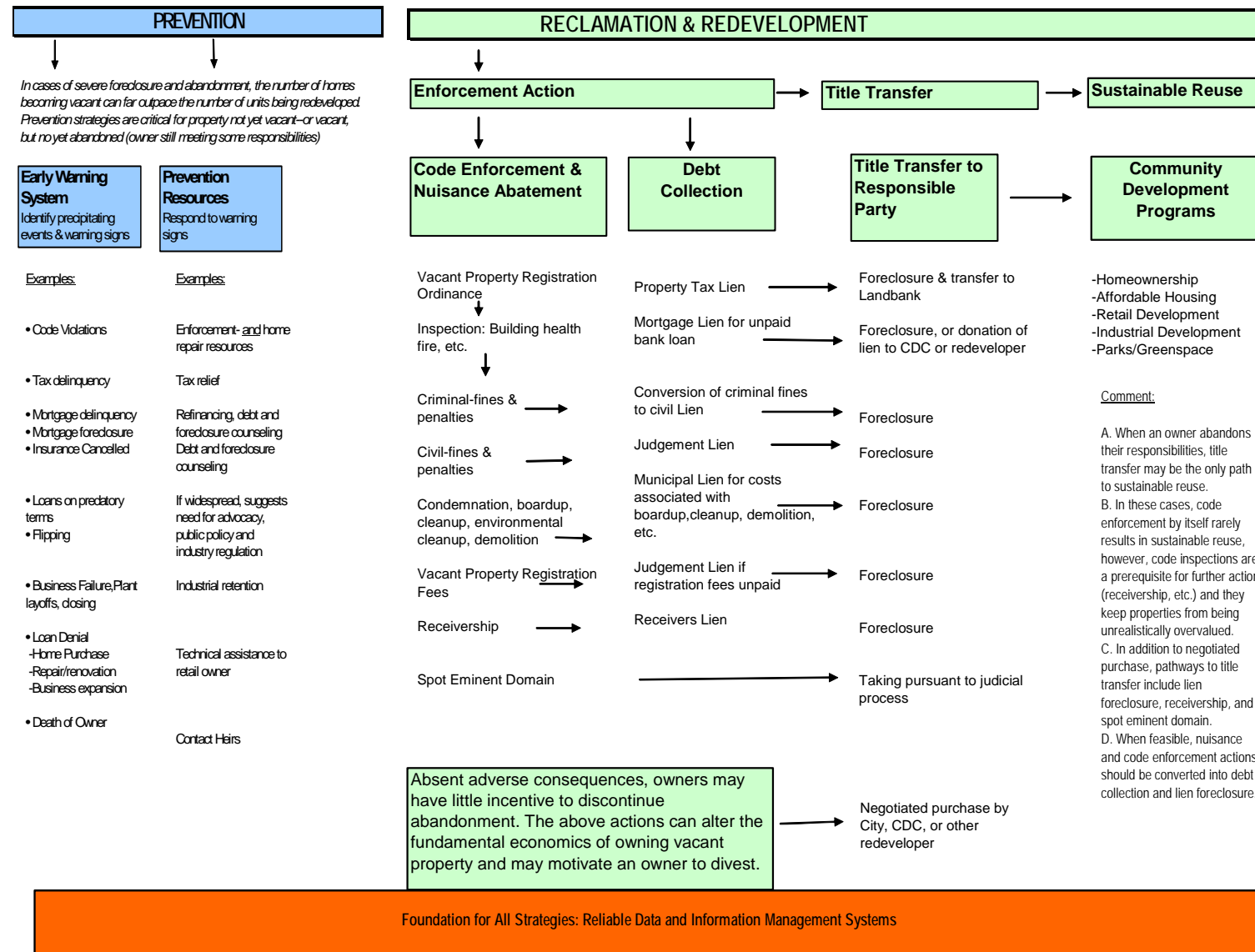
A second important regulatory mechanism that can be leveraged in Los Angeles to deal with persistently abandoned and vacant properties are Nuisance Liens, which are continually assessed at higher rates for each year

that a property remains abandoned or vacant. This is an effective way to revamp the current lien system utilized by the Code Enforcement Department, which only assesses a one time fee to pay for the preliminary work of securing vacant and abandoned property. As the Neighborhood Progress schematic highlights, enforcement action should carry with it heavy financial repercussions for landowners who persistently neglect their properties. A third and perhaps most controversial tax based tool that should be utilized within Los Angeles is split-rate taxation. Due to both the tremendous impact of Proposition 13 and the onerous process that must be undertaken to repeal it, a viable strategy to overcome this hurdle would be to selectively target certain properties, like persistently abandoned or vacant land to be subject to split-rate taxation, thus providing yet another incentive for absentee property owners to fully utilize their plots of land.

#### **Community Based Strategies**

The lack of cohesive coalition building between all interested parties in the redevelopment of vacant and abandoned properties is a daunting barrier to ensuring that derelict properties are returned to full and viable uses. Given the economic costs and social stigmas associated with redevelopment of vacant sites, local government agencies must take a lead role in helping the process along. Because the neighborhoods where most vacant property lie encompass some of the weakest real estate markets in the metropolitan region, the market return on private investment is not sufficient to make large-scale rehabilitation and new construction activities feasible in most of these neighborhoods (Kromer 2002). As mentioned earlier, the Los Angeles City Attorney's office contacted Genesis LA to do an in depth study of the feasibility of building housing on vacant and abandoned properties in Los Angeles. This type of coalition building is an excellent strategy to deal with abandonment in Los Angeles. The City Attorney's of-

Figure 13. Strategies for vacant and abandoned property



Source: Neighborhood Progress 2005

office has taken an important step in the process of redevelopment by doing some of the preliminary development work of site identification and feasibility analyses, and in this manner addressing some of the concerns of developers. Moreover, according to Tomás Duran of Genesis LA, in the near future the City Attorney's office will put out a Request for Qualifications (RFQ) for developers for the most viable sites and, most importantly, will offer them some financial assistance for their redevelopment projects (Duran 2005).

### **Land Use Strategies**

The overwhelming majority of the strategies presented for the Los Angeles region fall within the realm of reclamation and redevelopment of vacant and abandoned property as described within the Neighborhood Progress schematic, thus there is a gap in preventative strategies to deal with the issue of abandonment before it becomes a serious problem. Currently, the city of Los Angeles does offer several Home Improvement Loan programs for low and moderate income homeowners which allows them to receive a loan of up to \$35,000 with 0% interest or deferred payment (Los Angeles Housing Department 2005). The expansion of such programs as well as more outreach to ensure that low and moderate income families are aware of the resources that are available to them can serve as a significant preventative strategy to combat the decline and abandonment of single-family homes. In addressing the issue of abandonment of commercial spaces, council member Eric Garcetti, who represents Council District 13 within the study area, has taken a major step towards effectively preventing the decline and abandonment of small commercial corridors and businesses through the passage of the Greuel-Garcetti Package. This program should serve as a model to design programs which specifically offer services and funds for entrepreneurs in order to ensure the success and longevity of their business.

Dealing with the issue of abandonment and decline of neighborhoods is a process that demands that all community members, developers, and city officials work closely together towards achieving the ultimate goal of reinvigorating distressed communities through the reclamation and redevelopment of vacant lots. While for many, vacant and abandoned properties present a physical, social, and economic burden for communities, in reality, given the characteristics of these sites they can prove to be viable options for much needed, well planned higher density housing in the City of Los Angeles.

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All photographs taken by Victoria Ramirez

## **5. The Adaptive Reuse Ordinance in Hollywood: A Critical Evaluation**

**Marcelle Watson Boudreaux**

### **Abstract**

*Transforming an oversupply in office space to residential use (immediately) solves two problems: reversing the undersupply of housing and reducing high commercial vacancy rates. Adaptively reusing these buildings is a workable alternative to demolition or new construction by altering its use to respond to the market; preservation goals are implicitly served through retention and preservation of a significant structure. The complexity of rehabilitating an older or underutilized building often precludes timely reuse due to financial, structural and regulatory hindrances –the Adaptive Reuse Ordinance, enacted by the City of Los Angeles in 1999, seeks to overcome the latter two impediments. By illustrating that serving community needs (housing and cultural preservation) and satisfying private development needs (high profit margins) are not mutually exclusive, the Ordinance succeeds. Yet, the absence of a comprehensive perspective on balancing long-term community development with short-term housing solutions allows room for a critical evaluation of the Adaptive Reuse Ordinance. There are five aspects of the Ordinance to be evaluated: three incentives already included and two as possible additions.*

## **Introduction**

The recent redevelopment of downtown Los Angeles, spearheaded by the conversion of old commercial and industrial buildings into housing, has brought much attention to the power of public policy in encouraging private sector involvement in revitalization. The focus of this chapter will be an evaluation of the Adaptive Reuse Ordinance (the Ordinance), a multi-faceted regulatory policy enacted by the City of Los Angeles in 1999, which is a combination of a more streamlined permitting process and several regulatory incentives for developers and property owners to undertake adaptive reuse conversion projects. By combining rehabilitation and reuse incentives, the Ordinance encourages housing production and blight reduction; concurrently, rehabilitating buildings for sustained use and documenting their significance for the historic record serve preservation needs. A personal curiosity about historic preservation, adaptive reuse and housing translated into a feasible approach for assessing housing density in Los Angeles, the theme of the Comprehensive Project. Adaptive reuse, as one element of preservation planning, has proven to be a practical option to answer the city's housing crisis by increasing housing density while preserving the city's heritage (Listokin et al 1998; Duell 2003).

Private investment in the public domain – thanks to the Ordinance's capacity to attract development – demonstrates the multiple advantages of reusing commercial and industrial buildings. Reuse preserves cultural heritage and keeps existing neighborhoods vital and attractive. It promotes sustainable development by leveraging existing resources instead of trashing existing building materials to use new materials and energy. Lastly, conversion from under-utilized commercial or industrial space into housing immediately adds new units to the market without displacing existing residents (Latham 2000; Rypkema 2002; Listokin et al 1998). Within these advantages, however, a conflict arose be-

tween long-term community development and short-term plans, which instigated this critical evaluation of the Ordinance by exploring the situational impacts within the Comprehensive Project site area in East Hollywood.

## **Chapter Outline**

This chapter is divided into two sections: an introductory section proceeded by the critical evaluation section. The first section establishes a foundation for adaptive reuse. The activity of adaptive reuse will be placed in a contextual framework, providing an overview of reuse activities, a linkage between housing, preservation and community development and the relevance to the topic of housing density in Los Angeles. Next, an overview of the Ordinance and the main points are delineated, setting up the framework for the critical evaluation in section two. A brief outline of the geographic site area follows. Three properties within the geographic site area in East Hollywood have been identified as potential candidates for adaptive reuse. The second section includes the critical evaluation of the Ordinance, as applied to the geographic site area. Five aspects of the Ordinance will be evaluated within the geographic context: lack of parking requirements; lack of affordable housing stipulation; building regulations; finance; and residential to residential conversions. Suggestions to make the policy more or less restrictive or not change will be assessed against the backdrop of balancing the measures implemented to serve immediate housing needs with long-term community needs.

## *Methodology*

After delving deeper into the community's existing context and further researching the possibilities and downsides of increased density, the research focus shifted from an investigation into the various incarnations of adaptive reuse, into a critical evaluation of policy that en-

courages such an activity. Numerous stakeholders involved in adaptive reuse projects – developers, property owners, city agencies, and community groups – hold opinions on what should influence the urban landscape, with conflicting ideas on the objectives and outcomes. By interviewing representatives from this cross-section of stakeholders some common threads were pieced together, formulating the structure of the critical evaluation.

Applying the evaluation to identified properties in East Hollywood will provide a tangible arena within which to critically evaluate specific points of the Ordinance, including the link between density and neighborhood impacts. Several properties were identified in the site area as potential cases for adaptive reuse, and all three properties will be referenced when possible yet due to the availability of information on certain topics, one property, the Gershwin Hotel, will be the focus. Field observations in the site area garnered the existing area's condition to allow for realistic assumptions of effects on the site area. Specifically, this chapter will suggest where the policy can be tightened, be loosened or be allowed to remain as current status, in order to achieve better balance between long term results and short term actions. There are five aspects of the Ordinance to be evaluated within the geographic site area: three major components of the community fabric, parking availability, housing affordability and type of use conversion, and two elements more peripheral to the community fabric but integral to rehabilitating the building, construction guidelines and monetary incentives.

### **Background: Preservation and Reuse**

In an effort to alleviate the severe housing crisis in Los Angeles, several recent ordinances and regulations by were drafted by city officials in an attempt to increase

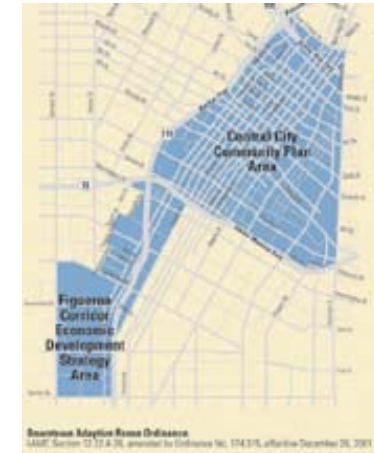
the supply of housing units to reach 8,000 units annually (LAHD 2005). The Planning Division in the City of Los Angeles, the Los Angeles Housing Department and the Mayor's Office of Economic Development together instituted several new regulatory policies to induce housing production by private and non profit developers. These include the Affordable Housing Incentive, the Residential and Accessory Services Zoning, and Citywide Live/Work and Artist-in-Residence Ordinances, and the Adaptive Reuse Ordinance (MOEN 2005). Initially applicable only to the Central City area – or downtown – the Ordinance covers the entire city as one aspect of stimulating housing production.

### *Adaptive Reuse Downtown*

From a preservationist and reuse perspective, the recent trend in downtown Los Angeles – and to a lesser degree other parts of the city – of adaptive reuse conversion projects signals a positive move for shaping the city's future. The Ordinance acts as a catalyst when all the ingredients are combined in favor of converting an older, economically distressed or historically significant building into housing. Credited with stimulating the downtown renaissance, Tom Gilmore's initial development model focused on downtown residential production through conversion of the Old Bank District, creating the first 230 residential units of this development trend (Bergsman 2004).

Gilmore successfully stimulated interest in this type of development, and the City initiated policy to further encourage this private sector effort at revitalization through policy. The Downtown Adaptive Reuse Ordinance (Ordinance No. 172571) enacted by the City Council of Los Angeles on June 3, 1999, applies to the downtown Los Angeles area specifically, amplifying the then-new trend in the real estate development market in Los Angeles and around the country – adaptive

**Figure 1. Downtown Adaptive Reuse Area**



Source: Adaptive Reuse Program Website (MOEN 2005).

**Figure 2. Old Bank District**



Source: Adaptive Reuse Program Website (MOEN 2005).

reuse. As reported by the Mayor's Office of Economic Development (MOEN 2005), the Ordinance is responsible for promoting the rehabilitation of approximately 2,500 housing units, about 2,500 currently under construction, with another 5,000 plus units somewhere in the development pipeline (MOEN 2005).

**Figure 3. Adaptive Reuse Map**



Source: Adaptive Reuse Program Website (MOEN 2005), Author 2005.

A Fannie Mae Foundation and Brookings Institution study titled “Life at the Center: The Rise of Downtown Housing” (Sohmer and Lang1999) of the top 24 “downtowns” in the nation stated that outdated zoning and regulations were one of the largest barriers to commercial conversions to residential uses, even when demand dictated otherwise. Of these 24 downtown areas, Los Angeles experienced the lowest rate of rise in downtown living (approximately 10%) compared to a national average of 75%; the downtowns in Houston, Cleveland, Denver, San Diego realized increases significantly higher than the national average, with Houston achieving a 300% increase in downtown living. The success of Los Angeles’ Ordinance, evidenced by the rapid and recent increase in residential conversions downtown after 1999, partially substantiates the claim that regulatory impediments created disincentives to reuse.

#### *Contextual Framework for Adaptive Reuse*

Reuse and historic preservation are integrally linked because conserving an old structure ensures its prolonged survival, however this has not always been the case. Initially, historic preservation ideology strongly advocated conserving the structure as its intended use only. Concurrently, public policy and general sentiment maintained a preference for destruction of the old in lieu of modern construction, typical of federal and local urban renewal projects. Conversion projects were undertaken during this time however the impact was quite

minimal compared to contemporary activity (Latham 2000; Rypkema 2002). This dichotomy between staunch conservationists and proponents of demolition and rebuilding overlooked a viable opportunity with widespread potential - reuse. Not until years after the enactment of federal legislation, the National Historic Preservation Act in 1966, did preservation and reuse truly enter the national consciousness. A re-formulation of these policies and objectives greatly contributed to, and to some degree instigated, the current adaptive reuse momentum across the country and in the Los Angeles area (Listokin et al 1998).

Adaptively reusing older, vacant or economically distressed buildings is a workable alternative to demolition or new construction by altering its use to respond to the market; preservation goals are implicitly served through retention and preservation of a significant structure.<sup>1</sup> The setting – that which surrounds and gives meaning – of a building becomes important because adaptive reuse does not occur within a vacuum. Instead, the existing community can be thought of as the urban fabric in which the older building exists – the single pieces of thread, or elements of a community, are interwoven and create something more substantial, but in the process more reliant on the other. The built form, building placement, street grids, and circulation patterns, the mixed rent levels and tenure options of housing, and the variety of uses within a community are all pieces of the larger community fabric. In assessing the results of converting an under-utilized, older commercial structure to one of shelter and livability, it is important to recognize that there are positive and negative implications. Grafting a new piece onto the existing fabric enhances the strength and visual appeal, but tension may result from this short-term solution.

This contextual community fabric illustrates the multiple threads or specific components comprising adap-

tive reuse: the aesthetic appreciation inherent in historic preservation; the economics of real estate development and value; and the functional value of property describes the multiple elements (Latham 2000). Within this context, variations of this development paradigm include, but are not limited to, conversions from commercial to residential, residential to commercial, institutional to commercial and institutional to residential. When placed within the community context, the possibilities in East Hollywood (the site area) and the results downtown propose two positive outcomes of this aesthetic component: vacant or dilapidated structures return to use and housing units, rental and for-sale, appear on the market – all augmenting community efforts for revival.

The aesthetic undertones of adaptive reuse, often qualified as elitist and highly subjective, signify that there is at least something—superficially—distinctive about an old building. One of the foundations of the historic preservation movement – that these buildings provide visual intrigue through their architectural heritage – considers the notion that these older buildings also provide temporal continuity and a stabilizing force for the community against the shifts of history (Listokin et al 1998; Rypkema 2002). When approached from a purely preservation perspective, adaptive reuse focuses on the architectural restoration and structural renovation, outside of the building's context.

The reality of development, however, belies this permanence of the urban form: continuing cycles of demolition and building anew follow shifts in architectural style, materials availability, regulatory policies, and financial incentives. The economics of development have resulted in a hodge-podge of high and vernacular design and several periods of architectural style represent a living history of the cultural heritage of a di-

verse population (Duell 2003). Maintaining or re-establishing the functional value of the building is intertwined with its economic viability. To restore the structure's utility is a meaningful aesthetic and constructive component of the whole community because shifting from obsolescence to practical service reinstalls a structure's functional value and maintains the original shell. Historic preservation advocacy and policy seeks to quell the onslaught of demolition, while its subset activity, adaptive reuse, searches for the best combination of conserving buildings and serving current needs (Austin 1988; Latham 2000).

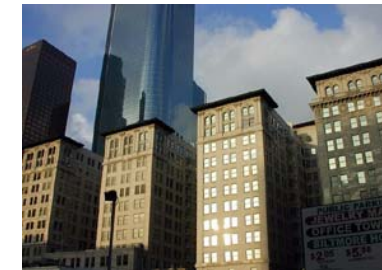
The Subway Terminal building, for example, located in downtown Los Angeles at the corner of Fourth and Hill Streets, sat vacant for approximately 30 years due to prohibitive renovation costs, owing to substantial upgrades and interior reconfiguration, on top of the uncertainty of achieving entitlements or adequate financing. Designation as a National Historic Landmark in 2003 gives credence to the significant historical and structural attributes of the building, which allowed the developer to apply Federal Rehabilitation Tax Credits as one part of the financing package.

With the enactment of the Ordinance, new life is being breathed into the building through utilization of the Ordinance's incentives, construction guidelines and streamlined permit processing. The finished mixed-use project will include 277 residential rental units, ground-floor restaurants and retail and a subterranean museum, reinstating the building's economic use by generating tax revenue and rents through restoring its functional value as residences, shops and amenities (Macht 2004).

### **The Policy of Adaptive Reuse**

The complexity of rehabilitating an older or

**Figure 4. Subway Terminal**



Source: <http://you-are-here.com>, accessed April 3, 2005

underutilized building often precludes timely reuse due to financial, structural and regulatory hindrances. The latter two impediments are what the Ordinance seeks to overcome. The objectives and goals of developers, preservationists, elected officials and city planners are often unaligned and often times misdirected because different stakeholders hold varying perspectives on growth of the city and development of the built form. This newfound coalescence of multiple objectives, however, enhances and engages the surrounding community, while implementing viable solutions to benefit an overall public good. This Ordinance breaks down many regulatory barriers outlined in the City of Los Angeles' General Plan by offering flexibility in meeting code requirements, by-right application of the Ordinance within specified zoning areas, allowance for use change, and development incentives. These key elements of the Ordinance significantly shorten the development timeframe and minimize the cost burden inherent in renovating older structures (City Council of Los Angeles 1999; MOEN 2005). Overcoming regulatory barriers to housing production, also, removes some of the barriers to renovating or retrofitting older structures.

Developers will undertake adaptive reuse projects with or without a regulatory policy to induce such activity because financial feasibility often dictates a project's move forward, not aesthetics and not regulations, according to interviews with developers (Howe 2003). Adaptive reuse is integrally related to the historic preservation movement, and this community has propounded the benefits to community revitalization for years. In an era where development is beginning to look back to the city center after decades of neglect, the resurgence of interest in older buildings, which began years ago around the country, is now catching on in Los Angeles in the late 1990s. This resurgence has been further propelled by this Ordinance (Romero 2004; Anderson 2003). Policies that benefit preservation and devel-

opment sufficiently reduce hindrances to conversion activity.

Researchers and practitioners continuously point to the restrictive development environment instituted by the established zoning regulations for use, density and parking, by the strict compliance codes of building, fire and safety, and by the lengthy and bureaucratic process of obtaining correct permits (Listokin et al 1998; Syal et al 2001). These restrictions affect not only housing production, but discourage the conservation of older buildings. The Ordinance makes this process easier for historic preservation and for housing production, because some similar impediments exist for promoting these interests.

Municipal regulations and housing development exist in a contentious state; the health, safety and welfare of the inhabitants need be monitored by the public sector, yet the debate remains as to what extent this should occur (Burchell and Listokin 1981; Listokin et al 1998). Chapter 4 of the Los Angeles General Plan (LACP 2005) succinctly outlines four areas of regulatory overhaul necessary to re-calibrate the supply of housing to meet demand. They include:

- a. Establish development standards . . . to reduce discretionary approvals requirements.
- b. Streamline procedures . . . to construct housing.
- c. Categorical exemptions for California Environmental Quality Act (CEQA) clearances
- d. City service that assists applicants in processing applications for housing projects.

Although there is not such an urgent need to invoke regulatory overhauls for preservation as there is for housing, nonetheless, architects, engineers, historians and conservationists call for the removal of several small barriers (Burchell and Listokin 1981). Before embarking on the actual physical rehabilitation, a lengthy process to obtain conditional use permits, variances for yard and setback infractions and site plan review ensues. The inability to provide adequate parking for restoring older buildings will often leave it untouched, as will the substantial interior remodeling for habitation compliance and seismic retrofitting for safety regulations.

#### *The Specifics of the Adaptive Reuse Ordinance*

Something akin to a “case management” procedure established by the Ordinance and coordinated within the Adaptive Reuse Program (housed in the Mayor’s Office of Economic Development) emerges early in the conceptual design phase. There are specific representatives from departments of Planning, Building and Safety, and Fire, who review Adaptive Reuse projects on a case-by-case basis, condensing the time frame to months from the possibility of years, through negotiating and re-configuring the plans (City Council of Los Angeles 1999, 2003; Kaplan 2003). The developer team meets with the representatives prior to project submission and then after initial project review; the City suggests that developers of adaptive reuse projects pay the expedite fee, offering a ten-day plan check turnaround.<sup>2</sup> The incentives and exemptions form the bulk of the Ordinance that encourages rehabilitation.

The elimination of parking requirements translates into substantial cost reduction and may be the most powerful aspect of this Ordinance (The Planning Report May 2004). Parking is not required with the adaptive reuse project; there is only a stipulation that existing park-

ing must be maintained. Lack of parking is repeatedly noted as one of the biggest hindrances to reusing or restoring early 20th-century commercial and industrial buildings, and is at the same time required by zoning policies and financial lenders and is in high market demand (Bernstein 2004). Surface parking, while often the most economical, has become a rare luxury in urban settings; parking structures cost approximately \$10,000 per automobile space, with underground parking reaching almost \$25,000 per space (Duell 2003).

Another key provision of the Ordinance eliminates acquiring permits for development outside the Zoning Code. Residential use is permitted by-right within many commercial zones, and on a more discretionary basis in industrial areas, doing away with the conditional use permit process. Applications for variances for yard or setback are not required for the project to move forward. Buildings from the early 20th century generally lack sufficient setbacks or yard requirements as outlined in the current Zoning Code. Many non-compliant site conditions will not require a variance. Projects utilizing the Ordinance are granted automatic exceptions to floor area, height and yard setbacks – since, what existed (visible) as of March 1, 2003 meets the standard. These automatic entitlements reduce investment risk because there is certainty of maximizing the land’s highest and best use. That is, the property owner can react to changing market demands by turning over private holdings without the tenuous and lengthy process of obtaining change of use permits and variances to zoning code requirements (City Council of Los Angeles 1999, February 2003, December 2003).

Relaxed construction guidelines dictate far less rigorous structural enhancements than new construction, but the City remains strict in some areas to protect the health, safety and welfare of the public. Fire life safety



**Figure 5. Adaptive Reuse Specific Plan: Chinatown**



Source: Adaptive Reuse Program Website (MOEN 2005).

**Figure 6. Adaptive Reuse Specific Plan: Hollywood**



Source: Adaptive Reuse Program Website (MOEN 2005).

issues, such as exiting, smoke evacuation, fire sprinklers, and the full seismic code compliance remain necessary to mitigate potential harm to residents. Some flexibility is conferred, translating into lower project cost: converting to privately-owned residential use will not trigger disability accommodations (LADBS 2001). Interviews with developers indicated that more flexible light and ventilation regulations dictate less renovation.

Lastly, the Ordinance eliminates site plan review and other discretionary actions normally undertaken for development projects of this size. There are no density restrictions, as long as no new floor area is added, and the number of housing units created will fluctuate, dependent on profit desired, demographic group targeted and structural roadblocks reached. If this density incentive is utilized, certain restrictions must be abided by, primarily a minimum unit size of 450 square feet per unit, and an average of 750 square feet per unit throughout the project. Categorically exempting adaptive reuse projects from CEQA reduces time, cost and possible mitigation efforts (City Council of Los Angeles 1999). Due to the fact that the Hollywood Community Redevelopment Agency's jurisdiction extends over the site area, projects must still obtain final site plan approval by the Agency (CRA 2003).

*Hollywood Site Area Development Potential through Adaptive Reuse*

Two variations of the Ordinance, with minor adaptations, extend outside the boundaries of downtown. Ordinance No. 175038 established the Adaptive Reuse Incentive Areas Specific Plan, with small changes from the Downtown Adaptive Reuse Ordinance. It went into effect March 1, 2003 in four incentive areas: 1) sections of Chinatown and Lincoln Heights; 2) Hollywood Community Redevelopment Project Area; 3) Wilshire Center/Koreatown Community Redevelopment Area; and 4)

sections of Central Avenue (City Council of Los Angeles 2003).

Effective December 1, 2003 the Citywide Adaptive Reuse Ordinance extends beyond downtown and specific incentive zones to the greater Los Angeles area, with underlying restrictions as to zone, original or last use, economic viability and proposed use; there are more substantial differences and more strict application of the Citywide Ordinance, than the two other ordinances (City Council of Los Angeles 2003). The site area falls within the boundaries of the Hollywood Community Redevelopment Area, thus the Adaptive Reuse Specific Plan is applicable.<sup>3</sup>

The site area provides a geographic backdrop to allow a more focused study of the possibilities and restrictions of the Ordinance. Located in Council District 13 and within the Hollywood Community Redevelopment Agency (CRA) boundaries, the site area is bounded by Franklin Avenue to the north, Sunset Boulevard to the south, Normandie Avenue to the east and Bronson Avenue to the west (east of Highway 101). The site area includes: a mix of housing typologies in terms of tenure, age of housing stock and use; a grid of streets transected by major thoroughfares and supported by mass transit; and a variety of policies, directives and plans directing development. Several vacant and underutilized older structures are situated near the intersection of Hollywood Boulevard and Western Avenue and will provide the foundation for the critical assessment of the incentives and ramifications of the Ordinance. This is a tangible arena for examining how tightening, loosening or leaving unchanged specific points of the Ordinance may impact a vibrant, functioning community in Los Angeles.

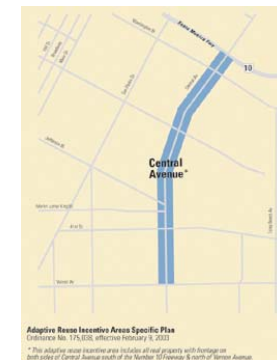
Three properties within the East Hollywood site area fell within the scope of this research, however due to a

**Figure 7. Adaptive Reuse Specific Plan: Wilshire Area**



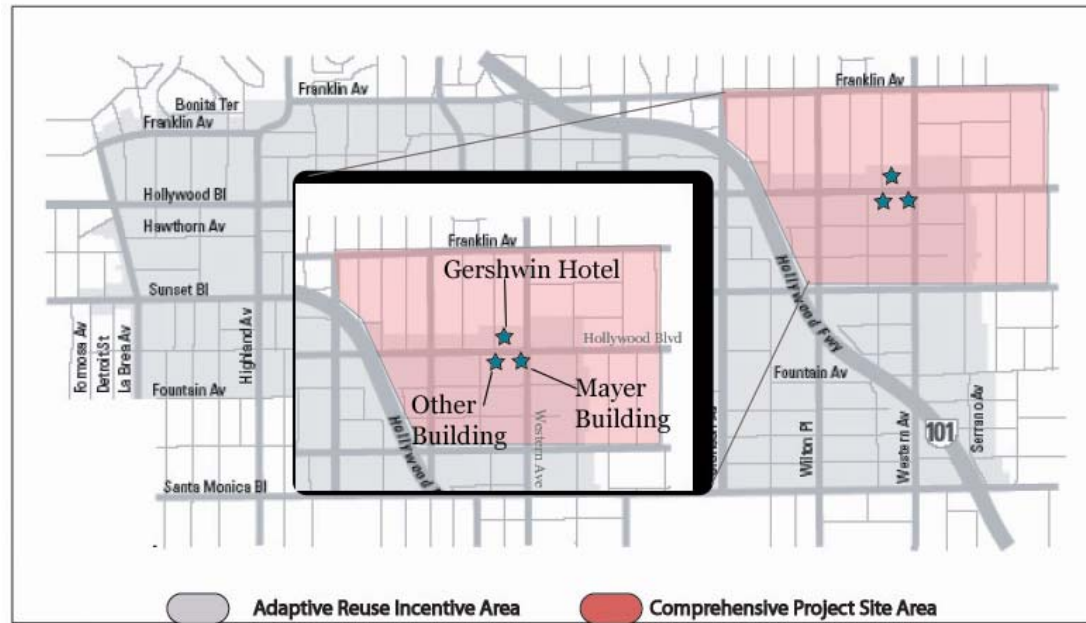
Source: Adaptive Reuse Program Website (MOEN 2005).

**Figure 8. Adaptive Reuse Specific Plan: Central Avenue**



Source: Adaptive Reuse Program Website (MOEN 2005).

Figure 9. Map of Site Area



Source: Adaptive Reuse Program Website (MOEN 2005), Author 2005.

Figure 10. Gershwin



Source: Author 2005.

lack of access or information for all three sites, I will focus on the Gershwin Hotel. The other properties will be discussed as each applies to a specific aspect of applying the Ordinance to the site area.

On the north side of Hollywood Boulevard at the corner of Garfield Place sits a mammoth five story U-shaped structure with open retail space on the ground floor. This structure, known as the Gershwin Hotel (formerly St. Francis Hotel built in 1927), is currently under-utilized as a hotel (hostel) and apartments. This property is ineligible for incentives with the Ordinance.<sup>4</sup> There is the possibility of 70 units with an average unit size of 750 square feet<sup>5</sup>. No parking exists for this building.

The Mayer Building at the southwestern corner of West-

ern Avenue and Hollywood Boulevard, is a four-story structure in the Art Deco style, built in 1928, and designated a City of Los Angeles Historic-Cultural Monument. Several years ago the Hollywood CRA undertook a massive renovation of the building, thus reducing the future cost of restoration, yet, half of the street level retail portion and the remaining upper floors are unoccupied because the owners are relatively cash-strapped. Because the Mayer building may be eligible for national listing, assistance in project rehabilitation could be available in the form of Federal Rehabilitation tax credits. This property fulfills the criteria for utilizing the Ordinance and will benefit from the incentives. Building mass equals approximately 45,000 square feet, spread among four levels with the ground level remaining commercial, the other three floors could be converted into approximately 38 residential units, with average 750 square feet unit size. No parking exists for this building.

A smaller building several parcels west of the Mayer Building on Hollywood Boulevard sits vacant. This is a two-story structure, the upper story previously configured for professional offices and the street level for commercial retail. Built in 1948 as a mixed-use retail and office building, none of the space is currently occupied. With a building footprint of 8,280 square feet, approximately seven residential units could be created with ground floor remaining as retail or creation of live/work space.

The Hollywood CRA submitted Requests For Proposals to rehabilitate two blocks of Hollywood Boulevard between Garfield Place and Western Avenue, the north and the south sides to be split between two development firms in late 2004. In late March 2005, the CRA negotiated with interested parties for the rights to develop the north side of Hollywood Boulevard, including the Gershwin Hotel building. Due to the involve-

Figure 11. Mayer Building



Source: Author 2005.

Figure 12. Other Property



Source: Author 2005.

ment of the Hollywood CRA in these large-scale projects, some affordable housing will be supplied in the rehabilitation project including the Gershwin Hotel (CRA 2005).

### **Evaluation of the Ordinance**

The Ordinance successfully illustrates that serving community needs (housing and cultural preservation) and satisfying private development needs (high profit margins) are not mutually exclusive. With two guidelines shaping this policy – overriding a restrictive zoning code and engaging the private sector in revitalization– the authors of the Ordinance sought to overcome some of the established barriers for increasing the housing supply, while subtly emphasizing a preservationist agenda. After analyzing the Ordinance through the context of the site area, it became evident that there was an absence of a comprehensive perspective on balancing long-term community development with short-term housing solutions.

Therefore this critical evaluation assesses how the incentives and the restrictions, or lack thereof, of the Ordinance impact an existing community and housing production. This evaluation, formulated and assembled through interviews with stakeholders from the site area and involved in adaptive reuse in general, seeks to point out flaws in this policy evident when applied to a real community. The use of a project area setting supplies a tangible arena for evaluating specific points of the Ordinance, specifically where the policy can be tightened, be loosened or remain unchanged. Feasible suggestions are offered, when available, to enhance long-term community development, however this is not the scope of this study and suggests items for further research.

Successful in some ways, the Ordinance’s strength lies in streamlining the process for housing production. But within every well-intentioned policy, a balancing act

arises in order to satisfy the economic, safety, social, aesthetic and historic integrity needs of the community.

### *Parking*

The lack of parking requirements in the Ordinance offers an important financial incentive to developers in the conversion of older commercial and industrial buildings into housing. After reviewing the current adaptive reuse situation downtown, personally observing the Hollywood site area, interviewing a public representative, and a member of a local community organization, it is clear that the projected increase in the need for parking due to conversion projects requires serious consideration (Bernstein 2004).

Increased parking congestion, or the mere idea of it, resonates loudly in the city of the automobile – where five out of six households own, on average, 1.4 vehicles per household (Bernstein 2004). The Ordinance does not require new parking, only that what exists must be maintained – an incentive designed to defray the increasingly exorbitant expense of parking construction, which hinders housing production (LA ZA 2004; MOEN 2005). There are, nonetheless, unintended adverse consequences to this progressive incentive, illustrated through an assessment of the parking conditions in the site area. Adaptive reuse projects, which increase density and introduce more automobiles to the area, are not the sole contributors to parking issues. Yet, by converting a vacant commercial space to over 70 units of housing, a reuse project like the Gershwin Hotel or the Mayer buildings (both currently without parking) will heighten the impact of people and cars on the surrounding residential neighborhood, an already tight area for street parking.<sup>6</sup>

Two problems concerning parking are present, one specific to the site area, the other to development. First,

Figure 13. Parking



Source: Author 2005.

business owners and residents of the community routinely discuss the parking issue in the site area, indicating two separate yet intertwined layers of a problem.<sup>7</sup> Most Hollywood Boulevard retailers are serviced by metered curb parking; there are restricted meter spaces (extending 3 or 4 spaces) on north-south residential streets extending both directions from commercial areas. Of note, also, are the increases of vehicles during the weekday parked near the Metro station in order for workers to commute via transit downtown for work.<sup>8</sup>

In the site area, a good portion of the housing stock constructed before the 1960s provides an inadequate number of spaces for residents; inadequacy defined here means approximately .5 to .75 spaces per dwelling unit, when current codes require between one and two spaces per unit (TPR April 2004; MOEN 2005). Street parking without restriction is available and highly sought after; the after work parking search by residents in the community is a common activity. Circling repeatedly within a six-block radius for more than thirty minutes to find a parking space induces frustration.<sup>9</sup> An interview conducted with residents in the neighborhood brought to light a realistic desire to alleviate this – area residents advocate that one of the few open lots (at the northwest corner of Garfield Place and Hollywood Boulevard) should be converted into *parking* (Interview by Ramirez 2005).

The development perspective offers another challenge. In a city of high automobile ownership rates this imposes a financing and location challenge for property owners and developers. To answer the demand, imaginative designs for lot incorporation must be combined with creative negotiations for space among areas with few vacant parcels (Romero 2004; Kaplan 2003). From the developer's perspective, although costly and in-

trusive, providing parking for residents is “critical” to market a project in Los Angeles, for lender underwriting and for resident occupancy; a successful project in L.A. calls for one space per unit, whereas in San Francisco one space per four units will suffice (TPR May 2004). Condominiums, in general, will not sell without parking (Kaplan 2003; TPR April 2004).

*Suggestions.* The Ordinance eliminated parking requirements to reduce a high cost element of housing development, employing a short-term measure to satisfy housing needs without adequately provisioning for long-term development. According to the CRA's deputy chief of operations, the authors of the ordinance did not adequately anticipate the number of people who would retain vehicles, in lieu of the urban transit- and pedestrian- oriented lifestyle envisioned for downtown's renaissance; similar sentiments are expressed in the Hollywood area (Bernstein 2004). Community groups, the CRA and the developers in the site area and downtown have identified a problem. The solution must be framed within a more long-term and incremental perspective, not by reintegrating the parking requirement into the Ordinance.

The City should *not change the Ordinance* for two reasons. Public mass transit serves the site area. Located at the southeastern corner of Hollywood Boulevard and Western Avenue the Metro Red Line subway station provides mass transit access. Although destinations are limited at this time, plans by the MTA include massive extensions of the system lines.<sup>10</sup> Several bus lines, including a new Rapid Metro line, traveling cross town, downtown and to the Valley make stops at Western Avenue, both at Hollywood and Sunset Boulevards.

More than three-quarters of adaptive reuse projects incorporate parking into the programmatic design and

Figure 14. MTA Station



Source: McCormack Baron Salazar 2005 <http://www.mccormackbaron.com/MBR/home.html>

financing often requires parking, thus, there is a high probability of parking being provided by private development in Hollywood (LAC 2002). Underground parking is probably infeasible for 1920s and 1930s commercial structures, thus requiring the acquisition of vacant lots or demolition of existing buildings.<sup>11</sup> Whether this is the best approach is debatable because in a more indirect manner this usurps land once available for housing or other uses like parks. Nevertheless, this indicates that developers make decisions based on profitability and market demand; in the near future, transit efficiency may preclude high levels of automobile usage and decrease the demand for parking (CRA 2003). The plans for the Gershwin Hotel involve providing some parking, by demolishing adjacent buildings for which to place a parking structure (CRA 2005).<sup>12</sup>

There are two categories of vacant or underutilized buildings being adaptively reused in the city, with two divergent parking issues. Commercial structures built during the 1920s and early 1930s generally provide no parking on the property. On the other hand commercial office buildings from the mid-century and later, generally provide adequate parking on the property (Houstoun Jr. 1998). Therefore the adaptive reuse of buildings from the early part of the 20<sup>th</sup> century begins unraveling the threads essential to longer-term community development. Those commercial buildings built during and after the 1950s typically provide adequate parking due to more stringent City requirements for commercial and residential uses. An interpretation written by the Zoning Administrator for the city of Los Angeles recognizes the adequate, if not copious, amounts of parking attached to these structures; the interpretation allows owners to lease out extra spaces to nearby businesses or residences (LA ZA 2004).

By allowing market forces, not zoning code requirements, to scrutinize and resolve this dilemma, this policy

may be adequately served through a long-term perspective. From the perspective of the City and the Hollywood CRA, a long-term outlook in policy and incremental programming will shepherd a workable, agreeable solution for the community, while the MTA labors towards transit efficacy. An ongoing, shared parking study by the Central City CRA (which includes downtown Los Angeles) indicates the possibility of some kind of comprehensive parking strategy.<sup>13</sup> A programmatic link between the City and the community could establish district parking or some centralized parking structures. Increasing efficiency and reducing redundancy in the existing parking supply should be top goals, and the developers may even engage in collaborative efforts for viable solutions when the availability of vacant land and lots wanes.

#### *Affordable Housing*

The Ordinance makes no provisions for, nor stipulates inclusion of affordable units in adaptive reuse projects. As a short-term tool to induce housing production, the lack of a long-term approach to the affordable housing crisis in Los Angeles seems ill conceived. Preservation of existing units and creation of units satisfying the projected need are big concerns for community members monitoring the situation. The comprehensive site area has one of the highest renter occupancy rates in the City (84%) and approximately 10% of the City's total affordable units.<sup>14</sup> Of these 5,019 affordable units, twenty-three are permanently affordable; almost 80% of these existing units will expire within four years (on or before Dec 31 2008) (LAHD 2005).

In Los Angeles, the Housing Department reports that 47% of all annual housing supplied is required to be affordable to match current demand and to adequately house the projected population growth (LAHD 2005). PolicyLink's (a non profit thinktank)<sup>15</sup> "Equitable De-

velopment Toolkit” delineates types of cost offsets for developers to provide affordable housing either on-site, off-site or via an in-lieu fee. Flexible design regulations, relaxed parking requirements, smaller minimum unit size, and fast-track permitting, are all cost-offsets that help developers maintain minimum profitability. The Ordinance specifically sets out to encourage *housing* supply and to return older structures to use, but does not dictate the level of affordability. The “toolkit” appears to outline similar incentives or cost-offsets as the adaptive reuse ordinance, thus indicating a relationship between types of incentives for adaptive reuse projects and affordable housing projects. Yet, the Ordinance makes no stipulation for affordable housing.

*Adaptive Reuse: Current Status.* The Ordinance’s accomplishments in increasing the supply of housing, in both numbers of structures rehabilitated and number of units created, are summarized in the chart below.

**Table 1. Adaptive Reuse Results: January 2000- March 2005**

Status	Number of Projects	Number of Units
Completed	23	2477
Under Construction	25	2466
Plan Check*	9	1224
Immediate Consideration**	12	1169
Total in Development	69	7336
Future Consideration	35	3080
Total (as of March 2005)	104	10416

Source: Mayor’s Office of Economic Development 2005.

Notes: \*All plans currently undergoing review by departments.

\*\*Developers in negotiations for housing production.

To put this into perspective, from January 2000-March 2005 (the same time frame for projects utilizing the Ordinance) building permits<sup>16</sup> were issued for approximately 31,000 new *units* of multi-family housing in Los Angeles. During this same time period, the adaptive reuse of vacant, blighted or economically unviable structures into housing, fully completed and still under construction, created almost 5,000 housing units.<sup>17</sup> These 5,000 units represent 14% (5,000 out of 36,000) of the total multi-family units created during this period. Slightly more than 500 units either constructed or under construction through the Ordinance are or will be affordable to lower-income households, in approximately two-thirds of the buildings (LAC 2002). During this time a majority of projects were spatially concentrated in downtown, with a few scattered in other areas, but as the Ordinance’s influence extends citywide so will the adaptive reuse projects (MOEN 2005). Applicable to all areas, outside the sphere of the CRA’s power and with regulatory leniency by-right in these adaptive reuse projects, the ability of the City to strongly encourage, if not require affordable housing within the project fades.

The three properties in the site area could potentially create 150 market rate units through rehabilitating these underutilized or vacant buildings into housing. If the citywide trend follows the lead of downtown, approximately 10%, or fifteen units, of this new housing will be allocated to lower-income residents (LAC 2002).

Arguably, fifteen is a small number of affordable units created from conversions in the site area and the concentration of affordable housing developments around Western Avenue between Hollywood and Sunset Boulevards may render the new production insignificant. Part of a mixed-use development on the northeastern corner of intersection provides 100 units of afford-

able senior housing; the MTA Metro Hollywood housing development provides 120 units of affordable housing; Harold Way apartments provides 52 units affordable to low-income households; and Views @ 270, still under construction, will offer 52 affordable units. There is no doubt this is a significant concentration of affordable units which is rather unique to this area of Hollywood, and not representative of a citywide or neighborhood pattern (Fixmer 2005).

Recent adaptive reuse projects exemplify a market driven development cycle, according to interviews with two private developers currently involved in adaptive reuse projects in Hollywood. Although the CRA will subsidize affordable units for the projects in the site area, the Agency has suggested that they will be the last projects that are subsidized in the Hollywood area because development in this area can now be sustained by the market, according to a representative from the Hollywood CRA (Fixmer 2004). This means affordable housing provision retreats by the private sector, with the holes to be filled through non profit developers of affordable housing, public sector intervention, and projects with public financial assistance or public tax credit syndication financing. One developer Mark Weinstein of Santee Courts voluntarily allocated 20% of proposed units for lower-income households. In the Downtown area the CRA intervened on many projects to press for affordable housing creation; approximately two-thirds of the downtown conversion projects include units affordable to lower-income households (LAC 2002). Yet, in a project with full private financing even within a CRA area, the requirement of mixed-income housing disappears (Horgan 2003; Rypkema 2002).

*Suggestions.* In an effort to address long-term community development, the Ordinance should stipulate a percentage of housing created allocated to affordable

units, essentially *making the policy more restrictive*. Developers of adaptive reuse projects receive benefits from the Ordinance and several financial incentives for preservation, and, there are some financial incentives for the production of affordable rental housing that can help fill shortfalls in project financing for inclusionary housing. The Tax Reform Act of 1986 instituted the Investment Tax Credit for Low-Income Housing, which can be combined with the Rehabilitation Tax Credit to fill financing gaps (Rombouts 2003). The Los Angeles Housing Department runs several developer financial assistance programs for production of affordable housing, including the Multifamily Rental Housing Program and the Affordable Housing Trust Fund High Leverage Program (MOEN 2005).

More research into the feasibility of amending the Adaptive Reuse Ordinance with an affordable housing stipulation must be undertaken. However, the multiple incentives available to developers provides substantive evidence for a workable project. The economics of development could prove that inserting this requirement into the Ordinance adversely overrides the benefits which stimulate housing unit production (Rombouts 2003; Howe 2003).

#### *Construction Guidelines*

Stringent building regulations delay rehabilitation and can reduce the overall housing supplied because of expense (cost and time outlays) (Syal et al 2001). The Adaptive Reuse Ordinance construction guidelines outline Occupancy, Fire and Life Safety and Structural provisions for these projects, which do not require a comparable full compliance with the new building requirements and speed up the process for converting older structures into useable structures. Is there room for these still rigid rules to become more lenient under the Ordinance?

For buildings with any historic significance, the treatment and alteration of exterior facades must be dealt with in a sensitive manner in order to retain the character-defining features. Because past building practices lacked the stringency of modern-day codes, the architectural restoration and building, safety and seismic enhancements often conflict before reaching a compromise (MOEN 2005; LADBS 2001). Often this would entail a lengthy process of plan submittal, revisions and re-submittals between the project design team (architects and engineers) and the members of the Fire, Building and Planning departments spanning months. According to the Adaptive Reuse Program documentation the entire plan check process ranges from four to six weeks, but can be expedited. Representatives from the building and safety department work with architects and engineers in the early schematics phase of development, in order to gain a working consensus on the numerous issues (MOEN 2005). Although, plan check extended longer for some projects, discussions with several developers indicated the vast time shrink from months of submittals and re-submittals to weeks.

Alternative solutions are available for the unique problems of renovating older buildings. The California Historic Building Code (CHBC) already establishes guidelines and regulations applicable to structures of historic significance<sup>18</sup>, with alternatives to the Uniform Building Code and the Uniform Mechanical Code. The flexible solutions allocated by the CHBC apply only when the change would adversely affect the historic fabric. If the determination states no adverse effect, then the current code requirements must be satisfied. The Ordinance's flexible guidelines are adapted from the CHBC and other modified guidelines to delineate specific points where the current code can be overridden or not (2001 CHBC).

*Seismic Regulations.* In southern California the requirements for seismic retrofitting are stringent, causing the engineers involved with adaptive reuse projects to add another layer of construction onto an already intensive restoration project. Structurally un-sound and masonry construction buildings have a larger possibility of crumbling during an earthquake than buildings with reinforced steel, concrete and correct bolting. Projects involving the commercial structures from the 1920s and 1930s of un-reinforced masonry are often the most challenging to retrofit due to the substantial upgrade requirements (Syal et al 2001). Excessive costs and time investment are involved in meeting these requirements, and are one reason behind the languished story of the Gershwin Hotel building (Leibowitz 2001).<sup>19</sup> The relaxed construction guidelines for adaptive reuse projects do conserve the full seismic code compliance requirements (LADBS 2001).

In the Gershwin Hotel building it is the method of retrofitting, not the actual compliance, that is flexible; plans for seismically retrofitting the building have not been finalized and cannot offer insight into the engineering process to be undertaken. Another project, utilizing the Ordinance, illustrates an option to satisfy requirements in a more interpretative and innovative manner. The plans for the Subway Terminal building were creatively devised in order to meet seismic requirements. Engineers devised an innovative method for stabilizing the masonry frame with shotcrete from the interior as opposed to interfering with the exterior façade heavily regulated by the federal Rehabilitation Standards (Macht 2005).

*Building Code.* In the Gershwin Hotel's east wing, a large brick wall with no existing windows falls outside of code, due to ventilation and natural light require-



Figure 15. Gershwin Wall



Source: Author 2005.

ments. In order to remedy this, new openings may have to be created in the masonry walls, which would deflect the historic integrity and increase cost (Leibowitz 2001).<sup>20</sup>

If the building qualified for the Ordinance's incentives, a provision anticipating this problem due to the typology of buildings undergoing adaptive reuse and the spatial layout of interior units, would tolerate certain flexibilities. Manmade light in the kitchen area, generally situated farthest from the windows, is allowable under the Ordinance, but may involve negotiating otherwise because this is disallowed under the regular code (LADBS 2001). The Subway Terminal building was faced with similar issues. Although approval of the original 4'x7' single pane windows remained far outside standard codes for size and required materials, this approval maintained an integral aspect of the architectural integrity. Since the Secretary of the Interior's Standards for Rehabilitation must be followed for alterations and renovations on properties listed on the National Register, all measures are to be taken to retain the original pieces of the historic fabric. Without utilizing the Ordinance's construction guidelines, the windows would have been replaced (Macht 2005). Because they do not meet the code requirements for safe exit or energy compliance, alternative mitigation measures were taken.

*Suggestions.* One of the most pressing concerns for human safety is the structural integrity of buildings. The Ordinance offers designers and developers a process that includes the interpretation of the necessary building and fire code requirements within the buildings' historic fabric. By loosening the regulations further, the compact made by city officials and policy to ensure citizens' health, safety and welfare could be broken. In the short term, relaxed regulations allow faster housing production due to transference of this expense in cost and

time outlays to actual housing production; long term consequences —structural and safety deficiency — suggest that the current regulations in the Ordinance *should not be changed* because reducing them further could potentially have severe repercussions in the event of disaster (LADBS 2001; MOEN 2005). The strict code regulations redirect resources from the production of housing, as meeting code obstructs timeliness and economic feasibility of production, however the fact that so many adaptive reuse projects are in development suggests that these flexible guidelines are workable and do confer advantages, according to a private developer of several adaptive reuse projects downtown and in Hollywood.<sup>21</sup>

#### *Finance*

Evaluating the Ordinance and the Adaptive Reuse Program sparked the idea of adding a monetary incentive for adaptive reuse projects. The Ordinance is a regulatory incentive with no financial provisions, and numerous projects have been completed utilizing the incentives. Should allocations of money, through direct means such as grants or indirect such as tax abatements, be included to encourage housing production even more?

Adaptive reuse projects are generally more expensive than new construction, by almost 25%.<sup>22</sup> Due to unique circumstances surrounding adaptive reuse projects' interior re-modeling and upgrading and adherence to current building and safety codes while retaining the exterior integrity, the cost increases can be so significant that some projects are never undertaken. For example, the Subway Terminal building was empty and unused since the Veterans Administration moved offices in the 1970s. Others consist of a long-term, creative process for retrofitting a commercial, institutional or industrial structure for housing (Macht 2005).

The inherent complexities preclude ease of work scope or simple financing, therefore developers will generally seek some type of assistance in order to achieve target profitability, relying on financial incentives, generally in the form of tax credits or tax reduction vehicles through abatements or easements to make the project pencil out (Howe 2003). With current financing schemes offered through two federal programs and one local program, adaptive reuse presents a cost-effective development option for those previously unprofitable projects, by reducing the innate and perceived risks of adaptive reuse projects (Barta 2002).

The Federal Historic Preservation Rehabilitation Tax Credit provides a 20% tax credit for rehabilitation expenditures (hard and soft costs) to structures listed on the National Register, contributing structures within a National Register District, or those eligible for listing on the Register. Income-producing properties – commercial, agricultural, industrial or rental residential – are eligible for the federal tax credit. The rehabilitation costs must exceed \$5,000 and must satisfy the Secretary of the Interior's Standards for Rehabilitation; the State Historic Preservation Officer, acting as a representative of the National Park Service, must be consulted on any alterations, additions, rehabilitation or pending demolition of properties receiving the federal tax credit. Building owners are required to hold the building for five years following the rehabilitation or pay back the tax credit amount. A 10% tax credit is, also, available for structures built before 1936 but ineligible for listing, held to the same requirements as the 20% credit (NPS 2005; LAC 2001).

Conservation easements are a federally backed program administered at the local level. An easement is a donation of a façade, all or parts of the interior or the land surrounding the property by a property owner to

an historic preservation non-profit organization like the Los Angeles Conservancy. Residential, commercial and other buildings listed on the National Register of Historic Places or contributing structures to a National Historic District are eligible; the easement protects the façade or other part of the property covered by the agreement in perpetuity because the easement remains with the property even with ownership change. Entering into this agreement legally binds the property owner to abide by preservation standards for work done to the area covered by the easement, but does not restrict use of the property. By donating the exterior façade, interior or land to an historic preservation non-profit organization, the property owner earns a tax deduction in the form of a charitable deduction. The Taxpayer Relief Act of 1997 created new benefits for conservation easement donors, allowing 40 percent of the value of land subject to conservation easements to be excluded from estate tax. Owners deduct the value of the easement from their income taxes for the filing year. Because easement restrictions are attached to the deed of the property, the continued preservation of landmarks is assured and not subject to political or development trends (NPS 2005; LAC 2001).

The Mills Act program was state legislated, but the contracts are administered locally. California enacted legislation in 1976 to provide property tax relief to owners of historic properties, provisioning each municipality to enact its own legislation to negotiate this Mills Act contract. The City of Los Angeles enters into Mills Act contracts with property owners, offering a reduction in the tax of assessed property value by at least 50% for a minimum period of ten years, which remains with the property during ownership change. Properties designated as local, state or federal level landmarks or as contributors to a district at the local, state or federal level, regardless of use, are eligible. All reno-

vation and rehabilitation work must meet the terms of the Secretary of the Interior's Standards for Rehabilitation, and periodic inspections by officials of the exterior and interior will ensure compliance with this standard (LAC 2001).

*Suggestions.* There are no direct financial provisions associated with the Ordinance, yet there are financial incentives for preservation activities which augment short-term goals of housing production. Should public investment go towards these projects when the regulatory incentives and other financial incentives are available? Tax credit equity and tax abatements provide several incentives for a developer to preserve an older structure and to undertake a restoration project, instead of choosing demolition. In the most concentrated area of adaptive reuse projects in downtown Los Angeles, approximately 80% obtained equity through federal preservation tax credits (LAC 2002). Because adaptive reuse projects involve restoration back to viable use and retrofitting to residential units, there are, also, a myriad of national, state and local programs, including for grants and tax credit equity. The site area falls within the CRA boundaries, thus projects are eligible for Community Development Block Grants for rehabilitation deemed appropriate by the Agency. A multi-family, affordable housing equity assistance program called the Low-Income Housing Tax Credit can be used in combination with the Federal tax credits, with stipulations for percentage affordable units for a set period of time (CRA 2003).

These financial incentives are not guaranteed nor do they always fill in the gaps for the unknown restoration pitfalls. However, unknowns are a part of the construction process, new or rehabilitation. With the mixture of preservation tax incentives, including housing-related tax abatements and grant money, and the Adaptive Reuse

Ordinance, sufficient financial and regulatory incentives exist to encourage conversion projects. Thus, no overriding reason justifies including monetary assistance.

#### *Residential-to-Residential Conversion*

The Ordinance allows commercial and industrial uses to be converted to residential uses (dwelling units, live/work units or guest units). Residential to residential conversions cannot utilize the streamlined permitting process or variety of incentives available through the Ordinance, unless the structure has been continuously and completely vacant since March 1, 2002 (LA ARO 1999; LA ARSP 2003). Attaching a fixed date to this type of conversion activity reduces the potential housing units that could be supplied and consigns an older building to dilapidation because the time to obtain permits and official sign-off on a project without the Ordinance discourages reuse. A lengthy time frame translates into a more expensive project (Howe 2003).

The Gershwin Hotel project currently sits under-utilized – only several units have been renovated and are in use. The rest of the building sits empty, in need of interior restoration and exterior upgrading (Leibowitz 2001). Due to its current use, as a hostel plus several rental apartments, the incentives of the adaptive reuse ordinance cannot be utilized. The owners *can* choose to fully retrofit the structure, undergoing retrofit work without the Ordinance, by undergoing a lengthy and costly procedure.<sup>23</sup> But, the City's goal in drafting and signing into law the Adaptive Reuse Ordinance is to stimulate housing production through removing some of the restrictions and difficulties intrinsic to restoring older buildings.

A major argument against residential to residential conversion is displacement of individuals. Residing in the Gershwin Hotel, approximately twenty residents, clas-

sified as lower-income, pay relatively affordable rents to live in the building.<sup>24</sup> Units in older and dilapidated buildings typically house low and moderate income residents because amenities may be non-existent and repairs badly needed. Individuals or households in higher income brackets usually demand, and have the ability to choose, adequate shelter and surroundings (Listokin et al 1998). Currently in Los Angeles, owners of adaptively reused buildings are receiving rents ranging from \$1.25 to \$2.00 per square foot. The average rents range from for a small one-bedroom \$1,100 per month upwards to \$3,500 monthly for a three-bedroom, far from affordable (Anderson 2002).<sup>25</sup> Assuming that all property owners and developers act in the interest of highest profitability, revitalizing a piece of real estate to a higher and better use becomes an attractive route. Thus, three related problems may arise: people lose their existing shelter; more affordable units are removed from the market; and dilapidated structures remain so. A compromise between long term planning and immediate need for housing must be established.

*Suggestions. Make the Ordinance less restrictive* by replacing the fixed date to a rolling time period to define “non-residential”. Restricting residential to residential conversion prevents market forces from overriding society’s need. However, the definition of non-residential within the Ordinance suggests that there is some wiggle room. A recent Ordinance<sup>26</sup> passed by the City Council in 2003 re-defined the parameters of non-residential to include those residential uses (dwelling units, live/work units and guest quarters) that have been continuously and completely unoccupied from March 1, 2002 until the time the application is filed. However this can cause a hindrance to increasing the housing supply by establishing a fixed date. When the Council enacted this amendment ordinance in late

2003, the time frame for the continual and complete building vacancy dictated a sixteen-month lapse (LA ARSP *Amendment* 2003).

If a rolling timeframe is instated instead of a fixed date, there is opportunity for property owners and developers to respond to market demand. But, stipulations to prevent them from evicting tenants with rapacious greed may need evaluating. One strategy is to instill some threshold or monitoring program in conjunction with residential to residential conversion allowance; by forming a system to monitor the situation, the case by case review can be kept to a minimum. In the downtown (Central City) area, residential to residential conversion is allowed under the Ordinance with one caveat – for every (affordable) residential unit destroyed an equal replacement must be allocated (City Council of LA 1999).

#### **Future Trends for Adaptive Reuse**

With the recent drafting and enactment of several ordinances other than the Adaptive Reuse Ordinance by the City of Los Angeles, regulatory barriers to housing production have decreased, sanctioning higher-density residential use by-right in many commercial and industrial areas, plus the numerous residential zones around the city. The three versions of the ordinance promoting adaptive reuse ease the way for developers to make projects pencil out, which will attract investors until the market becomes saturated (or overbuilt). The higher density projects realized with the Ordinance occur alongside new construction, thus the issues of affordable housing, parking and housing balance are not solely the result of adaptive reuse. With substantial financial incentives, a strong residential construction market, and more permissive zoning and land use regulations, there is a fine possibility that a substantial increase in projects utilizing the

Ordinance's incentives will impact an area. Plus, the shifts in architectural appreciation, or recognition, of more vernacular structures and those of the recent past (from the 1950s and 1960s) inflate the realm for redevelopment through reuse.

#### *Citywide application*

A stipulation of the Ordinance which establishes a cut-off date (July 1974) for applying the incentives, however, allows those structures built after this date to be considered by the Zoning Administrator to utilize the Ordinance.<sup>27</sup> This opens up a lot of space for rehabilitation, especially with high office vacancy rates in Los Angeles ranging from 10% to 14%. Buildings less than 5 years old fall under consideration by the Zoning Administrator, as well as buildings with residential use that have been completely and continuously unoccupied since March 1, 2003. In 2003 the city extended the ARO across Los Angeles, with minor revisions for this general application (City Council December 2003). This will be a boon to redevelopment of functionally obsolete office space and for vacant buildings.

#### **Conclusion**

There are two perspectives on old, vacant buildings, as they have no 'asset value' for the property owner, remaining vacant and not generating income, nor are they generating full tax revenue from the municipality's perspective (Hudnut 2001). Preservation of existing significant resources is oftentimes a compromise between private development concerns, public agency involvement and community advocates. Adaptive reuse as a method of real estate development has been and will continue to be a time-consuming and costly endeavor, ameliorated slightly with financial and regulatory incentives, because "despite the challenges these still projects represent, developers are feeding the demand for new housing by reviving underused real estate and breath-

ing new life into aging neighborhoods" (Mattson-Teig 2003, 31). The public and private sectors have discovered a shared interest in creating 'new value' by leveraging the potential of reuse, which lends itself to valuing aesthetics, desiring economic sustainability and functionality. Where the Ordinance succeeds is in its ability to encourage private sector involvement in community development.

The term 'balance' suggests reaching equilibrium between a multiplicity of components and stakeholders in community development. However to suggest there is a single solution or a correct avenue down which to proceed would be wrong and ignorant. By re-evaluating some elements of the Ordinance when applied to the site area in East Hollywood, a more adequate approach to balancing the short-term housing solutions with the longer-term scope can be implemented. By making the Ordinance less restrictive in non-residential terminology, more restrictive in requiring affordable housing, and not changing parking, construction guidelines, or adding financing assistance, appropriate tension will be established among these integrated threads.

## Endnotes:

<sup>1</sup> Older does not equal historically significant; each structure must undergo an historic assessment by a qualified cultural resources specialist before determination of eligibility for listing on local, state or federal registers.

<sup>2</sup> According to an interview with a development professional and a city planner, the general plan check time frame is thirty days, in accord with the Permit Streamlining Act.

<sup>3</sup> The Adaptive Reuse Specific Plan applies by-right to any historically significant building<sup>3</sup> or to conversion projects of vacant or economically distressed structures built on or before July 1, 1974 located in C1, C1.5, C2, C2, C4, C5, and R5 zones; with approval by the Zoning Administrator, structures built after July 1, 1974 in the above-listed zones, may be allowed the provisions of the ARSP provided documentation of vacancy for five years and that the use is no longer economically viable. The ARSP allows for structures within Industrial Zones (MR1, MR2, M1, M2 and M3) to be considered by the Zoning Administrator for incentives within the ARSP, upon application. Residential uses within the above zones that have been completely and continuously vacant since March 1, 2002, are, also, eligible for the Adaptive Reuse Ordinance incentives.

<sup>4</sup> Outside of the Downtown area, there is a caveat about converting residential to residential properties: if a residential property (located within the specific zones) has been completely and continuously vacant since March 1, 2002, then it will be considered non-residential and utilize the incentives of the Ordinance.

<sup>5</sup> Note: Unit assumption based on square footage allocated to residential, multiplied by 85% of floor space dedicated to dwelling unit, divided by the average unit size established by the ARSP. The actual numbers may vary.

<sup>6</sup> Field observation.

<sup>7</sup> Discussions with neighborhood business owners and residents of the community.

<sup>8</sup> Field observations and discussions with residents of the community.

<sup>9</sup> Field observations.

<sup>10</sup> Interview with CRA representative.

<sup>11</sup> Interview with architect familiar with adaptive reuse projects.

<sup>12</sup> Discussion with project development representative.

<sup>13</sup> Interview with CRA representative.

<sup>14</sup> Affordable = 30%-120% Area Median Income.

<sup>15</sup> PolicyLink: a “national nonprofit research, communications, capacity building, and advocacy organization working to advance policies to achieve economic and social equity” ([www.policylink.org](http://www.policylink.org)).

<sup>16</sup> Building permits issued does not mean final building permit and sign-off by inspectors.

<sup>17</sup> Total number= 4,943; Taken from the “Completed” (2,477 units) and “Currently under construction” (2,466 units) categories of the table titled “Adaptive Reuse Results: Los Angeles”.

<sup>18</sup> Listed on national, state or local register, or as determined by the local government.

<sup>19</sup> Discussion with building representative.

<sup>20</sup> Discussion with building representative; Field observations.

<sup>21</sup> Interview with developer familiar with adaptive reuse projects.

<sup>22</sup> Interview with a developer familiar with adaptive reuse projects: “A typical conversion project costs about \$100,000 per unit, compared with the new construction of a typical garden apartment complex, which runs about \$75,000 per unit”

<sup>23</sup> Discussion with building representative.

<sup>24</sup> Discussion with building representative.

<sup>25</sup> Interview with CRA representative and developer.

<sup>26</sup> Ordinance No. 175587, enacted October 8, 2003 by the Council of the City of Los Angeles. This Ordinance amends the definition of non-residential use in the

**Adaptive Reuse Incentive Area Specific Plan.**

<sup>27</sup> The building must be at least five years old, have no certificate of occupancy for since March 1, 2002, and be established economically unviable.

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## **6. *Housing Density Toolbox: A Comparison of Land Use Strategies in Selected California Cities***

**Sarah White**

### **Abstract**

*Los Angeles is infamous for its sprawling, low density communities and stifling traffic congestion. In light of these problems, one would expect Los Angeles to be behind other Californian cities in terms of land use planning policies that support higher density urban-infill housing development. However, a survey of land use strategies in Los Angeles, Santa Monica, San Diego, San Francisco, and Oakland reveals that Los Angeles is on par with these progressive cities in its land use toolbox. What Los Angeles is lacking, with respect to other cities, is a sense of vision to give clarity and meaning to the land use tools the city has developed over the past six years. This analysis examines current land use strategies in Los Angeles in order to develop a more progressive and innovative set of land use strategies that compliment the original.*



## Part 1: Introduction

Los Angeles is a dynamic and paradoxical place well known for its glamour and luxury as well as for its epidemic of disinvestment and increasing poverty. While it is infamous for its single-story commercial boulevards that stretch from the ocean to the desert, the City has managed to have some of the highest residential densities in the nation. It is the second largest city in the United States, yet Los Angeles' residents are dependant on the automobile for transportation rather than having a sophisticated transportation system and urban lifestyle similar to New York. Many of these paradoxes can be attributed to the post-war boom years when Los Angeles essentially came of age. Unlike New York and San Francisco, Los Angeles experienced its greatest population growth during the advent of the automobile, when suburbia was the ideal, preferred over the perceived danger and ugliness of urban life. Suburban dominance left its mark across the built form of Los Angeles, and it is a trend that planners and developers struggle with today, as they attempt to create more housing and increase density in Los Angeles.

Currently, many cities' leaders and planners are pursuing urban infill policies centered on the Smart Growth<sup>1</sup> model to sustainably recycle vacant or underutilized urban land to increase housing density in multifamily and commercial zones. The land use strategies discussed in this chapter focus on urban infill tools that support higher density housing production inclusive of affordable housing opportunities. Land use trends discussed in this chapter include rezoning or up-zoning of underutilized or obsolete zones, inclusionary zoning, and overlay zones. An integral portion of the infill strategy has been the introduction of incentives, such as density and height bonuses, financing incentives, fee deferrals or waivers, expedited permitting, and California Environmental Quality Act (CEQA) streamlining. The use of incentives is imperative to encourage the private market

to support a city's infill development policies, particularly if these policies are inclusive of affordable housing opportunities. This chapter will examine land use strategies employed in Los Angeles, Santa Monica, San Diego, San Francisco and Oakland to identify the prevailing approaches utilized in each city to increase housing production, alleviate the housing crisis and accommodate the housing needs of future populations, without contributing to urban sprawl. Of all of the surveyed cities, only Los Angeles and Oakland do not utilize mandatory inclusionary zoning as a means to boost housing density and promote mixed income communities in new developments.

Santa Monica, a small and very progressive city, was selected for review for the following reasons: it has a strong history of homeowner activism and community participation in the planning process. The Santa Monica planning department is on the forefront of the planning field. In this respect, the successful planning activities of Santa Monica can serve as an indicator of new ideas that could work well in Los Angeles. Additionally, Santa Monica has a vibrant Central Business District (CBD), as a result of zoning code that supports a sense of 24 hour use (Barnett 1974) by incentivizing housing and commercial uses together.

In the City of San Diego, many exciting planning initiatives have been spurred by the City of Villages concept captured in the city's general plan. San Diego is going through growing pains similar to Los Angeles. The city is experiencing a period of rapid growth and urbanization. San Diego Planners are struggling to address the complications of urbanization in a city spawned in an era of suburbanization and automobile orientation. The city is placing a strong emphasis on the coordination of land use and transportation to make the transition from suburban to urban orientation under Smart Growth principles, for a more sustainable future that promotes

transit use and less dependence on the automobile. Although the fruits of these initiatives will not be immediate, San Diego's long range vision for the future is an excellent example to follow.

Within the Bay Area, San Francisco and Oakland are sophisticated cities highlighted for various reasons. San Francisco's dense communities benefit from excellent public transportation, vibrant street life, and interesting and diverse housing typologies. Although San Francisco is very different, it is a useful example of just how well density can work when pedestrian orientation, density, design and transit converge in a meaningful and coordinated way. Additionally, San Francisco grapples with its own housing crisis, and its response to the need for increased housing production has resulted in its Better Neighborhoods Program. Oakland is highlighted for its aggressive approach to increase housing production, particularly in its downtown neighborhoods. Oakland's Downtown is currently going through a period of tremendous revitalization. Prior to the City's 10K Initiative to stimulate housing production, the downtown region was blighted with plenty of vacant land ripe for redevelopment. The efforts of the City to incentivize housing production in targeted neighborhoods is definitely illuminating as an example for Los Angeles to examine, as the city is looking at ways to increase housing and services in its own downtown region.

As Mentioned, sprawl and traffic dominate first impressions of Los Angeles. One would expect Los Angeles to lag behind other cities in the State in regard to land use strategies. The crux of this analysis is an examination of the strategies employed within Los Angeles compared to the other surveyed cities. Central to this inquiry is the question: does Los Angeles have the tools required to accommodate increased density and housing production? Part III of this analysis will focus the

land use tools employed in each identified city. A promising discovery from the survey of land use strategies is that Los Angeles is on par with the selected cities in terms of land use tools. One strategy in particular, Adaptive Reuse, has been particularly effective in increasing housing density. The analysis concludes in Part 4 with recommendations on additional land use strategies Los Angeles can utilize in order to increase residential density.

## Part II: Historical Context

### *Politics of Growth in Real Estate Development*

Los Angeles has a unique political history, particularly as it relates to real estate development. To understand the political landscape of land use planning in Los Angeles, knowledge of the history of growth is important. William Fulton argues that during Los Angeles's infancy as a city in the post World War II period, the mentality of those who settled in here was heavily influenced by notions of the American Dream: single family homes, well maintained yards, and being away from the city in sheltered suburban enclaves. This mentality, Fulton argues, has had incredible force and influence over the shape the city has taken on. No other American city has grown to the size of Los Angeles, while pursuing an "anti-urban" life style (Fulton 2001). This approach to development attracted many from the Midwest, who were drawn to the rural way of life, despite living in an industrialized society.<sup>2</sup> During this era, much of this anti-urban urbanism was politically supported:

*California's Progressive era political structure, which had decentralized and depoliticized local government, reinforced these anti-urban attitudes. Southern Californians have an almost inborn mistrust of big government, and especially of political machines, which they regard as exactly the sort of corrupt urban ill they moved to Los Angeles to avoid...By around 1920, Los Angeles had become a kind of national suburb for old-line protestants wanting nothing to do with immigrant politics of big urban cities elsewhere in the country (Fulton 2001).*

In truth, the modern reality of an increasingly urban landscape has made the suburban American Dream a nightmare for Angelinos. These traditional land use patterns are threatening the quality of life that brought so many to this great city in the first place. Fulton notes that the "spacious urban lifestyle" created in early Los Angeles is a formula that would never continue to work

in an urban context, as evidenced by traffic jams, inner city dissent, environmental degradation, loss of valuable farm land and open space that Los Angeles is experiencing today (16).

The early pattern of extractive and speculative growth in the late sixties and early seventies has made Los Angeles a city in which residents have developed a very anti-growth mentality, a phenomenon today known as NIMBY—Not In My Back Yard. In the 1960's, wealthy homeowner associations began to organize tremendous political power against additional growth in the hills of the Santa Monica mountains, and their political power lead to several electoral victories on an anti-growth platform (Fulton 2001). Given the City's early history of mistrust of politicians and real estate development in general, urbanization of the Los Angeles region and planning for future growth and housing need is particularly contentious. The passage of Proposition U in 1986 limited FAR to 1.5:1 on much of the land zoned for commercial use (Wachs 1989). This ultimately has negative impact on housing density, as FAR at such a low ratio does not permit housing above retail, a key strategy the city will need to utilize if it wants to increase residential density throughout the city.

Proposition U was popular with Angelinos, Wachs notes, where "voters in all areas of the city, of all ethnic groups, and of all income levels, approved this measure by a majority of about three to one, and most interpretations link approval of this measure primarily with public concerns over growing traffic congestion" (Wachs 1989, 4). Ironically, this desire on the part of residents to curtail traffic congestion by passing Prop U and down-zoning commercial zones may very well have caused an increase in even more traffic congestion. The Proposition was passed without any prior transportation demand analysis, and voters supported the proposition based on the intuitive 'if you curtail it, they won't come'

type of reasoning. Unfortunately, Proposition U has many unintended consequences. Wachs discussed these consequences in his book *Regulating Traffic by Controlling Land Use: The Southern California Experience*:

*...If the demand for commercial activities in the region remains strong, much of that growth may be re-directed by the policy toward the regional centers which were exempt from downzoning, and into the outlying suburban centers beyond the jurisdiction of the program. The result of this redirection of commercial growth may be a lengthening of work trips and shopping trips to the designated centers and outlying suburbs... Regrettably, the down zoning may deprive the city of tax revenues which might be used to relieve traffic congestion through construction programs (Wachs 1989)*

Taking into consideration the history of growth in Los Angeles, the city's struggle with both traffic congestion and a housing crisis, it is clear that a new model for land use and housing is required. This begins by envisioning a more sustainable future where residents are closer to work, closer to services, and have public transit options and attractive pedestrian environments. Housing density is an integral part of making all of these elements more feasible in Los Angeles. More housing within the city allows more residents to live near major employment centers, if they choose to do so. Housing above commercial corridors allows origins and destinations of non-work trips to come closer together. Housing densities of 12 dwelling units per net residential acre are generally required to support rail transit, so having increased housing density opens the door for increased public transportation opportunities (Dock 2004). The City of Los Angeles has been working on land use strategies to make such a future a reality. Specifically, the City has adopted the

adaptive reuse ordinance, Residential Accessory Service (RAS) zones, and the townhome ordinance. Additionally, the City uses incentives encourage affordable opportunities is infill-housing developments near transit hubs. Many of these new tools implemented by the City to achieve higher residential density are part of a nationwide trend towards urbanization and a re-investment in the inner city. The following section will discuss the land use strategies in Santa Monica, San Diego, San Francisco and Los Angeles to examine each city's approach to support higher density infill housing development.

### **Part III: Urban Infill Strategies to Foster the Recycling of Underutilized Land**

Infill development has received considerable attention as a strategy to revitalize inner cities and attract new residents away from the suburbs back into the City's urban core. Although there are numerous benefits to infill development, there are also several barriers that make infill projects infeasible. Among the surveyed benefits of infill development are a maximization of urban infrastructure, such as sewer/water lines and roadways, the preservation of open space at the periphery via intensification of land use at the core, and increased tax dollars within the city. However, a survey of land use literature indicates that the existing zoning code in many cities is outdated, and the ability to develop financially feasible infill projects is difficult if not impossible without proactive planning agencies working to update zoning code and create incentives to support infill development. Maureen McAvey identifies issues such as zoning restrictions on density, set-back requirements, minimum lot sizes, parking requirements, and the approval process have as barriers to infill development (2004).

To address what has become a nationwide consensus on the existence of land use barriers to infill develop-



ment, the Urban Land Institute (ULI) recommends a model for cities to work towards, which includes reduced parking requirements and shared parking agreements among retailers, the ability to include on-street meters in parking capacity analysis, street level retail with housing above, attention to pedestrian scale and detail in design requirements, a mix of uses to serve the immediate community, coordination with public transportation, the creation of attractive walking routes, as well as bicycle planning (McAvey 2004). This recommended strategy supports housing development at a higher density because it is sensitive to traffic concerns by creating an attractive environment that encourages pedestrian activity and transit use over automobile travel. Considering the recommendations in this model, how has Los Angeles, as well as the other surveyed cities, pursued land use strategies to alleviate barriers to in-fill development and increase housing density? The following case studies examine how each of the previously identified cities approaches density in their respective land use planning.

### **Santa Monica: Maintaining Density in a Climate of Slow-Growth<sup>3</sup>**

Santa Monica shares a similar history with the City of Los Angeles, in that many of the long time residents have an inherent mistrust of development. Santa Monicans also share in the region's slow growth mentality, and residents are extremely well organized politically via the Santa Monica for Renter's Rights (SMRR), an organization which ironically is also on a slow growth platform. In the late 1970s the group was able to organize Santa Monica renters at an unprecedented rate, and eventually the group was successful in taking over the Santa Monica City Council (Fulton 2001). With the support of the community, SMRR was able to leverage their political power to stop several large scale developments from proceeding in the late 1970s and early 1980s. Resi-

dents in the city were concerned with preserving, or trying to preserve the "sleepy beach community" that they came to love in the 1960s, a life which was forever changed upon the completion of the Santa Monica Freeway, which ushered in a period of rapid development and economic expansion. The fast paced development of apartments and offices in the period from 1975 to 1982 was seen as a threat to the quality of life which residents had come to expect from Santa Monica (City of Santa Monica 1984). New development was at a scale that alarmed residents, and they organized to prevent the negative impacts from large scale development. The negative impacts of concern to the community included excessive shading of streets, sidewalks, and yards, reduced air flow, changing architectural character of the community, encroachment of commercial uses onto residential neighborhoods, traffic congestion, and noise and air pollution.

In present-day Santa Monica, the city still experiences considerable NIMBY opposition to growth. However, the City must provide its fair share of housing allocated to it in the regional needs assessment mandated by the state. Additionally, there is clearly there is a jobs/housing imbalance in the city. According to city planning staff, there are approximately 90,000 residents who reside in Santa Monica, however, the daytime population is estimated to be roughly 300,000, and the weekend population is estimated to be 500,000. The tension of planning for multiple publics is quite evident within the city, as there are many competing interests vying for an increasingly limited amount of land. Well-organized residents in support of slow growth development often win these public battles, or at least are quite successful in delaying the timeframe for which a project can obtain its discretionary approvals. Unfortunately, the system of approvals in California is flawed, as it gives current residents no incentive to think of land use through a lens of public interest. Rather, residents are

self-interested and concerned with maintaining the status quo of their neighborhoods. Additionally, the passage of Proposition 13 in 1978 has caused the City to allow the over-production of commercial uses at the expense of housing to compensate for lost property tax revenue. This poses difficult challenges for planners, who are faced with the task of accommodating and planning for future growth, which necessarily entails an intensification of land use, particularly in a built-out environment such as Santa Monica. The following sections look at the land use strategies in place in Santa Monica given the political context of the city.

*Strategy 1: Implement a Zoning Code that is Proactive in Addressing a Diversity of Neighborhood Pressures.*

Since the 1970s, the city has gone through phases of actually down-zoning, based on community involvement in the general plan process. In 1989, the city down-zoned multifamily zones in the Ocean Park neighborhood, and guidelines for design and set backs were introduced. In 1990, the North of Wilshire Overlay Zone was introduced, which was a very specific, difficult to follow overlay plan that sought to control the massing and size of any new buildings. Many architects and community members had begun to complain that all buildings in this area were essentially the same shape; and an unattractive one at that. The overlay was so restrictive that buildings approved under its requirements have been nicknamed “Wedding Cake Buildings”, as the overlay dictated setbacks for each floor to such a stringent degree, giving buildings a pyramid-like, layered look.

In reality, however, this plan proved to be too difficult even for planning staff to follow, and the overlay was removed in 2002. In its place, Ordinance 2131 was created. This changed the parcel coverage require-

ments and massing of new developments in R-2, -3, and-4 zones. Rather than down-zone the area further, the ordinance was a clever way to compromise between residents’ desire to mitigate the negative impacts of development while still allowing creativity in building design.

By doing away with this complicated and confusing overlay zone, developers had an easier time processing permits and getting through site plan approval. Ordinance 2131 is unique because it loosened control over the actual shape and appearance of the buildings. Rather than control the density per lot size, the city instead elected to control the square footage via Floor Area Ratio (FAR) and Parcel Coverage. By limiting the parcel coverage on the 2nd floors and above to a percentage of the building’s footprint, the architect and developer still had control over the shape and design of buildings. This makes for a more interesting and aesthetically pleasing built form, and at the same time residents concerns over air flow and excessive shading are addressed by reducing the parcel coverage on the upper stories in new development.

*Strategy 2: Focus Density and Mixed Use Development within the Central Business District.*

In response to resident resistance to commercial development encroaching on residential neighborhoods, the city’s strategy beginning in the 1980s was to focus growth in the downtown neighborhood, as the center of a “24 Hour Community” (City of Santa Monica 1984), so that residential areas would be protected from commercial intrusion. City planning staff began a series of community visioning meetings to incorporate resident feedback into the general plans goals. A key issue residents identified was the accelerated growth and development that occurred during 1975 and 1982. Residents saw this as a special challenge to their desire to

**Figure 1: Housing above commercial uses on 3<sup>rd</sup> Street Promenade**



preserve the unique character of Santa Monica, as it was in the pre-freeway days. For example, in this time period, over four million square feet (SF) of new office space and one million SF of retail had been developed, with a 20 percent increase in buildings over four stories, and 33 percent increase in commercial building intensity measured by FAR (City of Santa Monica 1984). Planning staff interviews identified that residents were vehemently opposed to this type of development, and were adamant that they did not want to see Santa Monica become like Miami Beach, where the coast line was obstructed by high rise buildings and new development was approved with little public review.

However, the value of Santa Monica's geographic location is undeniably powerful, and the demand for land has increased considerably over time, despite the difficulty of gaining community approval from discretionary hearings. The City of Santa Monica's zoning code has always promoted mixed use development in its downtown area, as the code promotes a mix of uses by subtracting 50 percent of residential FAR from the total permitted FAR, on approved stories of a building.<sup>4</sup> For example, the downtown zones permit ground floor retail, layered with commercial uses, usually on the 2<sup>nd</sup> and perhaps 3<sup>rd</sup> floors, with the residential stories on the 4<sup>th</sup> through 5<sup>th</sup> or 6<sup>th</sup> stories discounted by 50 percent toward the total calculation of permissible FAR. This gives mixed-use developments a free bonus to encourage housing downtown. Within the City's zoning code, there is more of a form based approach. For example, guidelines for each zone emphasize the number of stories and height allowed by zones, and FAR limits the number of square feet allowed per lot. Density in terms of units per acre is not dictated in multi-family or commercial zones. Throughout the downtown area, building heights of up to 6 stories are permitted, and until the early 1990s, higher rise hotel and condominiums were permitted, which contributes to Santa

Monica's compact, dense feel in the downtown area.

*Strategy 3: A Transition to Form Based Code in Response to Neighborhood Opposition to Density.*

A recent challenge to land use planning in Santa Monica has again arisen due to community opposition. Along Wilshire Boulevard, a dense commercial corridor, the current zoning is C6, which allows ministerial approval of commercial and mixed use development up to 30,000 SF. Should a development be presented that exceeds this 30,000 SF, it triggers a process called development review. This review process starts a round of environmental review to determine the impacts to the community by the proposed development. This review can add anywhere from 9 months to 1 year to the development process. The community has challenged the scale at which an Environmental Impact Report (EIR) must be conducted, under the argument that new development along the corridor is generating negative impacts that need to be examined more closely. As a result, the trigger level for which an EIR must be conducted is now set to 7,500 SF along Wilshire Boulevard, which essentially equates to a one-story building. In addition, in 1990 the citizens voted for proposition S, which implemented an overlay zone that prohibited the construction of high rise buildings, in response to the development of high rise hotels.

To counter the community-based pressures to downzone, the city is pursuing a transition to incorporate form-based code to the downtown region. The planning department is actively working with the planning commission to create a menu of building typologies that are pre-approved by the community to maintain a size of 30,000 SF rather than 7,500 SF before triggering the development review process. When a potential project is being developed, if the design of the project is from the menu of community approved building

**Figure 2: Housing above retail on 6<sup>th</sup> St in Santa Monica's CBD**



**Figure 3: Neighborhood Serving Commercial along Wilshire Boulevard**



typologies, that project would qualify for a more streamlined, ministerial site plan approval, and would thus by-pass the EIR process and maintain a more predictable development schedule. Projects that go off the approved tract in design would be required to go through the development review process, if the project is larger than 7,500 square feet.

Santa Monica also has specific plans to guide density to appropriate areas of the city. The North of Montana specific plan focuses on preservation of single family neighborhood character, and has thus focused on a down-zoning in the particular plan area (City of Santa Monica 2000). On the other hand, the Santa Monica Civic Center Specific plan presents a site plan that is inclusive of public space, open space, higher density multifamily housing, and commercial uses. For example, in the civic center specific plan area, there is a height district of 56 feet south of Olympic Boulevard, and a 70 foot height district north of Olympic, yet emphasis is placed on the number of stories allowed, with 4 stories of commercial or 5 stories of residential for the south of Olympic area, and 5 stories of housing for the north of Olympic district. Rather than focus on the density allowed per acre, the City concerns itself with the type of building appropriate for the neighborhood context. In this way, the City makes a clear visual statement of the future of the built environment. Additionally, 30 percent of the housing provided under the plan is required to be affordable to moderate-, low- and very low-income households (City of Santa Monica 2002).

*Strategy 4: Rezoning Obsolete and Underutilized Zones for Residential Use.*

Another land use strategy the city is examining for the future to promote infill development is rezoning light manufacturing to allow medium to high density multi-family housing. Currently, many of the buildings in the

light manufacturing zone are already adapted to commercial uses, and in some cases, live/work uses. However, the zone currently does not permit the development of multi-family housing, a barrier the city will revise. This strategy will likely be incorporated in the city's plan to meet housing production goals in the future.

*Strategy 5: Inclusionary Zoning: Helping or Hindering Housing Affordability*

Santa Monica passed a mandatory inclusionary zoning ordinance via Proposition R on November 6, 1990 (City of Santa Monica, 1998). Initially the program required that 30 percent of moderate- and low- income affordable units (between 60% and 100% AMI) be provided on site in all new multifamily development. In 1996, the planning agency began to re-evaluate its ordinance, as the number of building permits for housing had noticeably decreased. The agency relaxed its inclusionary program in the late 1990s to permit off-site provision of affordable units, as well as in-lieu fees for the affordable units. This change has considerably weakened the ordinance's ability to produce affordable housing. The problems and unintended consequences that arose from Santa Monica's passing of proposition R are useful examples to consider, particularly as Los Angeles struggles with its own decision in regards to inclusionary zoning. In order to increase the number of applications for housing related building permits, the city changed the program requirements, and as a result, the majority of new housing developments have paid in-lieu fees, a clear indication that the fees are set too low. The in-lieu fees are not substantial enough to facilitate affordable housing on-site in new developments; or to use in lieu fees to finance other affordable housing development opportunities on a scale that would result in the same number of affordable units, were no in lieu fees permitted. The city's decision to relax its inclusionary program

was based on an analysis that indicated that housing prices were actually increasing from the initial inclusionary legislation, due to decreased housing production and increased building costs (City of Santa Monica 1998).

### San Diego: Planning a Coordinated Vision for the Future<sup>5</sup>

In San Diego, the City's general plan, City of Villages, provides guidelines for the development of higher density development centered within one-quarter mile of transit stations. The city closely relies on the "Transit Oriented Development" (TOD) research on land use planning to shape its land use policies and encourage higher density development via mixed-use zoning and coordination of land use policies with transportation.

In, "Planning the Transit District", Robert Cervero recommends several land use strategies that are present in San Diego's general plan and housing element. Cervero's research focuses on strategies that are used to better coordinate land-use in ways that complement the pedestrian environment, promote public transit, and deter growth at the periphery. In order to reduce traffic congestion related to increased dwelling units per acre in new, higher density developments, the TOD strategy is to provide public transit options to deter automobile usage while focusing on developing transit districts that provide housing and essential services within close proximity to one-another, clustered within a quarter-mile of public transit stops. The two components of such development that are essential include the careful arrangement of land uses to concentrate activity at the pedestrian scale, adjacent to transit stops; and focusing the design and mix of uses of the district to encourage foot activity by locating services, employment and housing within a 5-10 minute walk. According to Cervero's findings, the policies and criteria that make transit oriented

**Table 1. City of Santa Monica Land Use Strategies**

Strategy	Goal
1. Zoning Ordinances	Regulate parcel coverage of upper stories in residential zones without hindering design
2. Focus Density in CBD	Create dense CBD that encourages housing above retail/commercial uses via mixed use zoning
3. Form Based Code	Maintain building density via community approved building typologies
4. Rezoning Underutilized Zones	Create new opportunities for medium-to-high density multifamily zones To create mixed-income communities by including a percentage of affordable housing units within market-rate development
5. Inclusionary Zoning	

districts a success include strong public-private partnerships, the use of density bonuses, inclusionary zoning, design standards to promote pedestrian orientation, financing assistance, an emphasis on community development and outreach, and good location (Cervero 2005, 57-58). San Diego has attempted to incorporate much of these recommendations into the general plan, and the strategies that flow from the City's TOD vision are discussed below.

#### *Strategy 1: Rezone and Up-zone to Mixed-Use, Transit-Oriented Villages.*

San Diego's general plan clearly advocates higher density residential development in targeted zones near transit, with a recommended minimum density of 18 DUA in suburban areas along the City's rail lines, and 24 DUA in its urban zones. The plan encourages a mix of residential, commercial, and public uses at the core, with townhomes and courtyard buildings acting as a buffer

**Figure 4: City of Villages Location Map**



between the denser core and single family zones at the edges of the transit district. TOD is encouraged via incentives such as expedited permitting and density bonuses. Furthermore, the mandatory inclusionary zoning in place in San Diego seeks to ensure a mix of housing affordability for all segments of society, so that residents have the opportunity to live within the neighborhoods where they work. Additional incentives are also available including a second layer of density bonus and fee deferment. San Diego's density bonus is 25% for 10%affordability for residents at or below 65 percent of Area Median Income (65% AMI) in rental developments, and 100% AMI in for-sale developments. The implementation of the TOD model is via overlay zones, which is discussed in the next section.

*Strategy 2: Implement Vision for City of Villages in Selected Neighborhoods via Overlay Zones.*

As San Diego's TOD overlay zones target areas for increased residential density and mixed use development. The city's land use strategy is to encourage density

within its overlay zones. There are several benefits to this strategy. For one, it maximizes the city's investment in its rail infrastructure. Strategic overlays are placed over station areas, and higher density development is focused into these zones, which prevents density from occurring in inappropriate areas of the city.

Specifically, the City created the Main Street Corridor Overly Zone to encourage higher density development by increasing buildable heights,

reducing set back requirements and allowing more flexibility in site design. The goals of the main street overlay zone are to promote mixed-use development and transit oriented development along identified commercial corridors. The overlay zone provides incentives for housing development, including a density bonus of 0.25 FAR for non-residential uses on the site, if 25 percent of the new floor area is residential in use.

An additional overlay zone utilized by the city is the Alternative Design Density Overlay Zone. The goal of this overlay is to focus development on vacant sites, preserve existing housing, and encourage new development that is compatible with and supportive of the positive qualities of residential neighborhoods. The concept for the zone is to allow increased density for developments that meets additional design compatibility requirements. The overlay specifically targets residential neighborhoods that are already well serviced by existing public services, which, "allows the area to absorb additional growth without creating market pressure that might lead to the early removal of existing sound housing". This overlay zone also employs a density bonus of 50 percent for projects that voluntarily go through a special design review process in base zones of R1, R2, and R3. This overlay zone creates additional housing opportunities in lower density neighborhoods by permitting the development of tri-plexes.

Realizing that the TOD concept may be more popular with planners than the general public, the planning agency created "pilot villages", trial runs at implementing the general plan's TOD strategy. The planning agency originally tried to highlight specific areas for density, as was identified in the general plan, but NIMBYism prevented the City from realizing this vision. These issues were tied in large part to the community plan areas throughout the city. Residents in-

**Figure 5: Mi Pueblo Pilot Village in the San Ysidro Community**



sisted on updating the community plans for the city prior to approving any specific areas for housing density. To respond to this set-back to the implementation of the general plan's vision, the planning agency has adopted a policy that requires projects to be within the density ranges specified in the individual community plans. The community plans have residential density ranges of 15 to 30 DUA, generally. When discretionary permits are required for a project, they must be within the density range of the community plan to receive entitlements.

**Figure 6: McTip Pilot Village in the Normal Heights Community**



Planning staff identify that success in practice has been largely dependant on the city council district. The big issue is the community's concern over infrastructure capacity of roads, parks, schools, and libraries; and the

lack of funding to build the additional infrastructure required with a denser urban environment. The city's crowning implementation success has been downtown, as the city has added several thousand units in the downtown neighborhood.

Within the downtown community, the dynamic is more urban and cosmopolitan, which equates a more supportive community outlook towards density. As the entire downtown region is a redevelopment agency project area,

the planning for land use intensification downtown is happening within the redevelopment agency. In other areas of the city, the vision has been more difficult to implement. Along the trolley lines there has been development consistent with TOD principles; however the difficulty for the Mission Valley Trolley line has been to get the development at the appropriate density to support desired ridership levels, as the pre-existing build environment is primarily single family in nature.

It is the city's hope that the implementation and development of these "pilot villages," with their attractive design, attention to pedestrian details and orientation, and close proximity to the city's rail infrastructure will prove to San Diegans that density is attractive when done right. The goal for the City is to create successful TOD models so that the vision in the general plan will become the vision that residents share with the City. Currently, there are five pilot villages under development throughout San Diego, and only time will tell how the city's urban village concept will bode in reality. The images below illustrate architectural rendering for two pilot village concepts in the North par and San Ysidro communities of San Diego.

*Strategy 3: Inclusionary Zoning for Mixed-Income Villages.*

Many innovative changes to zoning have been made in order to create more housing to meet low and middle income household need. San Diego has been proactive in its struggle to address its housing crisis. The City passed its first inclusionary housing ordinance in 1992, and a more comprehensive, city-wide mandatory inclusionary housing ordinance was passed in 2003. The city also places a fee on all commercial development throughout the city for affordable housing.

These fees stay in the community plan area where they originate, and they go to fund a financing program for

affordable housing to compensate for the low wage jobs generated by commercial development.

In practice, San Diego has also struggled to regulate its inclusionary program in a way that does not negatively impact the housing market. Although San Diego has been able to come close to meeting its overall housing production goals, it has not been able to provide the

affordable housing goals in the regional fair share assessment. The North City Future Urbanizing inclusionary program has produced a significant number of units, as this inclusionary zone does not permit in-lieu fees, and any off-site units must be within the same community boundaries as the project's market rate units. Under the city wide inclusionary program however, in-lieu fees are permitted, and most new developments have paid the in lieu fee, so the ordinance has not been effective in producing affordable units. Thus far into the city-wide

program, the in lieu fees have gone to first time homebuyer programs, as the city does not currently have sufficient funding to purchase land for affordable housing. In the future, the in lieu fees will likely go towards a financing program for affordable multifamily development. Additionally, San Diego's inclusionary program has a workforce housing component. If a proposed development's units are priced at 150% AMI; those units are exempt from the inclusionary requirements. In the opinion of a practicing planner in San Diego, it was recommended that the in lieu fees be removed from the program. The key issue that the city is struggling with involved the cost: the more the costs are raised for the builder, they may choose to not build, or the additional development

Figure 7: The North Park Pilot Village Near San Diego State. 25 percent of housing units will be affordable.



costs are passed on to buyer or renter. In the experience of planning staff, finding the right “mix” of affordability, density bonus, in lieu fees, and incentives is none too easy, and getting to a mix that meets policy goals for affordability without hindering the market is difficult at best.

**The Bay Area: Encouraging the Maximum Density Allowed by Zone and Redevelopment of Obsolete Land Uses**

San Francisco, at the heart of the Bay area, is a city that operates in a context completely unlike Los An-

Table 2. City of San Diego Land Use Strategies

Strategy	Goal
1. Upzone/Rezone for MUD	To implement the vision of San Diego as a collection of mixed-use, transit oriented urban villages
2. Use of Density Overlays	To create density zones for the implementation of the village concept
3. Inclusionary Zoning	To create mixed-income communities by including a percentage of affordable housing units within market-rate development

geles: it is an older city which was developed around transit, as opposed to the automobile. It is one of the top transit markets in the country, along with Boston, New York and Chicago (Cervero 2004), it has geographic boundaries which constrain the city's ability to expand outward, and therefore the city has been forced to accommodate future growth via upward ex-



pansion and intensification of its available inner-city land. Considering the contrasting history of development between the two cities, is it fathomable that there is anything that Los Angeles can learn from land use approaches in the Bay Area? Absolutely, as the San Francisco's general plan housing element have clearly identified the specific strategies and tools to utilize in identified neighborhoods, and these neighborhoods are the places where the city envisions that the majority of its regional housing goals will be met.

Figure 8: Hunters Point Shipyard Redevelopment Map



*Strategy 1: Up-zoning and Re-zoning to Maximize Housing Capacity in Targeted Areas of the San Francisco.*

The strategy of rezoning and up-zoning was recommended as early as 1998, with a report released by San Francisco Planning and Urban Research Association (SPUR). The report made several recommendations for San Francisco to make the most of the limited land available for housing within the city, so as to avoid eating away at the Bay Area greenbelt regions.

Their recommendations stressed the need to rezone underutilized industrial and commercially zoned land to encourage moderate to high density housing. To accomplish this task, they recommended density bonuses for projects that provide affordable units, and increased height lim-

its and density along neighborhood commercial corridors and major transit routes,).

In a more recent 2004 report by SPUR, the need to redevelop and up-zone under-utilized retail corridors was again identified. The report claims that over 100 acres of under-utilized vacant land exists within San Francisco, which could equate as many as 4,500 additional housing units. In order to encourage up-zoning of lower density commercial corridors, the report recommends that the city provide incentives to developers who propose developments that provide a 2:1 ratio of housing to retail square footage. The recommended incentives include an increased height bonus, the use of height and bulk restrictions rather than restrictions on the number of units permissible, and the removal of parking minimums, in order to allow the market to determine the appropriate number of parking spaces.

The two main strategies recommended by SPUR are up-zoning sagging commercial corridors to include housing and rezoning of industrial areas, are included in the City's housing element. For example, the Mission Bay plan is focused on rezoning the city's vast and underused

Figure 9: The Mission Bay Plan will include 6,000 units of housing



**Table 3. Potential Housing Units**

	Current Zoning Capacity	Proposed Rezoning Capacity
Better Neighborhoods Program	3,215	6,185 to 14,435
Eastern Neighborhoods*	5,413	12,100 to 24,400
<b>Total</b>	<b>8,628</b>	<b>18,265 to 38,835</b>

\*SoMa. Mission, Potrero, South Bayshore, Visitacion Valley

industrial tracts that are now vacant (City of San Francisco, p 94). Projections for the Mission Bay Plan include over 6,000 units of new housing (94). The Hunters Point Shipyard is another project that entails a rezoning of vacant industrial zoned land is. The shipyard is a former military base which is being redeveloped to include open space, retail, employment, and roughly 1,600 units of new housing (94).

The City has also launched the Better Neighborhoods Program, a policy which seeks to coordinate land use and transportation efficiently, to favor public transportation over individual automobile usage. The strategy employed in the Better Neighborhoods program includes identification of publicly owned land near transit, up-zoning these parcels to allow increased housing density, and coordination with the San Francisco Municipal Railway (MUNI) and Bay Area Rapid Transit (BART) agencies to identify their parcels that may be appropriate for housing development, and Brownfield remediation to prepare industrial zones for future housing use (98). With the proposed rezoning under the Better Neighborhoods Program, the city is able to increase the potential number of housing units allowed by zone by roughly 112 percent to 350 percent over the current zoning capacity.

In the city's housing element of the general plan, the complete set of strategies is clearly identified:

*San Francisco housing policy in the 1980s and 1990s encouraged both residential development and housing preservation. These policies lead to the: 1) adoption of zoning controls that retain existing residential densities in more established neighborhoods, 2) rezoning of certain commercial, industrial, and publicly owned sites to residential use, 3) encouragement of housing in excess of the basic floor areas ratio in downtown development districts; 5) creation of interim zoning controls to establish a mixed use area where housing and live/work uses would be encouraged and buffer zones where residential and live/work would require conditional use and authorization; and 6) drafting of policies to control the merger of residential units to help retain the existing supply of housing in the city (123).*

The city has refined the above mentioned policies to determine the areas that can absorb additional housing production without significant negative impacts on surrounding neighborhoods. The three areas identified for an up-zoning or a rezoning are Redevelopment Project Areas, the Better Neighborhood Areas, and neighborhoods throughout the eastern portion of the city (123).

**Figure 10: Map of Oakland's 10K Initiative Project Areas**



City of Oakland  
Community & Economic Development Agency  
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*Strategy 2: San Francisco's Strong Inclusionary Zoning Program.*

Like Santa Monica, San Francisco also has an inclusionary zoning ordinance, and similarly to Santa Monica, the city has struggled in its process of tinkering with the housing market to find the appropriate percentage of affordable units for its ordinance. Currently, the program is structured to require that 10 percent of on-site housing in new development be affordable; and 17 percent of the units must be affordable if a project's developer elects to provide the units off-site.

*Strategy 3: How Oakland has Streamlined CEQA to Promote Housing Density Downtown<sup>6</sup>*

The City of Oakland has used innovative incentive zoning to encourage the private market to develop new housing units in downtown Oakland. Mayor Jerry Brown created the 10 K Initiative, a policy which seeks to revitalize downtown Oakland by attracting 10,000 new residents to downtown area between 2000 and 2005 (LSA Associates, p 39). An integral part of this process has been to ease the development process for private developers to facilitate housing production in targeted areas. The city's housing element implemented strategies to simplify the process for obtaining project entitlements, such as a reduction of open space requirements in high density zones, fast-tracked permitting, and an updating of the planning code. Finally, Mayor Jerry Brown also spearheaded a political campaign to pass Assembly Bill 436, which was designed to streamline the California Environmental Quality Act (CEQA) process, a crucial component to the 10K policy, as it provided proof to the private development community that Oakland's public sector was serious about making housing development happen in downtown Oakland.

To elaborate, in larger infill development projects, CEQA requirements have been identified as a key factor in in-

creased development costs. These requirements dictate that a new development must generate a project level EIR<sup>7</sup> in order to assess alternatives to the proposed project, the potential cumulative impacts of the project into the future, and a course of action to mitigate identified negative impacts from development. There are approximately 20-30 major categories used to determine impacts and mitigation. These topics include traffic, air pollution, noise pollution, visual pollution, and geological impacts. A part of this process is to identify alternative uses for the site that would result in a less deleterious use of the land. The process of generating an EIR and maneuvering through the public comment process to receive entitlements to proceed with a larger development can be quite lengthy and unpredictable due to the evolving complexity of CEQA requirements.

Often times, community groups opposed to higher density infill development will use EIRs to fuel their opposition to development, citing the array of other possible alternatives to the proposed development to block entitling a project. These regulatory barriers translate to high risk and uncertain financial return in the private market, making infill development a tough sell.

The City of Oakland updated its housing element in 1999, a process that included a survey of land with potential for housing development. The downtown area was identified as a key area for redevelopment and housing production, as it had a surplus of vacant underutilized land. In the Oakland housing element, downtown, as well as transit corridors, transit oriented districts and the waterfront were identified areas to target for housing production. The City also created a Master EIR for redevelopment as part of its plan, a process which assessed the impacts associated with an intensification of housing

**Figure 11: Market Square Condominium Project in Oakland's Downtown**



and commercial uses downtown in the way a project level EIR would.

After Mayor Brown’s lobbying activities and the passage of California Assembly Bill 436 in October 2001, the city could immediately begin streamlining the CEQA process to meet the initiative’s housing production goals of 6,500 units in 5 years (AB 436 2001, 5). The city has had tremendous success providing direction for the development community in order to create projects that are in line with the City’s land use policy goals, through the provision of powerful developer incentives.

For example, the City’s general plan housing element stipulates specifically that a key land use strategy will be to target specific areas for density, such as downtown, the waterfront, commercial arteries, and transit nodes and corridors. To qualify for CEQA fast tracking, a project must be in a zone targeted by the city for compact, high density, mixed-use development. Projects must also meet other Smart Growth requirements above and beyond the City’s selected areas for density. Projects must promote transit oriented development, economic development, affordable housing, energy efficiency, address the jobs/housing bal-

ance, and incorporate green building. For a project to benefit from a streamlined CEQA process, they must encompass these policies. Therefore, projects must meet the following conditions:

- Surround contiguous urban development
- Developed for urban use
- Density minimum of 40 DUA
- Within ½ mile of rail transit
- Existing public utilities and services must be able to support the project’s units
- Single level buildings can not be included in the development
- Projects must be located in the following identified clusters : Valdez , Uptown, 11<sup>th</sup> St, and Old Oakland clusters

If projects meet the above listed criteria, the CEQA process is streamlined to circumvent the requirement to commission project level EIRs. Instead, within the zones Oakland has targeted for high density housing concentrations (Valdez, Uptown, 11<sup>th</sup> Street, and Old Oakland clusters mentioned previously), a focused EIR is conducted for each project area, which build off of the General Plan master EIR. These focused EIRs are required to address solely the project specific impacts around a much smaller neighborhood oriented radius. No discussion of alternatives to the project, the cumulative impacts of the project or the growth inducing impacts of the project are required. The creation of such powerful incentives has been key to Oakland’s success to meet its downtown housing production goals of 6,500 units by 2005.

**Los Angeles: Incrementally Setting the Stage for Density**

*Strategy 1: Up-zoning and rezoning via the adaptive reuse of vacant and underutilized buildings.*  
The predominant urban infill development that is ac-

**Figure 12: The Gas Company Lofts are an example of Adaptive Reuse in Los Angeles**



**Table 4. Bay Area Land Use Strategies**

Strategy	Goal
1. Upzone/Rezone Underutilized Zones (San Francisco)	Increase potential housing capacity by over 100 percent by targeting eastern portion of the city and implementation of Better Neighborhoods Program
2. Inclusionary Zoning (San Francisco)	To create mixed-income communities by including a percentage of affordable housing units within market-rate development
3. Streamline CEQA (Oakland)	Encourage Smart Growth and Density through a streamlined CEQA review and more certain development timeframe

**Figure 13: Sunset and Vine features ground floor retail with housing above**

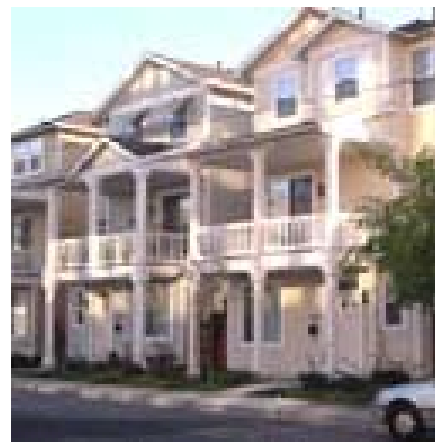


tively being pursued within the City of Los Angeles is the adaptive reuse ordinance. The express purpose of this ordinance is revitalizing the downtown area via the “conversion of older economically distressed or historically significant buildings to apartments, live/work units, or visitor serving facilities”. Through these conversions, the city has been able to decrease the amount of underutilized, vacant land in the central business district, preserve the architectural and cultural history of the downtown region, and create of sense of 24 hour vibrancy by increasing the mix of uses within the downtown area. The scope of the ordinance was expanded in 2003 to include the Chinatown, Lincoln Heights, Hollywood and Koreatown CRA project areas via the adoption of a specific plan (Livable Places 2004). The ordinance utilizes powerful incentives to encourage development. These incentives include expedited review, exemption from zoning code requirements such as FAR, height, setbacks, residential density, parking, and loading spaces (City of Los Angeles 2001). This ordinance has had a tremendous impact, and it is ahead of the other cities’ strategies in terms of bolstering housing production and density by reusing underutilized and vacant offices and warehouses.

*Strategy 2: Supporting Density and Mixed Use Development via RAS Zoning.*

The Residential/Accessory Service Zone (RAS) ordinance was created to encourage the mixing of uses along underutilized commercial boulevards. The primary goal of the ordinance is to, “provide a mechanism to increase housing opportunities, enhance neighborhoods, and revitalize older commercial corridors” (LA City p 1). There are two RAS designations within the ordinance: RAS3 and RAS4. Both designations allow neighborhood serving retail services on the ground floor and reduced setback requirements; RAS3 allows 54 DUA, while RAS4 permits 108 DUA. The allowable heights of the ordinance

**Figures 14 & 15: Contrasting examples of townhome design typologies**



depend on the height district, which varies across the city. The ordinance is important, as it lifts the allowable FAR in zones with a height district of 1; 1-L, 1-VL, and 1-XL back up to the 3:1 in place prior to the passage of Proposition U. This change allows the city to up-zone commercial boulevards to allow housing above retail. The success of the ordinance is somewhat uncertain, because to benefit from the provisions of the ordinance, a developer must apply for a zone change for their project. This equates to political uncertainty, as discretionary approvals are required throughout this process.

*Strategy 3: Encouraging the Recycling of Underutilized, Vacant Lots via the Townhome Ordinance.*

In order to address the underutilization of small parcels within the city, planning staff began to address the barriers preventing this type of infill development within the zoning code. The result was the passage of the townhome ordinance, which revises several zoning codes to permit the development of townhomes on mul-

tifamily land. To clarify, for the purposes of the ordinance, a townhome can be a single family home, duplex, or triplex on a lot in a multifamily zone that is owned fee simple along with the land on which the structure sits. The townhomes could be a series of buildings lining a block, yet there would be no commonly shared walls or open space. The ordinance does not permit the density of any proposed townhome development to exceed the legally permissible density designated by zoning. The ordinance creates minimum standards for development in order to ensure compliance with various standards for open space, fire access, street access, density and zoning requirements. Some of the features of the ordinance are reduced setback requirements, minimum lot width of 16 feet (previously 20 feet) a minimum lot size of 600 SF (previously 5,000 SF), and 20 percent open space requirement. The development of Townhomes as proposed would required an approval of a subdivision, which entails design review, community meetings, and environmental review (Townhome Ordinance 2004).

To summarize, the townhome ordinance opens the door for many new opportunities in Los Angeles. First of all, it addresses the barrier that previously existed for the recycling of smaller, urban lots. Secondly, it creates increased homeownership opportunities for Angelenos by reducing the amount of costly land required to own a single-family detached-style home. Thirdly, it creates increased opportunities for small scale developers and land owners to utilize land that may have been previously un-developable for housing production.

*Strategy 4: An Attempt to Encourage Density and Transit Oriented Development via Overlay Zoning.* Similarly to San Diego, Los Angeles also has the Ver-

mont/Western TOD overlay zone in the Hollywood project area. This specific plan allows for a parking reduction of 15% for projects that are located within 1,500 feet of a metro redline station. However, the plan makes no use of density minimums, and it restricts residential density of new development to the prevailing density of existing neighborhoods in residential sub-areas of the plan. The building heights are restricted to 15 feet above the shortest building on an adjacent lot. The parking required minimums are 1 space per unit if there are less than 3 habitable rooms, 1.5 spaces for those units with more than 3 habitable rooms, and .25 spaces per unit for guest parking, which is a parking reduction over non-transit adjacent zones. The plan also places parking maximums of 1.5 and 2 spaces respectively for units with less than three or more than three habitable rooms per unit, as well as .25 spaces per unit for guest parking.

The challenge of this plan is that nearly the entire overlay is dedicated to preserving existing neighborhoods, which are typically lower in density or 2 or 3 story apartment buildings. The commercial boulevards are targeted for density, however, they can only go over 15 feet in height of the nearest adjacent building, which is likely to be residential in nature. The maximum height is 5 stories or 75 feet in sub area C and 50 feet in sub area B. Mixed use projects are limited to an FAR of 2, while commercial uses are limited to a 1.5. If these buildings are located near the residential sub area A, which they nearly all are, they can't go over 25 feet if they are within 49 feet in height of that residential area, or over 33 feet in height of they are within 99 feet of sub area A. In sub area C the FAR is 3:1 with a height of 75 feet, and commercial use is limited to 1.5

**Figure 16: Mixed Use Development above the Hollywood and Western Redline Station**



FAR. The same height restrictions apply as mentioned previously, with an additional restriction if the project is within 100 to 200 ft of Sub area A, in which case buildable heights can not exceed 61 feet. Clearly, this plan is overly concerned with preserving the existing residential neighborhoods near the major commercial corridors of the plan area. This takes precedence over supporting redline ridership by not allowing higher density, mixed use development, as recommended by Cervero (2004).

*Strategy 5: Voluntary Inclusionary Zoning.*

The one area where Los Angeles is perhaps wisely behind other cities is in its inclusionary zoning requirements. Inclusionary zoning can be seen as a natural progression in the devolution of the federal government: federal funding sources for low-income housing are slowly being whittled away, and many cities have responded to the evaporation of these housing funds by requiring the private market to provide low- and moderate-income housing in new developments. An inclusionary program of some sort is in place in all of the surveyed cities, however, only Los Angeles's and Oakland's programs are in voluntary in nature. A mandatory program would have many benefits for the city's housing production goals: grant more by-right units per development through the density bonus, create mixed-income communities, and improve the job-housing balance, especially for lower-wage workers. However, as all three previous examples illustrated, implementing inclusionary zoning is difficult, and will only hamper housing production goals if the financial incentives and income requirements are deemed punitive to the private market. Finding the right mix in implementing such an ordinance is crucial to its success. The following section of this chapter will conclude with a summary of the successful tools employed across the surveyed cities, with recommendations for Los Angeles to examine further.

## Part IV: Conclusions and Recommendations

### *Additional Strategies to Promote Housing Density in the City*

Many of the land-use strategies adopted in the city of Los Angeles are present throughout in other California cities. Based on the survey of San Diego, Santa Monica, San Francisco, and Oakland, it is clear that LA has all of the tools necessary to get higher density developments accomplished. Los Angeles' Adaptive Reuse Ordinance has been successful in creating housing units in the downtown area, and its expansion city-wide is a step in the right direction to further increase housing stock within the city. The Townhome ordinance will help to fill in pockets of small, vacant parcels with much needed homeownership opportunities. The RAS zones will help undo some of the damage caused by Proposition U, if zone changes can successfully be approved. Finally, the state mandated density bonus for affordable housing development compliments these ordinances.

What is strikingly clear when contrasting Los Angeles to the other surveyed cities, is that the biggest obstacle facing the city is its lack of a coherent vision across its large geographic landscape. In comparison to the general plan housing elements reviewed, Los Angeles is lacking a coordinated plan to convert available sites into needed housing. The tools have been successfully created, now the vision needs to step in to clarify how and where these tools should be implemented. For example, no specific neighborhoods or commercial corridors are identified in the plan as zones to concentrate housing production; rather the general plan refers to community plans to decide where and how to increase housing capacity, which makes city-wide planning difficult at best. In all the surveyed plans of Santa Monica and San Francisco, the general plan housing elements clearly identify the areas of the city where density is appropri-

ate, and the plan for growth is clear. The land-use tools that exist in the city are tied to the general plan. In the Los Angeles case, clearly there are several tools identified, but how shall they be used, and where will they be implemented, and how will these strategies, when implemented, change Los Angeles for the better? From the general plan's land use and housing elements, that is not entirely clear.

Santa Monica, for example, faces density constraints as well, and the City has taken steps to transition to a form-based code approach to prevent down-zoning in the downtown area. The city has focused on a community visioning process to identify visually pleasing building typologies that reduce perceived density while allowing the Wilshire Corridor to maintain land use intensity. Additionally, the zoning code in Santa Monica is supportive of mixed-use development within the CBD by discounting residential FAR by 50 percent when combined with retail and commercial uses.

San Diego has placed a strong emphasis on future population projections and relieving its current housing crisis. Based on projections for future demand, the city has backed into a yearly number of housing units required to be developed, and created overlay zones along transit lines and within the downtown neighborhood to channel compact development into these zones. The city took advantage of the attention being given to the catch phrase "transit oriented development" to brand its vision for the future and make density palatable via design and landscaping incentives for following this vision. To ensure that these areas were developed according to the guidelines of the general plan, density minimums and inclusionary zoning are required to develop projects in these zones.

In San Francisco, already a dense urban environment, the city created the Better Neighborhoods Program to clearly identify the areas that had existing capacity for



housing, and the city created plans for up-zoning in the eastern part of the city, and for rezoning and redeveloping the waterfront and obsolete zones.

What can Los Angeles do to build a vision to improve the city's quality of life? Its general plan discusses all of the required areas, such as population projections, land use tools and strategies, the land available for housing, needs assessments, and the regional fair share housing goals. However, the city struggles to address the challenge of planning for multiple publics, which requires balancing the needs of a rapidly growing population with that of already established homeowners, by no means an easy task. However, it is a challenge that needs to be addressed, and can be addressed, in a visionary general plan. While there is no doubt that Los Angeles's single family neighborhoods are an asset and contribute greatly to the character and identity of Los Angeles, there is a point where this character interferes with the public interest. Land use planning policies in the general plan's land use and housing elements do not focus enough on identifying where the land use tools for higher density housing development will be focused to alleviate the housing crisis and meet the needs of future growth. Instead, these plans defer to the community plans, which make city-wide planning difficult. Perhaps the general plan's housing and land use elements should be dictating which areas can support density. A vision that helps make sense of how all these tools and strategies are contributed to a 'big picture' is lacking. The following three recommendations for the City further compliment the policies currently in place to support higher residential density.

*Recommendation 1: Creation of More Specific Zones.*

Los Angeles should focus on creating a vision that articulates specific zones for higher density infill hous-

ing development, such as mixed use zones near the cities rail stations, branding that vision in a way that appeals to residents and targets density for areas of the city where it will be appropriate and accepted. As is seen in the San Diego case, the city branded the TOD concept in the general plan to make the village concept unique to San Diego. Los Angeles had its centers concept from the 1970s. Perhaps the city should rework this vision to make it appropriate for today. Envision this: strategic zones in the city located along the red, gold, and blue lines, where commercial boulevards are lined with 5-6 (or more) story buildings supporting ground floor commercial uses with residential uses above, a city where people want to take transit for their work and non-work trips because it is easier and more attractive than driving. The sidewalks along commercial corridors are wider, well landscaped and hardscaped and they incorporate pedestrian details that both create a sense of place making and minimize residents' negative perceptions of density. Aren't these the goals that the City's zoning ordinances aim to achieve? If so, the general plan should paint a picture of just how attractive such an urban environment can be. Pursuing such a strategy today won't make everyone a density fanatic, nor will it make people stop driving tomorrow, but this is not the point. The reality is that people spend a lot of time commuting to work, more than anywhere else in the country. Because the congestion is so bad, people are sick of commuting, and there is definitely a migration back into the city. The short and long terms planning goals of Los Angeles should be to strike a balance between targeted increased housing density to support this trend with preserved single-family residential districts. The City's vision should lay the groundwork for a less auto-dependant future, and urban housing density is a key part of this equation.

As is the case in San Diego, landscaping and

streetscaping are a part of the incentive process, so communities that follow the TOD vision are rewarded with funding to invest in pedestrian oriented details. Areas of the city such as Hollywood, Koreatown, Chinatown, and Downtown should focus on shaping a similar vision for density, design, and coordination with transit. One way the city might make density palatable for residents is through the adoption of design standards. As the City of Santa Monica has demonstrated, a shift towards form based code has worked well for the city. Would it be easier to focus on the appearance of a five story building's design versus a 150+ unit apartment development in community meetings? In Santa Monica's experience, not regulating DUA has been successful. Additionally, the community visioning process to create pre-approved building typologies that meet the city's density goals is close to receiving approval from the planning commission. The city needs to focus more on meeting future housing needs projections, and this will be a difficult process if current residents do not like the way new development looks. Another way San Diego has had some success in implementing its TOD plans is to ensure housing is produced to the maximum capacity allowed by zone through density minimums in selected multifamily zones. Although success in San Diego has been mixed on this initiative, some council districts in Los Angeles may be more supportive of working to implement density minimums in their mixed use zones.

As is the case in the Bay Area and in San Diego, the city should focus its efforts to create higher density infill housing units in areas that have existing transportation infrastructure to support increased housing density, including downtown, Hollywood, North Hollywood, Chinatown, and Koreatown. The city should increase its height limits in these areas and eliminate density restrictions, and instead focus on regulating density solely via FAR and height requirements. The mixed use zoning employed in Santa Monica's CBD has resulted in quite an

attractive 24-hour urban environment. The city must revise the Vermont TOD plan to achieve higher density infill housing development. As it stands today, the plan is an oxymoronic in nature, excessively focused on preserving existing residential densities and blocking the ability to maximize housing capacity above ground floor retail along commercial corridors.

*Recommendation 2: Inclusionary Zoning Ordinance.* In order to provide balanced, mixed income communities, the city should adopt a mandatory inclusionary zoning ordinance that incentivizes, as opposed to punishes the development community in order to meet required housing production levels. Unfortunately, Los Angeles is a city of extreme wealth and extreme poverty, and as a result, its median income is much lower than the other surveyed cities. The table below

Table 6: Rent Comparison

	Los Angeles	San Diego	San Francisco
Eff	\$688	\$724	\$1,188
1-Bed	\$737	\$776	\$1,272
2-Bed	\$885	\$931	\$1,527
3-Bed	\$1,021	\$1,076	\$1,764
4-Bed	\$1,140	\$1,200	\$1,968
Median Income	\$54,450	\$63,400	\$95,000

illustrates just how disadvantaged Los Angeles is in relation to San Diego and San Francisco. Rampant poverty and low-wage service sector jobs put inclusionary zoning in Los Angeles at a disadvantage in comparison with other cities, as median income levels are lower than other surveyed cities. Sixty percent of area median income (60%AMI) rents in San Diego are 5 percent higher than Los Angeles, and in San Francisco these same 60% AMI rent levels are 73 percent higher than in Los Angeles. Although wages are lower in Los

Angeles, land prices and construction costs are soaring, making it difficult to achieve financial feasibility with income restricted units in market rate developments, which explains the online in the downtown region, even middle class professionals are faced with a crisis of affordable housing if they want to live in areas where they work. A distorted emphasis on production of luxury units within the private market and a non-profit community whose mission is to provide low-income housing creates a gap in production of workforce housing.

As is demonstrated in the City of Santa Monica, when an inclusionary program is in place that is overly punitive to the private market, these costs create negative effects in the market: the perceived costs to the developer of the affordable units are either transferred to the market rate units, further increasing the cost of market rate housing; or the number of applications for housing development are reduced. Both of these effects are counter productive and undesirable for the city's housing goals.

In the city of San Diego, the inclusionary program in the future urbanizing zone is mandatory with no in lieu fees, and affordable units must be either on-site or off-site within the community where the market-rate units will be located. In this zone, the city has had some success in getting affordable housing built. However, in the city wide ordinance, many projects pay the in-lieu fees rather than produce the affordable units.

Clearly, inclusionary zoning ordinances can have unintended consequences and mixed success as a means of achieving affordable housing goals. Based on the mixed results in these two cities, it does not appear that inclusionary zoning solely for low-income housing will be a panacea in Los Angeles. Considering the city's strong affordable housing community, perhaps

the best strategy for affordable housing in Los Angeles is to support affordable housing developers to develop low income housing. At the same time, the city should work to strengthen middle class workforce housing by creating a density bonus for mandatory inclusion of workforce housing in new developments. Should inclusionary zoning be adopted by the city, in lieu fees should not be permitted. Most likely it will be politically infeasible to make in-lieu fees as high as the actual costs of developing the units on site, which has been the case in Santa Monica and San Diego. In-lieu fees will only weaken the ability of the inclusionary program to produce the same number of affordable units compared to on-site or off-site units.

*Recommendation 3: CEQA-Review Innovations.*

The City should follow the CEQA-review innovations practiced in the City of Oakland, to stimulate Smart Growth housing production in desired sections of the city. This entails city-lead rezoning of commercial zones in targeted areas, which are currently limited to a 1.5 FAR, to a RAS3 or RAS4 zone. Additionally, the city should follow Oakland's lead by preparing a Master EIR that would assess the cumulative impacts of increased housing density in the targeted zones. This can include an assessment of infrastructure needs such as traffic improvements, landscaping and hardscaping, open space, sewer/water capacity, etc. By assessing these needs, the city can determine the density related fees that need to be added to new developments, which could be channeled into a fund for infrastructure improvements. This can help prevent problems that arise from piecemeal development. Each project pays a fee based on the number of units. Those fees could go to improvements required to come on-line as density increases, and perhaps to a city monitored, pedestrian-oriented streetscape program, which could create a sense of place and tie together existing development with new developments as they come on-line.

Projects that meet city guidelines for smart growth, density and affordability should be able to participate in a master EIR drafted by the City in order to save time and expense involved in individual, project-specific EIRs.

In summary, the city's general plan should focus on creating a vision for Los Angeles that incorporates the tenets of Smart Growth: transit-oriented, infill development that includes higher density housing development in targeted mixed-use zones throughout the city. The land use strategies currently in place in the city are capable of supporting this vision. Additional strategies such as a mandatory inclusionary program that is focused on workforce housing, a master EIR to assess the infrastructure needs for these density zones, and CEQA streamlining all will further compliment the city's vision for a more sustainable and vibrant future in Los Angeles.

## Endnotes

<sup>1</sup> Smart Growth, for the purposes of the analysis, is defined as the environmentally-sensitive land development with the goals of minimizing dependence on auto transportation, reducing air pollution, and making infrastructure investments more efficient.

<sup>2</sup> Fulton comments that hobby farms, an anti-urban bias, the small town atmosphere, localized governments represent the American Suburban Ideal, and all were components of LA's allure.

<sup>3</sup> Primary data was collected via an interview with a City of Santa Monica planner. Unless otherwise cited, all data in this case study is drawn from this interview process.





















<sup>4</sup> Santa Monica's zoning code available for review at: <http://santa-monica.org/planning/planningcomm/zoningordinance.htm>







<sup>5</sup> Primary data was collected via an interview with a City of San Diego planner. Unless otherwise cited, all data in this case study is drawn from this interview process.

<sup>6</sup> Primary data was collected via an interview with a practicing land use consultant. Unless otherwise cited, all data in this case study was drawn from this interview process.







<sup>7</sup> There are exceptions to CEQA that exempt certain projects from EIR requirements, to elaborate on these exceptions would be to go beyond to scope of this analysis.













## Appendix I: Income Limits Los Angeles

Program and Location Information		HUD Published Income Limits			
		30%	50%	80%	
<b>Affordable Housing Program</b>	<b>IRS Section 42 Low-Income Housing Tax Credit (LIHTC)</b>				
<b>Year</b>	2005 (effective as of 2/11/05)				
<b>State</b>	CA				
<b>County</b>	Los Angeles County				
<b>MSA</b>	Los Angeles--Long Beach, CA				
<b>Based On</b>	50% HUD Income Limits				
<b>Persons / Bedroom</b>	1.5 Person / Bedroom				
<b>4-person AMGI</b>	 \$54,450				
		<b>1 Person</b>			
			\$13,750	\$22,950	\$36,700
		<b>2 Person</b>			
			\$15,700	\$26,200	\$41,900
		<b>3 Person</b>			
			\$17,700	\$29,500	\$47,150
		<b>4 Person</b>			
			\$19,650	\$32,750	\$52,400
		<b>5 Person</b>			
			\$21,200	\$35,350	\$56,600
		<b>6 Person</b>			
			\$22,800	\$38,000	\$60,800
		<b>7 Person</b>			
			\$24,350	\$40,600	\$65,000
		<b>8 Person</b>			
			\$25,950	\$43,250	\$69,150
		<b>9 Person</b>			
			\$27,500	\$45,850	\$73,350
		<b>10 Person</b>			
			\$29,100	\$48,450	\$77,550
		<b>11 Person</b>			
			\$30,650	\$51,100	\$81,750
		<b>12 Person</b>			
			\$32,250	\$53,700	\$85,950

LIHTC Rent Limits (Based On 50% HUD Published Income Limit)		
Bedrooms (People)		60.00%
Efficiency (1.0)		688
1 Bedroom (1.5)		737
2 Bedrooms (3.0)		885
3 Bedrooms (4.5)		1,021
4 Bedrooms (6.0)		1,140
5 Bedrooms (7.5)		1,257

**Appendix I: continued**  
**Los Angeles**

<b>Rent Limits (Based On 50% HUD Published Income Limit)</b>							
<b>Bedrooms (People)</b>		<b>50.00%</b>	<b>60.00%</b>	<b>80.00%</b>	<b>100.00%</b>	<b>120.00%</b>	<b>150.00%</b>
<b>Efficiency (1.0)</b>		573	688	918	1,147	1,377	1,721
<b>1 Bedroom (2.0)</b>		655	786	1,048	1,310	1,572	1,965
<b>2 Bedrooms (3.0)</b>		737	885	1,180	1,475	1,770	2,212
<b>3 Bedrooms (4.0)</b>		818	982	1,310	1,637	1,965	2,456
<b>4 Bedrooms (5.0)</b>		883	1,060	1,414	1,767	2,121	2,651
<b>5 Bedrooms (6.0)</b>		950	1,140	1,520	1,900	2,280	2,850

<b>Income Limits (Based On 50% HUD Published Income Limit)</b>								
		<b>60.00%</b>	<b>50.00%</b>	<b>60.00%</b>	<b>80.00%</b>	<b>100.00%</b>	<b>120.00%</b>	<b>150.00%</b>
<b>1 Person</b>		27,540	22,950	27,540	36,720	45,900	55,080	68,850
<b>2 Person</b>		31,440	26,200	31,440	41,920	52,400	62,880	78,600
<b>3 Person</b>		35,400	29,500	35,400	47,200	59,000	70,800	88,500
<b>4 Person</b>		39,300	32,750	39,300	52,400	65,500	78,600	98,250
<b>5 Person</b>		42,420	35,350	42,420	56,560	70,700	84,840	106,050
<b>6 Person</b>		45,600	38,000	45,600	60,800	76,000	91,200	114,000
<b>7 Person</b>		48,720	40,600	48,720	64,960	81,200	97,440	121,800
<b>8 Person</b>		51,900	43,250	51,900	69,200	86,500	103,800	129,750
<b>9 Person</b>		55,020	45,850	55,020	73,360	91,700	110,040	137,550
<b>10 Person</b>		58,140	48,450	58,140	77,520	96,900	116,280	145,350
<b>11 Person</b>		61,320	51,100	61,320	81,760	102,200	122,640	153,300
<b>12 Person</b>		64,440	53,700	64,440	85,920	107,400	128,880	161,100














**Appendix I: continued  
San Diego**







Program and Location Information		HUD Published Income Limits			
			30%	50%	80%
<b>Affordable Housing Program</b>	<b>IRS Section 42 Low-Income Housing Tax Credit (LIHTC)</b>				
<b>Year</b>	2005 (effective as of 2/11/05)	<b>1 Person</b>	\$14,500	\$24,150	\$38,650
<b>State</b>	CA	<b>2 Person</b>	\$16,550	\$27,600	\$44,150
<b>County</b>	San Diego County	<b>3 Person</b>	\$18,650	\$31,050	\$49,700
<b>MSA</b>	San Diego, CA MSA	<b>4 Person</b>	\$20,700	\$34,500	\$55,200
<b>Based On</b>	50% HUD Income Limits	<b>5 Person</b>	\$22,350	\$37,250	\$59,600
<b>Persons / Bedroom</b>	1.5 Person / Bedroom	<b>6 Person</b>	\$24,000	\$40,000	\$64,050
<b>4-person AMGI</b>	\$63,400	<b>7 Person</b>	\$25,650	\$42,800	\$68,450
		<b>8 Person</b>	\$27,300	\$45,550	\$72,850
		<b>9 Person</b>	\$29,000	\$48,300	\$77,300
		<b>10 Person</b>	\$30,650	\$51,050	\$81,700
		<b>11 Person</b>	\$32,300	\$53,800	\$86,100
		<b>12 Person</b>	\$33,950	\$56,600	\$90,550

LIHTC Rent Limits (Based On 50% HUD Published Income Limit)		
Bedrooms (People)		60.00%
Efficiency (1.0)		724
1 Bedroom (1.5)		776
2 Bedrooms (3.0)		931
3 Bedrooms (4.5)		1,076
4 Bedrooms (6.0)		1,200
5 Bedrooms (7.5)		1,325

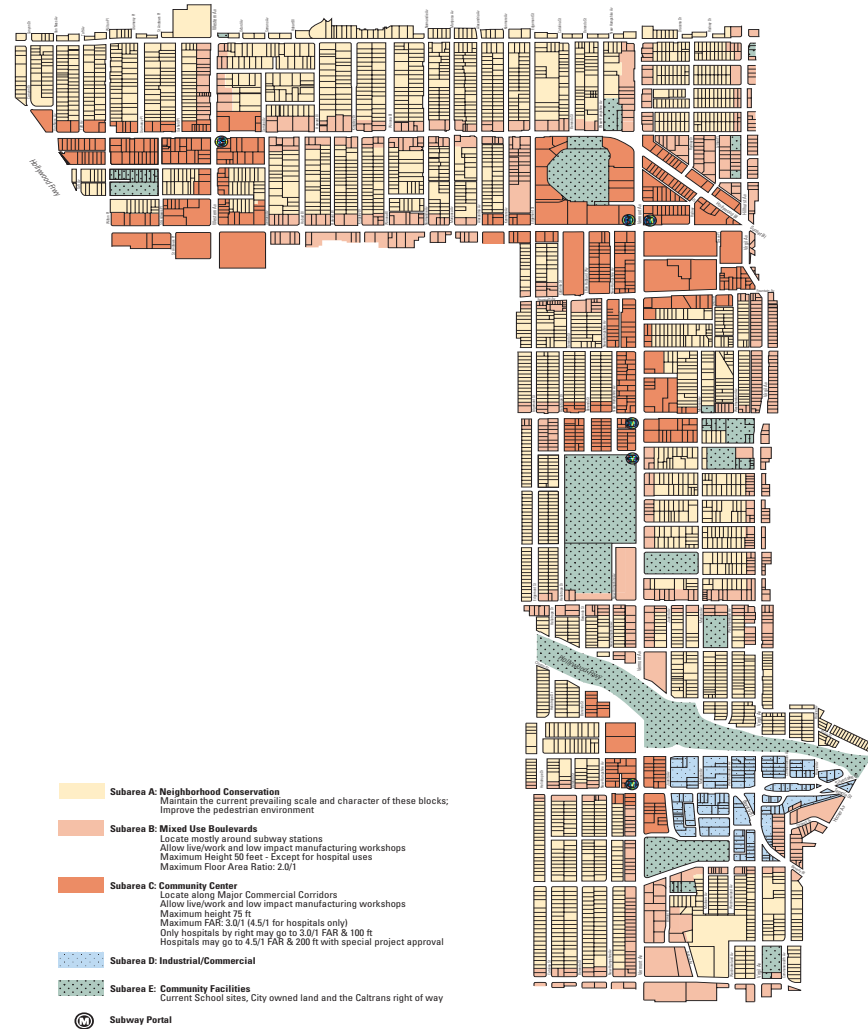


**Appendix I: continued  
San Francisco**

Program and Location Information		HUD Published Income Limits			
			30%	50%	80%
<b>Affordable Housing Program</b>	<b>IRS Section 42 Low-Income Housing Tax Credit (LIHTC)</b>				
<b>Year</b>	2005 (effective as of 2/11/05)		\$23,750	\$39,600	\$63,350
<b>State</b>	CA		\$27,150	\$45,250	\$72,400
<b>County</b>	San Francisco County		\$30,550	\$50,900	\$81,450
<b>MSA</b>	San Francisco, CA PMSA		\$33,950	\$56,550	\$90,500
<b>Based On</b>	50% HUD Income Limits		\$36,650	\$61,050	\$97,700
<b>Persons / Bedroom</b>	1.5 Person / Bedroom		\$39,350	\$65,600	\$104,950
<b>4-person AMGI</b>	\$95,000		\$42,050	\$70,100	\$112,200
			\$44,800	\$74,650	\$119,450
			\$47,550	\$79,150	\$126,700
			\$50,250	\$83,700	\$133,950
			\$52,950	\$88,200	\$141,200
			\$55,700	\$92,750	\$148,400

LIHTC Rent Limits (Based On 50% HUD Published Income Limit)	
Bedrooms (People)	60.00%
1 Bedroom (1.0)	 1,188
2 Bedroom (1.5)	 1,272
3 Bedrooms (3.0)	 1,527
4 Bedrooms (4.5)	 1,764
6 Bedrooms (6.0)	 1,968
7 Bedrooms (7.5)	 2,171

## Appendix 2: Vermont/Western TOD SNAP Map



Map 1

### Vermont/Western Transit Oriented District Specific Plan (Station Neighborhood Area Plan)

CPC 00-1976

Los Angeles Department of City Planning • Citywide Division • Graphics Section • as adopted by the City Council January 23, 2001



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## **7. Affordable Housing through Higher Density: An Analysis of the State Density Bonus Law**

**Jeremiah Lee**

### **Abstract**

*The State of California mandates a housing density bonus for all of its municipalities to facilitate the production of affordable housing. (California Government Code 65915) The economic basis for incentive programs to promote affordable housing development is based on the idea that private developers will set aside affordable units in their market rate developments if they receive a concession of economic value that will motivate them to produce affordable housing.*

*This project assesses the effectiveness and economic implications of Los Angeles' implementation of the state density bonus law in the East Hollywood area. Through various interviews with planners and developers, I look to understand how developers have utilized the density bonus in Council District 13 and what regulatory and financial barriers do they encounter in trying to implement the density bonus into their development program.*

*The research findings demonstrate the density bonus program's inability to "incentivize" affordable housing development by private developers and how the set aside requirement for developments with units affordable to low-income households is set far too high and is unresponsive to housing market conditions.*



## Introduction

The purpose of this research project is to shed light on the important issues involved in the implementation and success of density bonuses and incentives to attract affordable housing development by the private sector. Through an analysis of data and several developments within the Hollywood area that have used these incentives to develop affordable units, I explore the following issues in this project:

1. How have developers used the density bonus and incentives for multi-family residential projects in the area?
2. What institutional and local barriers limit the intended effectiveness of the density bonus law? Which incentives have been the most popular with developers? What can this tell us about the effect of certain regulations on the implementation of the density bonus and overall housing production?
3. How do projects that have utilized the density bonus compare aesthetically to their surrounding neighborhood and other projects developed without the bonus?

In order to answer these questions, I will address three major issues related to the development of an effective density bonus program: finance, regulation, and design. First, I will address the financial feasibility for projects that have chosen to use the density bonus. My objective is to understand motivations for using the bonus as well as to identify the monetary benefit of the density bonus and other incentives. From this, I hope to quantify the benefit of the density bonus and other incentives for a developer who chooses to develop a project in the East Hollywood area with the bonus. Second, I focus on the regulatory aspect of the density bonus and its possible

negative effects on the utilization of the bonus. Zoning code regulations may work to inhibit the use of the bonus by placing restrictions on Floor-to-Area Ratio (FAR), height, parking requirements, making it financially or physically infeasible to develop a project using the density bonus. Third, I assess the design of several density bonus projects in their overall appearance and relation to the surrounding area.

Using this framework, I begin with a brief introduction about the relationship between higher density and housing affordability. I then provide background information regarding the state density bonus law, Los Angeles' implementation of this law, and additional specific plans and regulations within our study area that are related to the use of the density bonus. I further describe the study's methodology. Next I present a number of case studies looking at density bonus projects within Council District 13, which contains the study area. I conclude with a summary of findings and address possible policy implications based on the information gathered from the various interviews, financial models, and case studies.

The current debate on the compatibility of a mandatory inclusionary housing ordinance in the City of Los Angeles presses for the need to evaluate the effectiveness of existing voluntary inclusionary housing programs. The Los Angeles Municipal Code regulates density through building standards such as minimum lot requirements, setbacks, parking and open space requirements, and FAR. In accordance with the state density bonus law, the City of Los Angeles provides density bonuses and other regulatory and administrative concessions such as reduced parking requirements, expedited processing, reduced site planning standards, and waived permit fees as incentives for developers to add to the city's affordable housing stock (City of Los Angeles 2004).

Conventional wisdom suggests that there is an inherent aversion for higher density developments by the public sector. Increasing the concentration of housing units within a set area drains on a city's infrastructure, while simultaneously failing to bring in the required revenue to cover the increase in costs to the city. The public sector must face the brunt of increases in housing density. Public amenities such as police, schools, water, and electricity must increase accordingly with the density increase. To absorb the marginal cost of the development to the city, city government should adopt impacts fees and benefit assessment districts. Dense, low-cost housing remains unwanted in many areas due to the fact that the tax revenues they generate do not cover the costs the city must incur in supplying the increase in demand for schools and social services. The effects of Proposition 13 in reducing property taxes as a percentage of local revenues further exacerbated this issue in California municipalities. A greater reliance on sales taxes and inter-governmental grants have brought about greater motivation for cities to introduce commercial, retail, and industrial uses into the city due to the increase in revenue these land uses produce when compared to the amount of expenditures required to maintain them. This fiscal zoning has produced a municipal regulatory environment favorable towards commercial developments as cities continue to sacrifice regulations and tax revenue to attract these businesses into their jurisdictions to effectively compete with adjacent cities for this revenue source (Fulton 2001).

Projects that have utilized the density bonus face the challenge of gaining community approval for both increasing the density above what the code allows and for providing affordable housing units. The development of a project that has both density levels above what is currently allowed through zoning and afford-

able units can pose a double threat in the eyes of surrounding neighbors and NIMBYists<sup>1</sup>. An increase in housing density is looked down upon as it is commonly associated with increases in traffic, pollution, crowding, and lower income households. Of the concerns communities have with the introduction of new development, traffic increases and neighborhood compatibility complaints are most common, and these concerns often boil down to potential reductions in housing values. Developers feel similar negative sentiments when they propose low and moderate income housing as NIMBYists many times associate affordable housing units with undesirable residents, crime, drugs, and poverty.

Inclusionary housing programs regulate residential construction by integrating affordability requirements for new residential developments into the land development review and approval process. By allowing developers to produce projects at higher than allowed densities, the costs to provide affordable units can be offset by the savings in land and land development costs. Yet, the rising costs of land, labor, construction materials, and compliance with regulatory processes and requirements have increased the cost of developing housing to a price which low and moderate-income families cannot afford, and it may require additional incentives beyond what is available to fully offset the costs of affordable housing development (Glaeser 2003).

The successful use of the density bonus as a tool to increase the stock of affordable housing relies heavily on the strength of the private market. Therefore, successful implementation of a density bonus program should allow for flexibility and coordination with market conditions. The effectiveness of the density bonus as an incentive to developers to set-aside units within their project for very-low to moderate income house-



holds relies on the assumption that the remaining market rate units as well as the additional units provided through the density bonus will be absorbed by the market at the market rate or higher. The additional income provided through the bonus units will offset any losses the developer may incur as a result of restricting profits on the affordable units. Thus, the use of the density bonus and other incentives in the production of affordable housing relies specifically on market forces. The success of the density bonus program therefore should provide the surest benefit to multi-family housing developments in strong housing markets, where, ironically, the steady increase in rental rates have created an environment where affordable housing units are most needed.

In order for the density bonus to effectively promote affordable unit development by the private market, at the very least, the additional revenue that the additional units create must off-set the loss in revenue to the developer from restricting rents for the affordable units. How much a developer gains from using the density bonus is greatly dependent on the absorption rate for the market rate units in that development under current and future market conditions. If the developer is unable to sell enough of the market units to offset the cost of providing affordable units, then not only are revenues lost from the market rate units, but potential revenues are further stifled due to the covenants remaining on the affordable units. In addition, the continuous rising of construction and development costs increases the risk and costs of developing affordable units. Developers eventually pass on any additional costs that are not recovered through increased density and land savings to market rate buyers or renters.

Increasing housing density can allow for greater affordability through increases in the economies of scale and greater efficiency in the use of the land. However, increases in density can become a deterrent after a cer-

tain point. As you increase residential densities, economies of scale lower the cost per square foot. Nevertheless, as you get into high-rise housing and developments that require the use of underground parking facilities and changes in building types and material, a threshold upon which increases in density positively affect developments costs is reached.

### **History**

#### ***State Density Bonus Law: Government Code Section 65915***

During the 1960s, increases in residential density became a potential remedy for issues surrounding affordable housing. Prior to 1970, people mainly associated increases in residential density with design innovations, energy efficiency, open space and recreational facilities, and a desire for architectural variation. The rise of density as a solution to housing affordability came about through a new awareness of a critical shortage in housing available for lower- and middle-income families created by observed growth patterns in metropolitan cities during the second half of the 20<sup>th</sup> century. As metropolitan areas continued to expand, many cities had almost exhausted developable land in the periphery and began enacting zoning and land use regulations to curb this outward growth, many times in response to environmental and conservationist concerns. The effect of such regulations on the supply of housing and thus the cost of land and housing raised questions in courts and in state legislatures across the country regarding the use of local police powers to exclude residents from their communities (California Building Industry Association 1980).

Moreover, during this time a more regional approach to the housing problem emerged throughout the country, altering the view of what role local governments should play in public welfare protection. The rise of

more regional approaches to housing provision, fair share allocation planning, and inclusionary programs demonstrated the increase in state and regional governmental intervention in the housing market.

In the implementation of inclusionary programs, it became clear that below market rate housing would not take place without placing the burden to subsidize these projects on an entity. Inclusionary programs and their incentives provided to developers varied across the country ranging from the use of traditional government housing subsidies and regulatory incentives to no form of compensation in the belief that the cost of affordable housing should be offset by increases in the price of market rate units. In other cases, a reduction in development standards and thus development costs were seen as fair compensation. Density bonuses were also introduced as compensation to developers and were promoted as the fairest way to subsidize below market rate housing.

In California’s effort to allocate density bonuses, AB 1151 was signed into law in October 1979. The bill added Section 65915 to the government code, which required city and county governments to agree to grant density bonuses to developers who construct at least 25% of the project as units for low and moderate income families. Section 65915 required all cities and counties to adopt density bonus ordinances. In turn, the developer would receive a density bonus of at least 25% above applicable zoning standards and an additional incentive. Legislators create the state density bonus law to provide a land-use based option to improve the economic feasibility of affordable housing development.

For many years up until 2005, the California state den-

sity bonus law was modeled to provide a flat density bonus of 25% afforded by-right to developments with any of these characteristics:

The state density bonus law allows for a considerable amount of discretion to local municipalities in the design of a density bonus program to allow for variations in market conditions, zoning, and building regulations. The designation of very low, low, moderate income levels vary depending upon the location’s Area Median Income (AMI)<sup>2</sup>.

In addition to the density bonus, the public agency must also provide an incentive or concession to the developer. The developer must show that the waiver or modification is necessary to make the housing units economically feasible. If the city, county, or city and

**Table 1: State Density Bonus Law: Government Code Section 65915**

Affordability Requirement	Density Bonus
20% low-income units	Flat 25% Density Bonus
10% very low-income units	
50% for seniors	flat 10% density bonus
condos with 20% moderate income units	

county refuse to grant a requested density bonus, incentive, or concession, the developer may initiate judicial proceedings. If a court finds that the refusal to grant a requested density bonus, incentive, or concession is in violation of the section, the court will award the developer reasonable attorney’s fees and costs of lawsuit (Department of Housing and Community Development 1996).

Los Angeles’s implementation of the state density bonus law, for the most part, follows the guidelines set forth in the state density bonus law; however, it does

go beyond those guidelines in providing incentives for developers who create affordable units in areas surrounding major commercial centers, transportation nodes, and major universities.

- *Los Angeles Affordable Housing Incentives Guidelines (Ordinance Nos. 170,764 and 174,995)*

In order to qualify for a flat 25% density bonus and additional incentives, developers must set aside a percentage of affordable units as established by the State Law for a period of at least 30 years.

- 20% of dwelling units for Lower Income Households (less than or equal to 80% AMI)
- 10% of dwelling units for “Very Low” Income Households (less than or equal to 50% AMI)
- 5% of dwelling units for disabled persons (Income cannot exceed SSI levels)

Also, projects may qualify for a 35% density bonus if they meet the above requirements as well as the additional criteria:

- At or within 1,500 feet of a major transportation node/bus center, major bus stop, or transit station, OR
- In or within 1,500 feet of a major commercial center, OR
- Within 1,500 feet of a major college or university

In addition to the density bonuses, a number of other incentives are available to projects that

have met the affordability requirements:

- Reduced Parking Requirements
- Waiver of guest parking provision for restricted affordable units
- Deferred payment of selected permits and fees
- Expedited processing of building plans and permits

The number of set-aside and density bonus units is based on the maximum allowable density, and all fractional set-aside and density bonus units are rounded up from 0.5 and rounded down below 0.5 (City of Los Angeles 2004). Owners are responsible for notifying the Housing Department of any changes in socio-economic status of residents in the building that may affect affordability compliance. They must also provide a letter annually stating the unit mix, rent levels, and additional information to ensure compliance.

A deferral in permit fees provides an initial savings in construction costs. These selected fees are normally scheduled for payment prior to obtaining the building permit. The deferred payment schedule postpones payment of these fees up to the time when the certificate of occupancy is obtained. The length of deferral thus varies with the development period. This reduces the amount of the initial construction loan and consequently, reduces the amount of interest paid on this loan during the development period. Compared to the amount saved in reduced parking requirements, this incentive has less impact on a developer’s pro forma. On the other hand, the use of this incentive relies upon the discretion of the public agency and would seemingly face minimal public opposition.

However, the density bonus as written has proven to be

too rigid for developers to apply. In order to qualify, developers must set aside a set percentage of units as affordable, and this may not be financially feasible, even with the density bonus. Moreover, political and community opposition to increasing density and introducing affordable units into a neighborhood may make the development of this type of housing especially difficult. Having to deal with affordable units adds to the project's difficulty and to the developers as well as the public sector's cost of verifying household incomes and other tasks involved in maintaining affordability covenants.

In the City of Los Angeles, from 1999 to the first half of 2003, 88 multi-family housing projects have utilized the density bonus in their development plan, creating a total of 1,389 affordable units city-wide. Six of these projects are located in Council District 13. From the data provided in Table 2, we see a significant increase in the number of density bonus projects completed in

**Table 2: City of Los Angeles Density Bonus Projects (1999-2003)**

Year	Projects	Total Units	Affordable
1999	12	528	198
2000	7	321	127
2001	9	1185	232
2002	32	1680	680
2003 (as of June 30 <sup>th</sup> )	28	788	152
	<b>88</b>	<b>4502</b>	<b>1389</b>

Source: Livable Places, Los Angeles Planning Department Data

the City of Los Angeles, which also indicates a continuing upward trend in the use of the bonus but not necessarily an increase in the number of affordable units. An understanding of the development process for these particular projects may give us insight into the

effectiveness of the density bonus law in increasing the stock of affordable housing in the City of Los Angeles. This understanding will also shed light on how to overcome financial, regulatory, and political barriers in order to develop a successful project.

The latest amendment to the density bonus law, Senate Bill 1818, effective January 1<sup>st</sup>, 2005, lowers the percentage of affordable units required in order to allow a developer to qualify for a density bonus. It also increases the maximum bonus allowed. The amendment effectively cuts the percentage of affordable units required in half and applies a sliding scale model to the provision of the density bonuses from which the size of the density bonus increases as the percentage of affordable units increases. Table 3 shows the structure of the new density bonus and affordability requirements.

**Table 3. SB 1818**

Affordability Requirement	Minimum Density Bonus	Incremental Increase in Bonus	Maximum Bonus
10% low-income units (80% AMI)	20% density bonus	1.5% bonus increase for every 1% increase in low-income units	35% density bonus
5% very low-income units (50% AMI)	20% density bonus	2.5% bonus increase for every 1% increase in very low-income units	35% density bonus
35-units of senior housing	flat 20% density bonus rate		
10% condominium units for moderate-income households	5% density bonus	1% increase for every 1% increase in moderate-income units	35% density bonus

In addition to changes in the density bonus, the required incentives and concessions provided by the public agencies have also changed. The number of incentives or concessions provided increase as the percentage of affordable units increase, as shown in Table 4 (following page) (SCANPH 2004).

**Table 4. SB 1818 Incentives**

Affordability Requirement	# of Incentives
10% Low-Income Units 5% Very Low-income Units Condos - 10% Moderate-Income Units	1
20% Low-Income Units 10% Very Low-income Units Condos - 20% Moderate-Income Units	2
30% Low-Income Units 15% Very Low-income Units Condos - 30% Moderate-Income Units	3

SB 1818 effectively improves flexibility in the use of the density bonus in its introduction of the sliding scale, reduced affordability requirements, and additional incentives. According to Jane Blumenfeld, a planner for the City of Los Angeles, the number of developers expressing an interest in using the bonus has increased considerably since SB1818 came into effect.

**Additional Opportunities for Increasing Density**

In addition to the density bonus per state law, various ordinances and specific plans allow for increases in density as well as the use of incentives for developers in the Hollywood area. Depending on the location of the multi-family project, additional bonuses and incentives are available under various plans.

- *Hollywood Community Redevelopment Agency Implementation Plan*  
Section 505.3 allows the Agency to authorize the development of new housing with densities higher than otherwise permitted. The objectives for the use of “Housing Incentive Units” include the provision of open space, preservation of historic buildings, and housing for households of

various incomes. The increases in housing density are restricted to less than 30% the density allowed, and the agency cannot authorize more than 3000 Housing Incentive Units for the life of the plan. The owner/ developer must also enter into a participation agreement with the Agency in order to receive authorization for the additional units. Also, housing incentive units will not be allowed in developments with “very high” densities, which constitute those developments with 130+ dwelling units per gross acre. Although this allowance is available to developments within the project area, no projects have used the density bonus allowance under the redevelopment plan (Los Angeles Community Redevelopment Agency 1986).

According to the Agency Director, Christopher Rudd, the Agency has not utilized the density bonus units allowed for in the Redevelopment Plan. So far, housing projects have conformed to the underlying density requirements in the redevelopment plan and in zoning. The Agency Board just approved the Hollywood & Vine project that will be Hollywood’s first mixed income housing project containing market rate and affordable housing. It will be considered by the City Council in early June 2005. The project is not requesting a density bonus per state law, but will request a zone variation to allow for greater FAR density.

- *Vermont/ Western Transit Oriented District Specific Plan, Station Neighborhood Area Plan (SPAN) (Ordinance No. 173,749)*  
Developments with low and very low-income housing units are exempt from the Parks First Program fee, which requires a fee of \$4,300 per dwelling unit. For projects within a 1,500 ft.

radius of the station a 15% parking reduction is provided by-right. Although developed in order to encourage transit oriented development, the Vermont/Western SNAP places more stringent restrictions on height and FAR than what the zoning code allows. Divided into five Sub-areas, the Vermont/ Western SNAP places more stringent restrictions on height and FAR in Sub-areas 2 and 3 in comparison to what is currently allowed in the zoning code (City of Los Angeles 2001). Sub-area 2 - Mixed Use Boulevards - sets the maximum building height to 50 feet (except for hospitals) and FAR to 2:1, while Sub-area 3 - Community Center - restricts maximum heights to 75 feet and FAR to 3:1 (4.5:1 for hospitals). The existing zoning code places no height limit and allows for an FAR of 6:1 on the majority of allowable residential parcels in the area that fall within height district 2.

### **Methodology**

With the help of the Los Angeles Housing Department, I identified several density bonus projects within council district 13. My methodology for this research project consists of various interviews with developers, planners, and project managers in the Hollywood area that have participated in the development of affordable housing through the use of the density bonus. My interviews consisted of questions to explore issues pertaining to the projects and their development histories and use of the bonus. The interviews focused on three essential factors that impact the effectiveness of the density bonus: finance, regulation, and design.

In order to demonstrate the effects of the density bonus and other incentives on a developer's pro forma, I produce model cash flows using current market data

for multi-family housing projects in the Hollywood area acquired from developers and individuals familiar with development costs in the area. I compare the cash flow of a base model project (no bonus or incentives) and further compare this to a model that incorporates the density bonus. This will show the intended financial gain a developer is expected to receive on his project from the density bonus and incentive in return for setting aside affordable units. The voluntary affordable units are then applied to this baseline pro forma along with the density bonus and other incentives to offset the potential financial loss of the affordable unit set-aside.

### *Finance and Regulation*

From my study of projects that have used the density bonus and various incentives, I aim to quantify the financial benefit these projects gained from these public sector concessions. I also look to understand the conditions under which certain incentives are necessary and some incentives are more beneficial than others. From this I can gain insight into whether or not the density bonus program provides enough incentive for developers to set aside affordable units. This analysis also provides insight into regulatory barriers that pose the most difficulty in developers' attempts to use the density bonus. Although the density bonus is allowed by right, specific development and zoning code requirements prevent developers from incorporating it into their development program. This analysis also attempts to answer the following questions: how do existing building regulations limit the use of the density bonus? And which incentives have been chosen to offset these regulatory barriers?

### *Model Pro forma Comparison*

To demonstrate the financial implications of Los Angeles' affordable housing incentives program, a series

of financial analyses of prototype projects in the East Hollywood area was created. The objective of this is to illustrate the potential positive impact of providing incentives for the provision of affordable housing such as density bonuses to the “bottom line” return to the developer.

To analyze the effects of the density bonus and other incentives provided by the Los Angeles Affordable Housing Incentive Guidelines, a series of baseline pro formas developed using various assumptions were created. The baseline pro formas model a prototypical rental project in the East Hollywood area. The modeled parcel is zoned [Q] R5-2 and is within the boundaries of the Vermont/Western Station Neighborhood Area Plan.

These calculations dictate whether or not to move forward with a project and if adequate equity from potential investors will be obtained. Therefore, they potentially provide insight into a developer’s motivation and thought process in deciding to utilize a density bonus. In calculating the developer’s return, the value of the rental property is estimated by subtracting the development costs from the capitalized Net Operating Income (NOI), which is based on rents, vacancies, and operating expenses.

A similar analysis is done for a project under SB 1818. The model pro forma will provide insight into whether or not the incorporation of the changes into Los Angeles’ program will positively effect affordable unit production in East Hollywood. The modeled density bonus project will be considered feasible if the profit margin for the development is greater than or equal to the profit margin of the baseline project. This analysis assumes that a profit margin on total development costs generated by an established baseline project scenario must be maintained after incorporation of affordable units in order to encourage voluntary participation in the density bonus program.

SB 1818’s sliding scale model will be tested against this model pro forma to illustrate a project’s financial feasibility under the amended state density bonus law. With a sliding scale density bonus, for developments with units affordable to very low-income households (50% AMI), each 1% increase in the set aside requirement brings a 2.5% increase in the density bonus; developments with units affordable to low-income households (80% AMI) increase in density bonus by 1.5% for every 1% increase in the set aside requirement. For both developments with units affordable to households at 50% AMI and developments with units affordable to households at 80% AMI, the sliding scale bonus will be applied to the baseline pro forma. The total developer profit generated by the different combinations of both set-aside and density bonus percentages will be compared to the total developer profit generated by the baseline project. From this comparison, I test the effectiveness of the sliding scale model as a method of further encouraging private developer participation in the density bonus program.

### *Design*

How do projects that have utilized the density bonus compare aesthetically to similar multi-family housing projects in the area built without the bonus? My personal design assessment consist of various factors such as massing, façade, architectural style, landscape condition, unit mix, density, quality of building materials, and overall maintenance. I attempt to compare the conditions of density bonus projects to non-density bonus projects.

In many instances, developers who do set-aside units for affordable households look to further offset costs by sacrificing the quality of design, as well as, building material in either the affordable units or the entire development. Moreover, developers may sacrifice land-

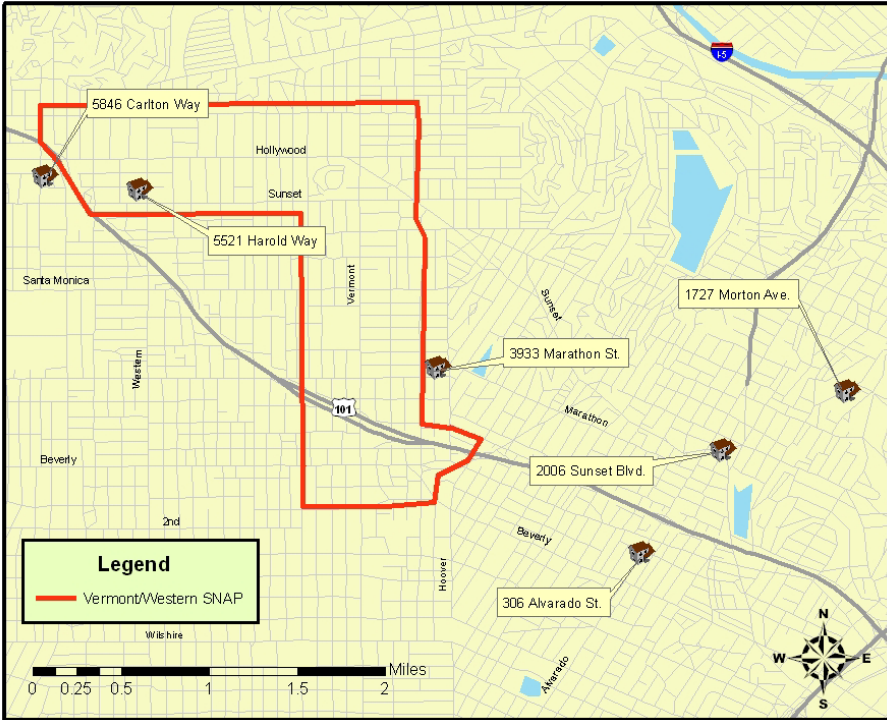
scaping and overall cleanliness in attempt to gain more returns.

Good design can successfully address concerns regarding issues surrounding neighborhood compatibility and traffic. Developers and planners must pay close attention to the design of such projects on the quality of the design and the design process. If community opposition to these types of developments exists, what has been done to quell these concerns?

**Case Studies and Analysis**

In this case study section, I have focused on density bonus projects within Council District 13. For each of these projects, I have contacted either the planner, project manager, or developer involved in this project to find information related to the use of the density bonus, incentives used or desired, political and administrative opposition, and any special circumstances related to project development. Overall, the mixed-income projects through the use of the density bonus in Council District 13 are aesthetically compatible if not superior when compared to surrounding buildings.

**Figure 1. Map of Density Bonus Projects Completed in Council District 13 (1999-2003)**



**Figure 2a: Echo Park Housing**

*Echo Park Senior Housing - 1727 N. Morton Ave.*  
 Established in 1969, the Menorah Housing Foundation develops and manages affordable independent-living apartments for low-income seniors. Currently, the organization manages more than 950 units in 14 buildings throughout Los Angeles. The housing is financed primarily by the U.S. Department of Housing





and Urban Development (HUD) and the City of Los Angeles Housing Department. HUD subsidizes the portion of rent that exceeds 30 percent of a tenant's income. The building was partly funded through a \$142,514 grant from the California Community Foundation Grants to support the construction of a 41-unit affordable housing development in Echo Park that serves low-income seniors. Menorah Housing also obtained grants from the Ralph M. Parsons Foundation, and the Jewish Community Foundation for the Echo Park site.

The Echo Park complex houses tenants 62 years of age and older, who earn certified annual incomes no greater than 50 percent of the area median income. Rent equals approximately one-third of a tenant's adjusted gross income, an average of \$150 a month. Each of the one-bedroom independent-living apartments is handicapped-adaptable, and five of the units are handicapped-accessible. All units are equipped with an emergency call system.

**Figure 2b: Echo Park Housing**



The 40 one bedroom unit and one 2-bedroom unit building is separated into two sections divided by an indoor/outdoor parking lot within the central area of the parcel. Access to the parking area is located in front of the building on Morton Ave. The buildings are arranged in a stepwise manner, which is not visible from front of the building due to the separation by the parking area. However, as one steps back from the building one begins to notice this pattern as the development extends further than expected. This design allows for greater compatibility with the existing single story, single family homes across and along the street. The front portion of the building is setback in accordance with the surrounding buildings and its height is limited to two-stories.

The façade is articulated by varying window sizes, an outdoor patio area, and differentiation in color between

the modulated segments. The electrical boxes are well hidden by creative landscaping, which is well-maintained and comprise of various types of trees and flowers.

The community room is visible from the sidewalk through large windows and a protruding section of the building, which allow for sunlight and a visual connection to the outside neighborhood. The entrance to the building is highlighted by the outdoor patio and symmetrical design.

### *Mayur Apartments - 5846 W. Carlton Way*

Built in 1999, the Mayur Apartment complex consists of 21-affordable units built in a courtyard housing configuration. The development is located east of the 101 Freeway and separated from the freeway by a few other developments and a sound wall. This section of Carlton Way is divided by the 101 Freeway and is one block parallel to and south of Hollywood Blvd. The entrance for units on both floors opens into the courtyard.

Adjacent to the development is an empty lot littered with trash and surrounded by metal fencing. The empty lot exposes the east side of the apartment complex which has been left open to graffiti.

Simple landscaping decorates the exterior of the stucco building: bushes and trees of about 20 ft. in height. The parking is located underground and accessible through a stairway at the front of the building. There is an outdoor basketball court set up along this street with children playing in the area. The surrounding buildings on the same side of the street are older multi-family buildings, while the buildings directly across the street are single family bungalows.

**Figure 3: Mayur Apartments**



**Figure 4: Area Near Mayur Apts.**



**Figure 5: Harold Way**



**Harold Way Apartments - 5521 Harold Way**

Developed by Hollywood Community Housing Corporation, a non-profit housing developer, the Harold Way apartments were developed through the use of the density bonus, as well as, a reduction in parking requirements afforded to the project due to its proximity (within 1,500 ft.) to the Metro redline station at Hollywood/ Western. Completed in 2003, the development locates on a 27,268.6 sq. ft. parcel with 51-units, all of which are affordable. Zoned as [Q] R5-2, it situates in the Hollywood Redevelopment Project Area, the Vermont/ Western TOD specific plan area, and the adaptive reuse incentive area. Construction costs for the project amounted to \$95/ sq. ft., totaling \$5.8 Million.

The four-story structure divides into several buildings, with landscaping and open space between the buildings. There are 16 one bedroom units, 19 two bedroom units, 16 three bedroom units with a community room, computer area, laundry facilities, onsite management office, storage and gated parking. The property divides into several buildings to allow light and green space to filter through and surround the buildings. The exterior reflects the mixed scale and composition of both commercial and residential developments in the neighborhood. Each of the 51-units is cross-ventilated and has a private balcony and/or garden. All of the project's circulation is on the exterior, which promotes neighborly interaction and allows passive monitoring of the surrounding common areas.

Balconies, planting areas, and other decorative elements along the windows and walkways decorate the façade. In regards to building height, the project tow-

ers over the surrounding one- and two-story buildings along Western and Harold Way. The modern architecture contrasts from the existing building façades but contributes to liveliness of streets with glass walls that surround the common computer area, visibility of the common courtyard area from the exterior of the building, and landscaping. Moreover, trees and parkway landscaping, which provide a pedestrian-friendly environment, adorn the sidewalk along the exterior of the building.

Directly across the street is the back entrance to an Osh Hardware store, with many cars exiting the store through the exit on Harold Way. The neighboring buildings along this section of Harold Way are mainly older multi-unit residences. Many of which fit the stereotypical image of the Los Angeles stucco box with their two-story wood frame, repetitive window pattern hovering above their covered carports, and name written in wood across the front of the building.

**306 N. Alvarado Street**

Located on the border of Los Angeles' Historic Filipinotown, this four-story multi-family housing development was built in 2002 and developed by Advanced Development and Investment Inc.

The entrance to the building is located on Alvarado Blvd. and is highlighted with landscaping and trees. The entrance is also framed using white paint to highlight the edges of the walls surrounding the entrance. The slightly protruding stucco surrounding the entranceway works to identify the entrance into the building.

**Figure 7: Osh Hardware Exit**



**Figure 8: Harold Way Streetscape**



**Figure 9: 306 N. Alvarado St.**



**Figure 6: Harold Way Plan**



**Figure 10: 306 N. Alvarado St., side view**



The use of varying window sizes, differentiation in color, and varied parapet heights articulate the buildings façade. The façade breaks into vertical sections by the variation in color and unit balconies. The use of the brown painted exterior, which effectively differentiates the first floor of the façade from the rest of building and thus reducing the visual impact of the four-story stucco block, maintains the relationship of the first floor of the building to the street and nearby single story residences. The building setback and massing match that of other multi-family housing developments along Alvarado St.

There is a small outdoor play area at the side of the building separated from the sidewalk by a metal fencing. Aside from some litter on the planted sidewalk area, the exterior is clean and the landscaping is in excellent condition.

The architects did an excellent job of utilizing the sloped topography to design the underground parking facility entered from Court St. The surrounding area is comprised of multi-family housing as well as single family residences. Alvarado St. is a high-traffic arterial for automobiles during the day. This makes it cumbersome for residents to cross the street. The general land use plan calls for highway oriented use for this particular parcel, which explains the existence of several fast food chains and a gas station across the street and a few meters away on the corner of Beverly/Alvarado St. The development works well as a buffer between these establishments and the residential area to the north.

#### *Sunset City Lights - 2006 W. Sunset Blvd.*

Built in 2002 and developed by Advanced Development and Investment Inc., the building is located on Sunset Blvd. in the Echo Park neighborhood. Across the street is the Enendale branch of the Los Angeles public library. The parcel west of the development has yet to be devel-

oped. The garbage surrounding the undeveloped parcel detracts from the design of the building. A majority of the surrounding land uses are commercial/retail oriented ranging from car washes to smaller restaurants and clothing shops. The building's is within walking distance to these various establishments along Sunset Boulevard.

The four-story stucco building has both the main resident entrance and parking garage entrance on Sunset Blvd. Glass and a bright-colored gate highlight the entrance to the building. The entrance to the underground parking garage is tucked behind the building in between it and the neighboring apartment complex. The garage is angled to allow exiting driver greater visibility of on-coming pedestrian and automobile traffic on Sunset Blvd.

The bright red metal railing and gates accentuates the building façade and adds variation to the multi-colored stucco.

The circulation within the building is on the exterior promoting neighborly interaction and a connection with the street. However, in order to preserve this connection and street-oriented façade, whatever is developed on the adjacent parcel must carefully be design in order to not obstruct the view from the building to Sunset Blvd.

**Figure 11: Sunset City Lights**



**Figure 12: Railing Detail**



## Findings

### *Finance and Regulation*

Since 1999, the use of the density bonus in East Hollywood has been limited to affordable housing developers, and the concessions and incentives provided through Los Angeles' implementation of the density bonus law do not provide enough financial benefit to private developers to offset the cost of affordable unit creation. Moreover, interviews with planners and developers in the area demonstrate an overall sentiment that regulatory barriers to the use of the density bonus effectively limit its use. Specifically, limits on FAR and existing parking requirements were the most commonly expressed regulations that limit the use of the density bonus. Interviews with developers and planners in the area found that the FAR limitations when the affordable housing project is proposed for a commercial zone does not allow for the full utilization of the density bonus.

A proposal for these types of projects includes a higher amount of risk in the eyes of lenders and equity/debt investors. In turn, higher returns are required. In an effort to reduce risk developers should avoid controversy and diversify their projects, by developing smaller projects rather than one mega project. Negative perceptions towards higher density, affordable housing adds to the risk incurred by developers trying to introduce these types of projects. Consequently, financing of higher-density projects also becomes problematic.

### *Pro Forma Analysis: State Density Bonus Law*

The baseline project of 49 market rate, two-bedroom units produces a net profit of \$962,675, a profit of \$19,646/ unit. The baseline project is built according to the Vermont/Western Station Neighborhood Area

Plan. (Appendix I) In applying the affordable unit set-aside and density bonus available through Los Angeles' affordable housing incentives program, the net profit produced in both mixed income projects is lower than the return on the baseline project. In both cases, the density bonus units alone do not provide enough revenue to offset the cost of providing affordable units. (Appendix II & III) These model pro formas show that for developers in the area, the density bonus does not provide enough of a financial benefit for the project to "pencil out." The high cost of land in the area along with rising construction costs make the development of a mixed income multi-family development financially infeasible for a private developer even with the density bonus. The development produced with 10% of its units set-aside for households at 50% AMI, produces a greater return than that of the development with a set-aside of 20% for households at 80% AMI. For the project with units affordable to households at 80% AMI, the affordability requirement must be reduced to at least 11% of the baseline project in order for the development to be financially feasible.

Applying both an increase in the density bonus to 35% and a reduction in parking requirements exclusively for the affordable units from 1.5 to 1.0, improves the financial feasibility of the 80% AMI mixed income project. However, the revenue produced from this project remains below the baseline amount. (Appendix IV) Profits increase by \$506,500. The project remains financially infeasible. The reduction alone in the parking requirement reduced the number of spaces by five and increases the return on the mixed-income project by \$105,000. Applying the 35% bonus to the project with 10% of its units affordable to households at 50% AMI, the project becomes feasible with a return of \$73,205 above the baseline project.

**Pro Forma Analysis: SB 1818**

My analysis of the potential effects of SB 1818 on total developer profit and, thus, affordable unit construction finds that a reduction in both the affordability requirement and the density bonus alone in the development with 10% of its units set aside for households of 80% AMI fails to produce a project that meets the baseline profit amount. (Appendix V) Applying a parking reduction to the affordable units and the maximum density bonus of 35% to the project, the development would still remain financially infeasible and would require the second concession to produce an increase in revenues of roughly \$1 million to match the profit generated by the baseline project.

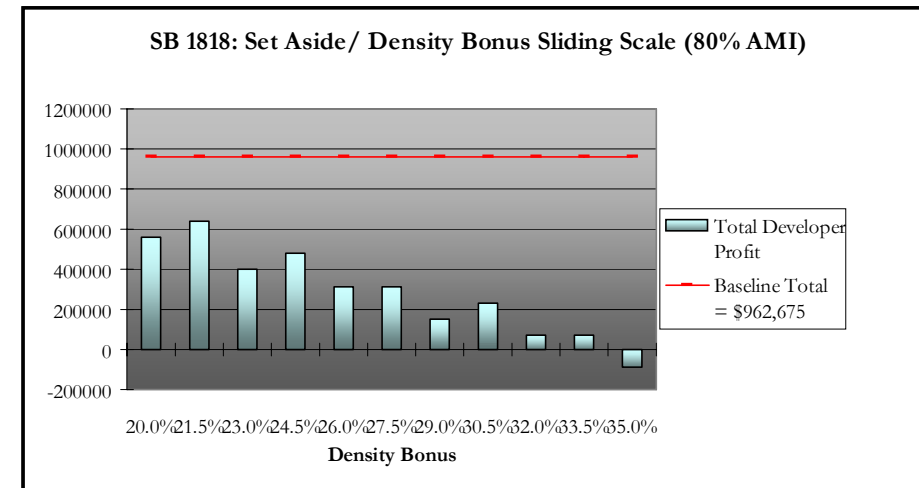
However, in applying SB 1818 to a development with 5% of its units affordable to households at 50% AMI, a financially feasible project is produced that provides a return of \$1,233,979, a profit that is \$271,304 above the baseline project. Setting the proportion of affordable units to density bonus units in this fashion for households at 50% AMI produces a financially feasible project that adequately compensates developers for affordable unit production. (Appendix VI)

Affordable rents for 2-bedroom apartments to households at 50% AMI are currently set at \$651, while affordable rents for the same apartment to households at 80% AMI are \$742. Although this only equates to a difference of \$91 per month, the required affordability percentage to qualify for a minimum density bonus per state law for a development with units accessible to households at 80% AMI is double that of a development with units accessible to households at 50% AMI. Because the additional \$91 per month per unit fails to offset the cost of having to provide twice as many affordable units, it places a larger burden on developers who look to set-aside units for households at 80% AMI. By increasing

the density bonus and the affordability requirement incrementally by a ratio of 1.5:1, returns decrease dramatically.

**Table 5: Model Pro Forma, SB 1818, Low Income Households**

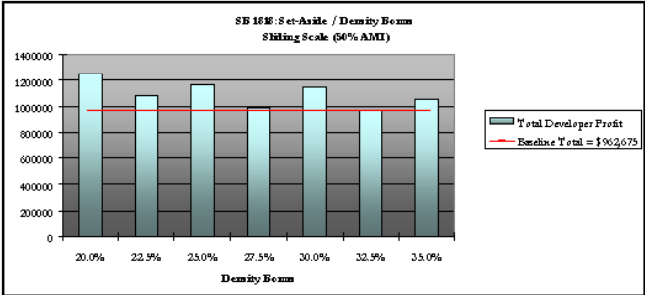
LOW INCOME HOUSEHOLDS EARNING 50%-80% AMI		
Set-Aside Units	Density Bonus	Total Developer Profit
10%	20.00%	\$558,095
11%	21.50%	\$638,395
12%	23.00%	\$396,879
13%	24.50%	\$477,179
14%	26.00%	\$315,963
15%	27.50%	\$315,963
16%	29.00%	\$154,747
17%	30.50%	\$235,047
18%	32.00%	\$73,831
19%	33.50%	\$73,831
20%	35.00%	-\$87,385



At all levels of the sliding scale density bonus for a development with units affordable to households at 80% AMI, the total developer profit generated is less than the total developer profit produced in the baseline model. (Table 5) The most profitable combination of affordability percent and density bonus along the sliding scale generates a total profit of \$638,395. Yet, this amount falls well short of the profit generated by the baseline project by \$324,280. The maximum density bonus of 35% produces a negative profit of -\$87,385. This can be attributed to the fact that the density bonus and parking reduction fails to offset the required 20% unit set-aside. The additional development costs of the density bonus units and reduced revenue from the below market rate units outweigh the intended financial gains from the density bonus and reduction in the parking requirement. At certain density bonus levels, total developer profits are duplicated due to the fact that fractional units are rounded up when they are 0.5 or greater and rounded down when less than 0.5. This produces an identical number of density bonus units and set aside units even though the percentages may be different.

**Table 6: Model Pro Forma, SB 1818, Very Low Income Households**

VERY LOW INCOME		
Set-Aside Units	Density Bonus	Total Developer Profit
5%	20.00%	\$1,254,979
6%	22.50%	\$1,079,931
7%	25.00%	\$1,160,231
8%	27.50%	\$985,183
9%	30.00%	\$1,145,783
10%	32.50%	\$970,735
11%	35.00%	\$1,051,035



At all levels of the sliding scale pro forma model, for a development with units affordable to households at 50% AMI, the total developer profit generated is greater than the total developer profit produced in the baseline model. (Table 6)

At a density bonus of 20%, the highest total developer profit is generated. An additional \$292,304 in profits is produced above baseline profits with this 20% density bonus. The relatively low affordability percentage required to qualify for the minimum density bonus in this case minimizes the revenue lost from providing below market rate units while still allowing the developer to benefit from a density bonus. As you increase the density bonus and set-aside units, the total developer profit produced decreases in an irregular manner.

Financially, next to the density bonus, the reduction in parking requirements provides the developer the greatest amount of financial benefit to offset the cost of producing affordable units. Reduced parking regulations are obviously the most attractive incentive in most cases, as they provide the greatest financial benefit to the developer. In addition to saving money through a reduction in parking construction costs, the incentive also increases the amount of developable floor area, which can be used by the units. Moreover, the further parking goes underground, the more expensive it is to provide. Yet, parking reductions face extreme opposition, especially in neighborhoods where public transportation is not well-developed. From a neighborhood standpoint, this incentive would seemingly be the most difficult to implement. The reduction in off-street parking spaces may lead to the occupation of more on-street spaces surrounding the development and in the neighborhood. This may in turn further displease neighbors.

Although the density bonus is available by-right, strict design regulations effectively complicate the process for private developers to utilize the bonus. Height restrictions, FAR, and parking requirements effectively make mixed-income density bonus projects financially or physically infeasible. SB 1818 provides for additional flexibility in the implementation of the bonus and allows for additional incentives to further offset the cost

of providing affordable housing. However, city government must also explore new approaches to the density bonus. The City of West Hollywood has recently been working on developing regulations that will encourage the provision of on-site affordable housing in new developments. It will make it more financially feasible for developers to build on-site units regardless of the size of development. It is a multi-step process that will include an overall analysis and revision to the city's affordable housing requirements. This amendment would allow the size, location, and finish quality of affordable housing to differ from the market rate as long as the decision-makers determine that it better serves the affordable housing needs of our community. It would also allow a new calculation of the affordable housing requirement as a percentage of net residential floor area in a development, instead of as a percentage of number of units. That required floor area could be divided into a greater number of smaller units. For example, for a project of 15,000 square feet and 10 units, they could either: 1) provide one unit of 1,500 square feet (using the existing calculation as a percentage of total units) or 2) provide 1,500 square feet of space that can be divided into 3 units of 500 square feet or 2 units of 750 square feet, etc. This would increase total revenue for the developer and also result in a larger number of affordable units.

### *Design*

Common concerns regarding overcrowding and incompatibility of higher density and affordable housing with existing neighborhood conditions was not evident in any of the projects visited in council district 13. Contrary to this belief, the density bonus projects, in most cases, improved the neighborhood condition by creating a pedestrian-friendly environment along its exterior and adjacent sidewalks and maintained landscaping. In all cases, the designers took care to ensure ar-

chitectural compatibility with the existing buildings by devising complimentary site plans and appropriate building massing and design.

My conversations with a private developer in the Hollywood area reveal additional ways in which some developers manipulate the system to further benefit their personal financial objectives.

“Usually it works the other way around. You run a report as to all the goodies available at a certain site. Then you design your project to rake advantage of all you can. You re-label your plans so that they appear to conform.... i.e. work room instead of meeting room, and hide the things you plan to build disguising them as “hot button” benefits. Usually you can bargain for incentives by threatening to build a less desirable project unless they cough up. Many developers use set aside units for their own underpaid staff or family members. Sometimes they just take cash under the table to get a unit. Often you can design such units so they are not conducive to rental. Usually developers just bloat their budgets so that the agency will fill the gap. Sometimes developers demand billboard allocations to offset costs.”

Sadly, such development practices and misuse of the density bonus program reinforce negative stereotypes towards higher density and affordable housing developments.

### **Conclusion**

In conclusion, Los Angeles’ implementation of the state density bonus has proven to be an effective tool in the production of affordable housing and in increasing the efficiency of land use. However, as of 1999, the density

bonus has only been utilized in Council District 13 by affordable housing developers. In using housing market forces to deliver affordable units, municipalities must make sure that incentives provided to offset the creation of affordable units, at the very least, does just that. Successful use of the density bonus depends on a number of factors: the strength of the housing market, incentives that correspond to market conditions, political and community acceptance, good governance, and financing.

Since 1999 the state density bonus law, as implemented in Los Angeles, has only been utilized by affordable housing developers. Although the city’s monitoring database lists a few mixed-income, density bonus properties in council district 13, interviews with the properties’ developers have identified that information to be incorrect. There may be one mixed-income, density bonus development located at 3933 Marathon Street, but I can not confirm this information since the contact information for the developer or planner involved in the development was unavailable. The fact that only affordable housing developers have utilized the density bonus program is a reflection of the discrepancy between market conditions and program incentives.

The model pro forma analysis shows that Los Angeles’ affordable housing incentive program does not provide enough incentives for private developers to set aside affordable units for households at 80% AMI in their multi-family housing developments. However, for projects with 10% of their units set aside for households at 50% AMI, the project becomes financially feasible when the 35% density bonus is applied, and this return increases with a further reduction in parking requirements for the affordable units.

The application of the latest amendment to the state



density bonus law, SB 1818, to the model pro forma shows that projects with units affordable to households at 80% AMI become financially feasible once the reduction in the affordability requirement are reduced to at least 11% of the baseline unit count. Even with the availability of an additional concession, the project remains financially infeasible. However, SB 1818 effectively improves the financial feasibility of developments with units set aside for households at 50% AMI without the use of additional incentives. SB 1818's sliding scale model does provide enough of a financial incentive for developers to utilize in certain density bonus/set-aside proportions. However, the model pro forma analysis shows that incremental increases in the density bonus and affordability requirement may not necessarily equate to a more financially attractive project. The additional development costs and parking requirements created by the market-rate density bonus units may work as a deterrent to developers to utilize the density bonus and its incentives because they fail to offset the cost of providing affordable units.

The effects of the density bonus and set aside requirement on a developer's profit greatly depend on the total number of units in the baseline development. The more units there are in the baseline project, the larger the number of affordable units required to qualify for the bonus and the greater the number of additional units provided by the density bonus. On the other hand, if the additional construction costs and parking requirements from the additional bonus units are too high to be reasonably offset by the additional revenue provided by the rents from those same units, the program will fail to effectively induce private developers to set-aside affordable units. Moreover, analysis of the model pro forma indicates that the sliding scale density bonus is effective at increasing total developer profit at lower set-aside percentages. However, incremental increases in the density bonus do not translate into incremental increases

in developer profits and may even decrease profits from the baseline level in certain situations.

Appropriately designed, density bonus projects can compliment and even improve neighborhood conditions. Sacrifices in design quality to further offset the cost of affordable unit construction may be necessary to allow the development to become financially feasible. Yet, appropriate standards must be set in order to create a project that is beneficial to both its residents and the surrounding community.

## Endnotes

<sup>1</sup> Not in my Backyard (NIMBY): A term for a person who resists unwanted development, such as manufacturing plants, prisons, power companies, or chemical companies in his or her own neighborhood or town.

<sup>2</sup> The estimate median income in the Los Angeles-Long Beach Primary Metropolitan Statistical Area that is determined periodically by the US Department of Housing and Urban Development (HUD), adjusted for household size and is published periodically. (Appendix IX)

Note: All photographs taken by Author 2005 unless otherwise noted.

## Appendix I

Baseline East Hollywood Rental Housing Scenario (No Density Bonus)									
<b>Major Assumptions</b>				<b>Pro Forma Analysis (Static)</b>					
<b>Characteristics of Project</b>				<b>Development Pro-Forma</b>					
Base Project Size (units):		49		Land				\$2,830,500	
Site Size (sq. ft.)		18870		Unit Construction Cost				\$8,820,000	
Net Leasable Area (sq. ft.)		49158		Parking Costs				\$1,470,000	
Market Rate Units		49		<i>Finance Costs:</i>					
Density Bonus Units ( Market Rate)		0		Interest on Construction Loan				\$524,820	
Below Market Rate Units		0		Points on Construction Loan				\$131,205	
Total Units:		49		Total Development Costs					
<i>Product Mix</i>								\$13,776,525	
2 BR/ 2 BA Market Rate		49		Total Development Costs/Unit					
Unit Size (sq. ft.)		1000						\$281,154	
Parking Requirement		1.50		<b>Value Stabilized Income</b>					
Parking Spaces		74		Gross Potential Rent (100% Occupied)				\$1,411,200	
<i>Project Size (Sq. Ft.)</i>				Vacancy Rate				5%	
Units		49000		Gross Scheduled Rent				\$1,340,640	
Common Area		6125		Operating Expenses (\$0.40 per sf./ month)				\$235,200	
Total Residential		55125		Net Operating Income				\$1,105,440	
Project Density(d.u./acre)		113		Capitalization Rate				7.5%	
FAR		2.9		Potential Market Value				\$14,739,200	
<i>Market Rate Rents</i>				Total Developer Profit					
2 BR/ 2 BA		\$2,400						\$962,675	
<i>BMR Rent Rates - 50% AMI</i>				Profit as a Percent of Development Costs					
2 BR/ 2 BA		n/a						7%	
<i>BMR Rent Rates - 80% AMI</i>				Profit per Unit					
2 BR/ 2 BA		n/a						\$19,646	
<b>Development Costs</b>				<b>Construction Financing Cost Assumptions:</b>					
Land (per sq. ft.)		\$150		Construction+On and Off-site Improvements+Parking				\$13,120,500	
Construction Costs (per sq. ft.)		\$180		Loan to Value Ratio:				85%	
Cost/Parking Space		\$20,000		Amount of Loan				\$11,152,425	
<b>Construction Financing Costs</b>				Required Equity:				\$1,968,075	
Interest Rate		8%							
Period of Initial Loan (months)		18							
Initial Construction Loan Fee (points)		1%							
Average Balance		60%							

## Appendix II

Density Bonus East Hollywood Rental Housing Scenario (20% Affordable Units @ 80% AMI and 25% bonus)			
<b>Major Assumptions</b>		<b>Pro Forma Analysis (Static)</b>	
<b>Characteristics of Project</b>		<b>Development Pro-Forma</b>	
Base Project Size (units):	49	Land	\$2,830,500
Site Size (sq. ft.)	18870	Unit Construction Cost	\$10,980,000
Net Leasable Area (sq. ft.)	49158	Parking Costs	\$1,830,000
Market Rate Units	39	<b>Finance Costs:</b>	
Density Bonus Units (25% of Base Project)	12	Interest on Construction Loan	\$625,620
Below Market Rate Units (20% of Base Project)	10	Points on Construction Loan	\$156,405
Total Units:	61		
		Total Development Costs	\$16,422,525
<b>Product Mix</b>		Total Development Costs/Unit	\$269,222
2 BR/ 2 BA Market Rate	51	<b>Value Stabilized Income</b>	
Unit Size	1000	Gross Potential Rent (100% Occupied)	\$1,557,840
		Vacancy Rate	5%
<b>BMR Rent Rates - 80% AMI</b>		Gross Scheduled Rent	\$1,479,948
2 BR/ 2 BA	10	Operating Expenses (\$0.40 per sf./ month)	\$292,800
Unit Size (sq. ft.)	1000	Net Operating Income	\$1,187,148
		Capitalization Rate	7.5%
Parking Requirement	1.50	Potential Market Value	\$15,828,640
Parking Spaces	92		
<b>Project Size (Sq. Ft.)</b>		Total Developer Profit	-\$593,885
Units	61000	Profit as a Percent of Development Costs	-4%
Common Area	7625	Profit per Unit	(\$9,736)
Total Residential	68625		
Project Density(d.u./acre)	141		
FAR	3.6		
		<b>Construction Financing Cost Assumptions:</b>	
<b>Market Rate Rents</b>		Construction+On and Off-site Improvements+Parking	\$15,640,500
2 BR/ 2 BA	\$2,400	Loan to Value Ratio:	85%
		Amount of Loan	\$13,294,425
<b>BMR Rent Rates - 50% AMI</b>		Required Equity:	\$2,346,075
2 BR/ 2 BA	n/a		
<b>BMR Rent Rates - 80% AMI</b>			
2 BR/ 2 BA	\$742		
<b>Development Costs</b>			
Land (per sq. ft.)	\$150		
Construction Costs (per sq. ft.)	\$180		
Cost/Parking Space	\$20,000		
<b>Construction Financing Costs</b>			
Interest Rate	8%		
Period of Initial Loan (months)	18		
Initial Construction Loan Fee (points)	1%		
Average Balance	60%		

### Appendix III

Density Bonus East Hollywood Rental Housing Scenario (20% Affordable Units @ 80% AMI and 35% bonus Additional Incentive: Parking Reduction			
<b>Major Assumptions</b>		<b>Pro Forma Analysis (Static)</b>	
<b>Characteristics of Project</b>		<b>Development Pro-Forma</b>	
Base Project Size (units):	49	Land	\$2,830,500
Site Size (sq. ft.)	18870	Unit Construction Cost	\$11,880,000
Net Leasable Area (sq. ft.)	49158	Parking Costs	\$1,880,000
Market Rate Units	39	<b>Finance Costs:</b>	
Density Bonus Units (35% of Base Project))	17	Interest on Construction Loan	\$663,620
Below Market Rate Units (20% of Base Project)	10	Points on Construction Loan	\$165,905
Total Units:	66	Total Development Costs	\$17,420,025
<b>Product Mix</b>		Total Development Costs/Unit	\$263,940
2 BR/ 2 BA Market Rate	56	<b>Value Stabilized Income</b>	
Unit Size	1000	Gross Potential Rent (100% Occupied)	\$1,701,840
<b>BMR Rent Rates - 80% AMI</b>		Vacancy Rate	5%
2 BR/ 2 BA	10	Gross Scheduled Rent	\$1,616,748
Unit Size (sq. ft.)	1000	Operating Expenses (\$0.40 per sf./ month)	\$316,800
Parking Requirement	1.5	Net Operating Income	\$1,299,948
Parking Requirement (Affordable units 1:1)	1	Capitalization Rate	7.5%
Parking Spaces	94	Potential Market Value	\$17,332,640
<b>Project Size (Sq. Ft.)</b>		Total Developer Profit	-\$87,385
Units	66000	Profit as a Percent of Development Costs	-1%
Common Area	8250	Profit per Unit	(\$1,324)
Total Residential	74250		
Project Density(d.u./acre)	152		
FAR	3.9		
<b>Market Rate Rents</b>		<b>Construction Financing Cost Assumptions:</b>	
2 BR/ 2 BA	\$2,400	Construction+On and Off-site Improvements+Parking	\$16,590,500
<b>BMR Rent Rates - 50% AMI</b>		Loan to Value Ratio:	85%
2 BR/ 2 BA	n/a	Amount of Loan	\$14,101,925
<b>BMR Rent Rates - 80% AMI</b>		Required Equity:	\$2,488,575
2 BR/ 2 BA	\$742		
<b>Development Costs</b>			
Land (per sq. ft.)	\$150		
Construction Costs (per sq. ft.)	\$180		
Cost/Parking Space	\$20,000		
<b>Construction Financing Costs</b>			
Interest Rate	8%		
Period of Initial Loan (months)	18		
Initial Construction Loan Fee (points)	1%		
Average Balance	60%		

## Appendix IV

Density Bonus East Hollywood Rental Housing Scenario (20% Affordable Units @ 80% AMI and 35% bonus

Additional Incentive: Parking Reduction

Major Assumptions		Pro Forma Analysis (Static)	
<b>Characteristics of Project</b>		<b>Development Pro-Forma</b>	
Base Project Size (units):	49	Land	\$2,830,500
Site Size (sq. ft.)	18870	Unit Construction Cost	\$11,880,000
Net Leasable Area (sq. ft.)	49158	Parking Costs	\$1,880,000
Market Rate Units	39		
Density Bonus Units (35% of Base Project))	17	<i>Finance Costs:</i>	
Below Market Rate Units (20% of Base Project)	10	Interest on Construction Loan	\$663,620
Total Units:	66	Points on Construction Loan	\$165,905
<i>Product Mix</i>		Total Development Costs	\$17,420,025
2 BR/ 2 BA Market Rate	56	Total Development Costs/Unit	\$263,940
Unit Size	1000		
		<b>Value Stabilized Income</b>	
<i>BMR Rent Rates - 80% AMI</i>		Gross Potential Rent (100% Occupied)	\$1,701,840
2 BR/ 2 BA	10	Vacancy Rate	5%
Unit Size (sq. ft.)	1000	Gross Scheduled Rent	\$1,616,748
		Operating Expenses (\$0.40 per sf./ month)	\$316,800
Parking Requirement	1.5	Net Operating Income	\$1,299,948
Parking Requirement (Affordable units 1:1)	1	Capitalization Rate	7.5%
Parking Spaces	94	Potential Market Value	\$17,332,640
<i>Project Size (Sq. Ft.)</i>		Total Developer Profit	-\$87,385
Units	66000	Profit as a Percent of Development Costs	-1%
Common Area	8250	Profit per Unit	(\$1,324)
Total Residential	74250		
Project Density(d.u./acre)	152		
FAR	3.9		
<i>Market Rate Rents</i>		<b>Construction Financing Cost Assumptions:</b>	
2 BR/ 2 BA	\$2,400	Construction+On and Off-site Improvements+Parking	\$16,590,500
		Loan to Value Ratio:	85%
		Amount of Loan	\$14,101,925
		Required Equity:	\$2,488,575
<i>BMR Rent Rates - 50% AMI</i>			
2 BR/ 2 BA	n/a		
<i>BMR Rent Rates - 80% AMI</i>			
2 BR/ 2 BA	\$742		
<b>Development Costs</b>			
Land (per sq. ft.)	\$150		
Construction Costs (per sq. ft.)	\$180		
Cost/Parking Space	\$20,000		
<b>Construction Financing Costs</b>			
Interest Rate	8%		
Period of Initial Loan (months)	18		
Initial Construction Loan Fee (points)	1%		
Average Balance	60%		

## Appendix V

Density Bonus East Hollywood Rental Housing Scenario (10% Affordable Units @ 80% AMI and 20% bonus)

Major Assumptions		Pro Forma Analysis (Static)	
<b>Characteristics of Project</b>		<b>Development Pro-Forma</b>	
Base Project Size (units):	49	Land	\$2,830,500
Site Size (sq. ft.)	18870	Unit Construction Cost	\$10,620,000
Net Leasable Area (sq. ft.)	49158	Parking Costs	\$1,770,000
Market Rate Units	44		
Density Bonus Units (20% of Base Project))	10	<i>Finance Costs:</i>	
Below Market Rate Units (10% of Base Project)	5	Interest on Construction Loan	\$608,820
Total Units:	59	Points on Construction Loan	\$152,205
<i>Product Mix</i>		Total Development Costs	\$15,981,525
2 BR/ 2 BA Market Rate	54	Total Development Costs/Unit	\$270,873
Unit Size	1000		
		<b>Value Stabilized Income</b>	
<i>BMR Rent Rates - 80% AMI</i>		Gross Potential Rent (100% Occupied)	\$1,599,720
2 BR/ 2 BA	5	Vacancy Rate	5%
Unit Size (sq. ft.)	1000	Gross Scheduled Rent	\$1,519,734
		Operating Expenses (\$0.40 per sf./ month)	\$283,200
Parking Requirement	1.50	Net Operating Income	\$1,236,534
Parking Spaces	89	Capitalization Rate	7.5%
		Potential Market Value	\$16,487,120
<i>Project Size (Sq. Ft.)</i>			
Units	59000	Total Developer Profit	\$505,595
Common Area	7375	Profit as a Percent of Development Costs	3%
Total Residential	66375	Profit per Unit	\$8,569
Project Density(d.u./acre)	136		
FAR	3.5		
		<b>Construction Financing Cost Assumptions:</b>	
<i>Market Rate Rents</i>		Construction+On and Off-site Improvements+Parking	\$15,220,500
2 BR/ 2 BA	\$2,400	Loan to Value Ratio:	85%
		Amount of Loan	\$12,937,425
<i>BMR Rent Rates - 50% AMI</i>		Required Equity:	\$2,283,075
2 BR/ 2 BA	n/a		
<i>BMR Rent Rates - 80% AMI</i>			
2 BR/ 2 BA	\$742		
<b>Development Costs</b>			
Land (per sq. ft.)	\$150		
Construction Costs (per sq. ft.)	\$180		
Cost/Parking Space	\$20,000		
<b>Construction Financing Costs</b>			
Interest Rate	8%		
Period of Initial Loan (months)	18		
Initial Construction Loan Fee (points)	1%		
Average Balance	60%		

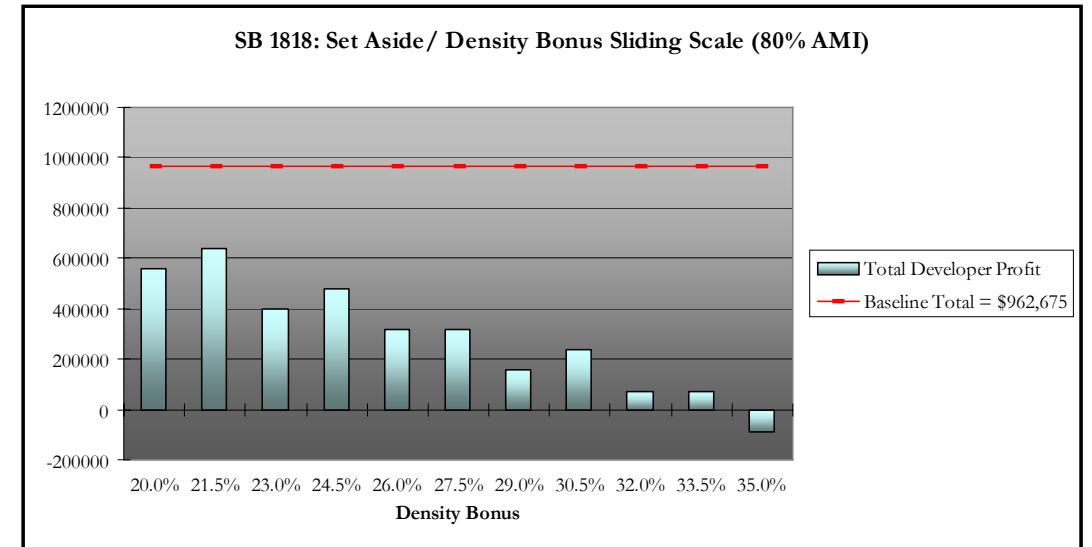
## Appendix VI

SB 1818		Density Bonus East Hollywood Rental Housing Scenario (5% Affordable Units @ 50% AMI and 20% bonus)	
<b>Major Assumptions</b>		<b>Pro Forma Analysis (Static)</b>	
<b>Characteristics of Project</b>		<b>Development Pro-Forma</b>	
Base Project Size (units):	49	Land	\$2,830,500
Site Size (sq. ft.)	18870	Unit Construction Cost	\$10,620,000
Net Leasable Area (sq. ft.)	49158	Parking Costs	\$1,770,000
Market Rate Units	47		
Density Bonus Units (20% of Base Project)	10	<b>Finance Costs:</b>	
Below Market Rate Units (5% of Base Project)	2	Interest on Construction Loan	\$608,820
Total Units:	59	Points on Construction Loan	\$152,205
<b>Product Mix</b>		Total Development Costs	\$15,981,525
2 BR/ 2 BA Market Rate	57	Total Development Costs/Unit	\$270,873
Unit Size (sq. ft.)	1000		
		<b>Value Stabilized Income</b>	
<b>BMR Rent Rates - 50% AMI</b>		Gross Potential Rent (100% Occupied)	\$1,657,224
2 BR/ 2 BA	2	Vacancy Rate	5%
Unit Size	1000	Gross Scheduled Rent	\$1,574,363
		Operating Expenses (\$0.40 per sf./ month)	\$283,200
Parking Requirement	1.50	Net Operating Income	\$1,291,163
Parking Spaces	89	Capitalization Rate	7.5%
		Potential Market Value	\$17,215,504
<b>Project Size (Sq. Ft.)</b>			
Units	59000	Total Developer Profit	\$1,233,979
Common Area	7375	Profit as a Percent of Development Costs	8%
Total Residential	66375	Profit per Unit	\$20,915
Project Density(d.u./acre)	136		
FAR	3.5		
<b>Market Rate Rents</b>		<b>Construction Financing Cost Assumptions:</b>	
2 BR/ 2 BA	\$2,400	Construction+On and Off-site Improvements+Parking	\$15,220,500
		Loan to Value Ratio:	85%
<b>BMR Rent Rates - 50% AMI</b>		Amount of Loan	\$12,937,425
2 BR/ 2 BA	\$651	Required Equity:	\$2,283,075
<b>BMR Rent Rates - 80% AMI</b>			
2 BR/ 2 BA	n/a		
<b>Development Costs</b>			
Land (per sq. ft.)	\$150		
Construction Costs (per sq. ft.)	\$180		
Cost/Parking Space	\$20,000		
<b>Construction Financing Costs</b>			
Interest Rate	8%		
Period of Initial Loan (months)	18		
Initial Construction Loan Fee (points)	1%		
Average Balance	60%		



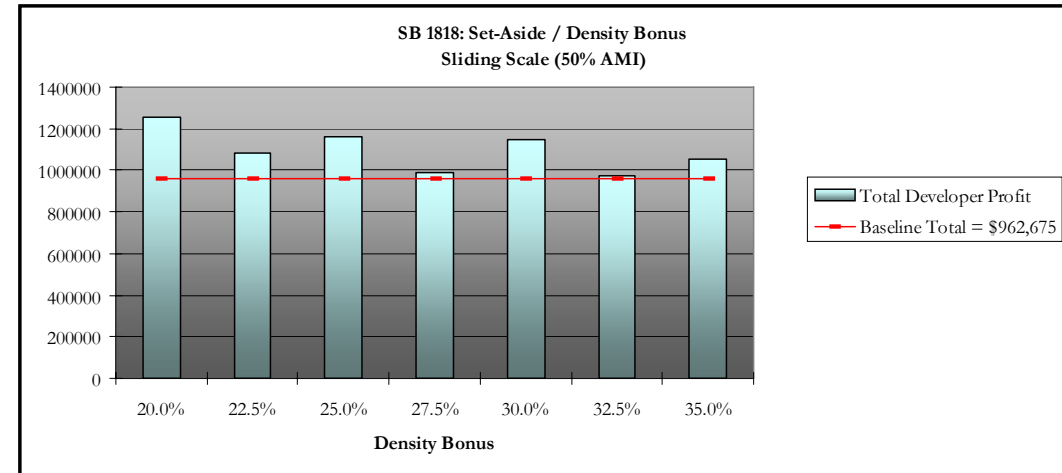
# Appendix VII

SB 1818		Density Bonus East Hollywood Rental Housing Scenario (10% Affordable Units @ 80% AMI and 20% bonus)	
Additional Incentive: Parking Reduction			
Major Assumptions		Pro Forma Analysis (Static)	
<b>Characteristics of Project</b>		<b>Development Pro-Forma</b>	
Base Project Size (units):	49	Land	\$2,830,500
Site Size (sq. ft.):	18870	Unit Construction Cost	\$10,620,000
Net Leasable Area (sq. ft.):	49158	Parking Costs	\$1,720,000
Market Rate Units	44		
Density Bonus Units (20% of Base Project))	10	<b>Finance Costs:</b>	
Below Market Rate Units (10% of Base Project)	5	Interest on Construction Loan	\$606,820
Total Units:	59	Points on Construction Loan	\$151,705
		Total Development Costs	\$15,929,025
<b>Product Mix</b>		Total Development Costs/Unit	\$269,983
2 BR/ 2 BA Market Rate	54		
Unit Size	1000	<b>Value Stabilized Income</b>	
		Gross Potential Rent (100% Occupied)	\$1,599,720
<b>BMR Rent Rates - 80% AMI</b>		Vacancy Rate	5%
2 BR/ 2 BA	5	Gross Scheduled Rent	\$1,519,734
Unit Size (sq. ft.)	1000	Operating Expenses (\$0.40 per sf./ month)	\$283,200
		Net Operating Income	\$1,236,534
Parking Requirement	1.5	Capitalization Rate	7.5%
Parking Requirement (Affordable units 1:1)	1	Potential Market Value	\$16,487,120
Parking Spaces	86		
		Total Developer Profit	\$558,095
<b>Project Size (Sq. Ft.)</b>		Profit as a Percent of Development Costs	4%
Units	59000	Profit per Unit	\$9,459
Common Area	7375		
Total Residential	66375		
Project Density(d.u./acre)	136		
FAR	3.5		
		<b>Construction Financing Cost Assumptions:</b>	
<b>Market Rate Rents</b>		Construction+On and Off-site Improvements+Parking	\$15,170,500
2 BR/ 2 BA	\$2,400	Loan to Value Ratio:	85%
		Amount of Loan	\$12,894,925
<b>BMR Rent Rates - 50% AMI</b>		Required Equity:	\$2,275,575
2 BR/ 2 BA	n/a		
<b>BMR Rent Rates - 80% AMI</b>			
2 BR/ 2 BA	\$742		
<b>Development Costs</b>			
Land (per sq. ft.)	\$150		
Construction Costs (per sq. ft.)	\$180		
Cost/Parking Space	\$20,000		
<b>Construction Financing Costs</b>			
Interest Rate	8%		
Period of Initial Loan (months)	18		
Initial Construction Loan Fee (points)	1%		
Average Balance	60%		



## Appendix VIII

SB 1818	
Density Bonus East Hollywood Rental Housing Scenario (5% Affordable Units @ 50% AMI and 20% bonus)	
Additional Incentive: Parking Reduction	
Major Assumptions	
Characteristics of Project	
Base Project Size (units):	49
Site Size (sq. ft.)	18870
Net Leasable Area (sq. ft.)	49158
Market Rate Units	47
Density Bonus Units (20% of Base Project)	10
Below Market Rate Units (5% of Base Project)	2
Total Units:	59
Product Mix	
2 BR/ 2 BA Market Rate	57
Unit Size (sq. ft.)	1000
BMR Rent Rates - 50% AMI	
2 BR/ 2 BA	2
Unit Size	1000
Parking Requirement	1.5
Parking Requirement (Affordable units 1:1)	1.0
Parking Spaces	88
Project Size (Sq. Ft.)	
Units	59000
Common Area	7375
Total Residential	66375
Project Density(d.u./acre)	136
FAR	3.5
Market Rate Rents	
2 BR/ 2 BA	\$2,400
BMR Rent Rates - 50% AMI	
2 BR/ 2 BA	\$651
BMR Rent Rates - 80% AMI	
2 BR/ 2 BA	n/a
Development Costs	
Land (per sq. ft.)	\$150
Construction Costs (per sq. ft.)	\$180
Cost/Parking Space	\$20,000
Construction Financing Costs	
Interest Rate	8%
Period of Initial Loan (months)	18
Initial Construction Loan Fee (points)	1%
Average Balance	60%
Pro Forma Analysis (Static)	
Development Pro-Forma	
Land	\$2,830,500
Unit Construction Cost	\$10,620,000
Parking Costs	\$1,750,000
Finance Costs:	
Interest on Construction Loan	\$608,020
Points on Construction Loan	\$152,005
Total Development Costs	\$15,960,525
Total Development Costs/Unit	\$270,517
Value Stabilized Income	
Gross Potential Rent (100% Occupied)	\$1,657,224
Vacancy Rate	5%
Gross Scheduled Rent	\$1,574,363
Operating Expenses (\$0.40 per sf./ month)	\$283,200
Net Operating Income	\$1,291,163
Capitalization Rate	7.5%
Potential Market Value	\$17,215,504
Total Developer Profit	\$1,254,979
Profit as a Percent of Development Costs	8%
Profit per Unit	\$21,271
Construction Financing Cost Assumptions:	
Construction+On and Off-site Improvements+Parking	\$15,200,500
Loan to Value Ratio:	85%
Amount of Loan	\$12,920,425
Required Equity:	\$2,280,075



**Appendix IX**

**HOUSEHOLD INCOME TABLE UPDATED FOR 2004**

(Please contact Los Angeles City Housing Department at (213) 806-8806 for the most recent Maximum Rents and Income Levels.)

<b>Household Size</b>	<b>Affordable Accessible SSI Levels</b>	<b>Very Low Income 50% AMI</b>	<b>Lower Income 80% AMI</b>	<b>Moderate Income 120% AMI</b>
1	\$9,480 - \$10,464	\$20,850	\$33,300	\$50,050
2	\$16,788 - \$19,428	\$23,800	\$38,100	\$57,100
3	"	\$26,800	\$42,850	\$64,300
4	"	\$29,750	\$47,600	\$71,400
5	"	\$32,150	\$51,400	\$77,150
6	"	\$34,500	\$55,200	\$82,800
7	"	\$36,900	\$59,000	\$88,550
8	"	\$39,250	\$62,850	\$94,200

**MAXIMUM RENTS FOR SET-ASIDE UNITS - UPDATED FOR 2004**

<b>No. of Bedrooms</b>	<b>Affordable Accessible SSI Levels</b>	<b>Very Low Income 50% AMI</b>	<b>Lower Income 60% AMI</b>	<b>Moderate Income 120% AMI (For sale units only)</b>
0	\$237 - \$261	\$507	\$577	\$1,102
1	"	\$578	\$659	\$1,257
2	\$419 - \$485	\$651	\$742	\$1,416
3	"	\$782	\$890	\$1,699
4	"	\$897	\$1,021	\$1,950

**Appendix X**

<b>Density Bonus Projects: Council District 13</b>								
Name	Address	Developer	Year Built	Zoning	Parcel Area (s.f.)	Building Square Footage	Total No. Units	Affordable Units
Echo Park Senior Housing	1727 Morton Ave.	Menorah Housing	2002	RD2-1VL	n/a	n/a	41	41
Harold Way Apartments	5521 Harold Way	Hollywood Community Housing Corporations	2002	[Q]R5-2	27,268	47,284	51	51
	306 Alvarado St.	Advanced Development and Investment Inc.	2002	R4-1	4800	40512	34	34
Sunset City Lights	2006 Sunset Blvd.	Advanced Development and Investment Inc.	2002	C2-1VL	7,492	n/a	13	13
Mayur Apartments	5846 W. Carlton Way	n/a	1999	[Q]R4-1VL	13111	24776	21	21
	3933 Marathon St.	n/a	1999	RD 1.5-1XL	15,507	17,916	22	5

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## 8. Accessory Dwelling Units: Housing Typology Analysis

Alissa Marquez

### Abstract

*Accessory Dwelling Units (ADUs) are an affordable and sustainable housing solution which makes efficient use of existing infrastructure in single family neighborhoods. The housing typology economically benefits the city, by increasing the property tax base; the homeowner, by making home ownership more affordable with supplemental income; and the renter, by providing necessary housing options for family members, friends, students, teachers and the elderly. California State Legislature encourages this housing typology. The formal conditions exist in neighborhoods of Los Angeles. So is it not time we actively propose ADU construction in single family zoned neighborhoods?*





### **The Housing Problem**

This report serves to explore the housing typology of Accessory Dwelling Units (ADUs) as a means to create housing density in Los Angeles. There are many terms used for ADUs (i.e. in-law apartments, granny flats, accessory apartments, second units, etc). The City of Los Angeles defines an accessory dwelling unit as “a second dwelling unit which consists of a group of two or more rooms for living and sleeping purposes, one of which is a kitchen” (Janovici and Kim 2003).

The California State Legislature has encouraged this type of housing as an affordable and sustainable solution to the housing crisis as it is an efficient and economically beneficial use of existing infrastructure in single-family neighborhoods. Yet, the City of Los Angeles has positioned their housing initiatives to concentrate housing density along transit corridors, underutilized commercial corridors and urban infill. The General Plan Framework reiterates the City’s position and preserves the suburban single family neighborhoods.

The affordable housing shortage in Los Angeles is intensified by high land and construction costs. The Consolidated Plan 2003-2008, a comprehensive outline to planning and executing the City’s housing, community development, and economic development needs and priorities, points out the reality that “Los Angeles is now nearly built-out and there is a shortage of appropriately zoned and suitably sized vacant land for affordable multi-family development” (City of Los Angeles 2003, 55). The housing shortage has greatly impacted the amount of renter households that overextend themselves to rent and the amount of households that are overcrowded. Census data from 2000 indicates “that 46% of all renter households in the City are paying more than 30% of their incomes for rent,” half of which are paying 31-50% of their incomes for rent and the other half paying 51% or more; while “25.6% of all households in Los Angeles are overcrowded, with 95,715 (7.5%) households overcrowded

and 230,382 (18.1%) households severely overcrowded” (City of Los Angeles 2003, 57).

The severity of the situation has prompted the City to implement new housing initiatives such as the implementation of density bonuses and the rezoning of certain regions, not including areas zoned single family. Single family zoned land accounts for 85% of residential land compared to the 15% of land zoned multi-family. Given the disproportionate amount of single family residential land, it seems inevitable that the City must slowly densify a percentage of single family zoned neighborhoods to resolve the housing problem. I am suggesting that ADUs would be an advantageous typology that could provide a greater density to the cherished single family neighborhood without overrunning them.

Through this analysis, I will address the implications of state legislature and local housing ordinances. I will demonstrate that ADUs currently exist in Los Angeles, in many cases illegally. I will compare Los Angeles to other California municipalities which successfully embrace the implementation of ADUs. Finally, I will make recommendations that propose that Los Angeles should experiment with the implementation of this type of housing typology.

### **Background**

During the late 1990s, there was a Garage Housing Task Force, organized by the Los Angeles Housing Department, which looked into enforcement and policy issues regarding illegal garage housing. This illegal housing typology was the subject of many building and safety issues, including fatal garage fires. The effort in addressing illegal garage conversions was initially brought on by a 1987 Los Angeles Times Article. The results of a systematic survey by The Los Angeles Times reported that “about 42,000 garages are sheltering about 200,000 people in Los Angeles County” (Chavez and Quinn 1987). The location of these illegal garage conversions was described to “lie in a swath of

mostly low-income Latino neighborhoods.” Pacoima and East San Fernando Valley were two of the cities revealed to have a high number of illegal garage conversions. The localized geography of these illegal housing, prompted me to think that the City of Los Angeles could target building ADUs in similar neighborhoods in which the illegal garage conversions exist. ADUs would serve multiple purposes to aid both the home-owners and low-income renters, while providing a safe, legal alternative housing typology.

In the conclusion of the Garage Housing Task Force report, the related issue of ADUs was mentioned and the rhetorical question was asked,

Is it time to re-evaluate the effectiveness of the City’s “granny flat” program? Is Los Angeles taking full advantage of existing state laws that allow for local creativity in designing legal and safe affordable housing opportunities within our single family housing stock, which can also assist the moderate-income home owners who develop such units? (Richman 1997, 16)

Although the report was written eight years ago, the question speaks to some of the same issues that surround ADUs today. In the past eight years, the City’s ambitious Housing Initiatives have allowed even more flexibility of land use zoning to provide for needed housing. The City’s motivation to change land use regulations to provide more affordable housing is not an issue of contention. The debate is that the City is not tackling the zoning possibilities of single family zones because the territory is politically charged.

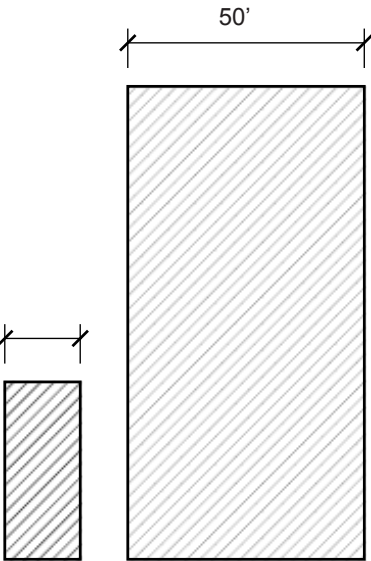
The most recent ordinance effective January 31, 2005 was the Small Lot Subdivisions (Town home) Ordinance. Ordinance Number 176354 allows “detached for-sale small lot subdivisions in commercial and multifamily residential zones” (City of Los Angeles 2004, 1) This permits a

single family home to be built on a subdivided lot with a minimum area of 600 square feet and lot width of 16 feet, compared to the 5,000 square feet and lot width of 50 feet minimum in an R-1 zone. Figure 1 exemplifies the significant reduction in lot size with the new ordinance. Eight small lot subdivisions can fit within one single family lot.

The reality of the housing crisis has prompted Los Angeles to relax the zoning codes in many cases, often allowing for an innovative single family dwelling typology to enter the housing stock. The new typology of the Small Lot Subdivisions Ordinance may resemble row houses or courtyard housing. The City is reducing lot sizes for single family homes and creating higher density housing with the ordinance. The density produced by the Small Lot Subdivisions Ordinance is at an extremely denser scale than the density of reducing the minimum lot size to effectively allow ADUs to be built. So what is stopping Los Angeles in actively welcoming ADUs as the next housing typology? The main difference is that the Small Lot Subdivisions is creating denser housing in a previously commercial or multifamily residential zone, which inherently tolerates higher density than a single family neighborhood, R-1 zone.

It is important to understand the scale of density achieved by including ADUs in the housing stock. In the City of Los Angeles, the maximum floor area of an ADU is 640 square feet, which is approximately the size of a 25 by 25 or 20 by 32 foot floor plan. The minimum lot size in a single-family (R-1) zone is 5,000 square feet; therefore the largest ADU on the smallest lot would be about an eighth of the lot size. Yet, Los Angeles’ housing ordinance requires a larger lot to accommodate an ADU. The most density achieved on the minimum lot size of 7,500 square feet would be a twelfth of the overall site. Figure 2 indicates the difference between lot sizes. The addition of an ADU to a single family residential zone occupies and utilizes

**Figure 1. Small lot subdivision and typical single family lot sizes**



a fraction of the space and city utilities, compared to the intimidating alternative of a large multi-family complex infringing on a single family house.

The single family neighborhoods are treasured by its inhabitants; a principle that is reinforced by the General Plan Framework. This guiding document is used for planning the City's future. It directs new higher density housing to the transit and underutilized commercial corridors and gives those affordable housing developers incentives to build in these districts. Some incentives are density bonuses and parking requirement reductions.

The Garage Housing Task Force report questions the validity of the General Plan Framework as the single family neighborhoods continue to be untouched by density.

The General Plan Framework recognized the importance of existing single family neighborhoods, the need to conserve them and that they have formed the fabric that has distinguished the City from other urban areas. How do we reconcile the guidelines of locally determined community plans with the reality that it is the owners of single family homes who are themselves choosing to rent out their garages? The General Plan may need to be amended to acknowledge this fact (Richman 1997, 16).

The acknowledgment of the fact that illegal construction of ADUs and garage conversions will continue despite restrictions in the General Plan may coerce city officials to consider amending local ordinances in favor of ADUs. It is already apparent that ADUs may be the best alternative to the inevitable urbanization of the suburbs.

### California State Legislation

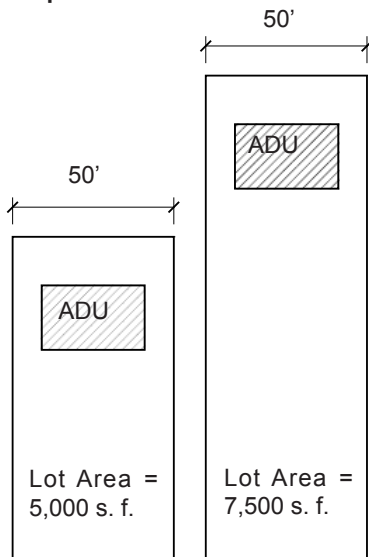
The State Legislation has been promoting Accessory Dwelling Units as an affordable housing alternative to combat

California's housing shortage for over twenty years. Government Code Section 65852.2 (Second-unit law) was enacted in 1982 and has been amended several times. The original legislation required jurisdictions adopt local ordinances or use the State model ordinance to permit companion unit development. In 1994, it was amended to articulate that "any second-unit ordinances adopted by local agencies should have the effect of providing for the creation of second units" (State of California 1994). This amendment intended to facilitate the development of this typology without excessive or burdensome provisions. The last amendment, Assembly Bill 1866, required jurisdictions to permit companion units ministerially effective July 1, 2003. This allowed applications for ADUs to be reviewed without discretionary review or public hearing, and prohibited municipal restrictions that arbitrarily precluded companion units unless specific findings regarding public safety and welfare are made.

A USA Today article described California as "leading the pack" with their new legislations demanding localities to loosen up zoning codes in order to develop ADUs (El Nasser 2004). The State's attention to ADUs is explained by Cathy Creswell, deputy director of the California Department of Housing and Community Development that "what has really caused a resurgence is the combination of the affordable housing crisis and increasing concerns over sprawl" (El Nasser 2004). Although the recent housing crisis and environmental awareness may have instigated the most recent amendment, the several benefits of ADUs as a housing typology have been acknowledged since the inception of the law. The state law promotes this typology of housing based on the findings that:

Second-units provide an important source of affordable housing. By promoting the development of second-units, a community may ease a rental housing deficit, maximize limited land resources and existing infrastructure and assist low and

**Figure 2. ADU plan area on a typical single family and required lot sizes**



moderate-income homeowners with supplemental income. Second-units can increase the property tax base and contribute to the local affordable housing stock (State HCD 2003, 2).

The ADU typology can be viewed as a cost effective means to providing housing without public subsidy. Chuck Reed, Councilman from San Jose, California, suggests that an ADU unit can “save local governments the \$100,000 average cost of building one affordable housing unit” (El Nasser 2004).

Other non-economic benefits of ADUs are additional security and the ability to house elderly family members. Security can be maintained or improved as homeowners are likely to be very selective of their tenants. The privacy of the main house and ADU is maintained but the close proximity of the two may generate a stronger sense of community, indicative of Jane Jacobs’s time-honored theory that “eyes on the street” improve a community. The American Association of Retired Persons (AARP) has been a steady proponent of ADUs. AARP proposes that ADUs can assist the elderly in maintaining their independence in two ways. As older homeowners, they can continue to afford mortgage payments and property taxes from the extra income of renting an ADU unit and as an occupant of an ADU they can be close to relatives or rent at a reasonable cost. Overall, ADUs are a “win-win” solution, if only there was not so much community opposition.

Opponents of ADUs believe that the structure will change the character of the neighborhood because of the increase in density and demand for parking. One organization opposed to the State Legislature on ADUs is the League of California Cities. The League of California Cities describes themselves as an association of California city officials who work together to enhance their knowledge and skills, exchange information, and combine resources so that they may influence policy decisions that affect cities.

They “object to the (state’s) intrusion into local land-use decisions.” According to Jessica Mullan, policy analyst for the group, “You have a neighborhood that’s zoned for single-family homes, and you’re basically changing the character of that community without any input from the community” (El Nasser 2004). The legal tension around changing land use codes at the state level instead of the local level to allow for ADUs may be understandable, but there are neighborhoods that are compatible and already contain this housing typology in the single-family neighborhoods of California.

The California law promotes the housing typology of ADUs, but still maintains flexibility for local municipalities to ultimately control what gets built through municipal ordinances. The local ordinances may do any of the following:

- (A) Designate areas within the jurisdiction of the local agency where second units may be permitted. The designation of areas may be based on criteria that may include, but are not limited to, the adequacy of water and sewer services and the impact of second units on traffic flow.
- (B) Impose standards on second units that include, but are not limited to, parking height, setback, lot coverage, architectural review, maximum size of a unit, and standards that prevent adverse impacts on any real property that is listed in the California Register of Historic Places.
- (C) Provide that second units do not exceed the allowable density for the lot upon which the second unit is located, and that second units are a residential use that is consistent with the existing general plan and zoning designation for the lot (State HCD 2003, 3).

Currently, Los Angeles codes enforce suggestions B and C as stated above. Leaving the most interesting of the three, A, which has not been exploited.

Jane Blumenfeld, principal city planner of Los Angeles, explains, “In some places, second units could be a very good way to reduce the housing crisis. But it’s very difficult to write laws that apply effectively to Boyle Heights and Northridge and Watts and Encino” (Kelley 2004). Suggestion A tolerates flexibility for large metropolis, like Los Angeles, to deal with the concerns that vary by neighborhood. The state law allows Los Angeles to actively promote ADUs by further relaxing zoning ordinances in a designated area, such as a pilot project or overlay. Amending local ordinances for a designated area would allow the City to test the implications of the ADU housing typology in Los Angeles, without entirely discounting the possibility of the benefits. The main concern is choosing a neighborhood district that does not have an overwhelming amount of community opposition, has home-owners willing to build ADUs, and will benefit from the social and economic implications of this housing typology.

### **Built Form of ADUs in Los Angeles**

Los Angeles, the quintessential postmodern city of sprawl must reconsider the single family neighborhoods as valuable space that can carefully become densified. The city has already amended land use planning to provoke creative housing typologies into the urbanized commercial centers and now it is time to allow the pioneering ADU model into the suburban landscape. The dynamic of urbanizing and creating a landscape that resembles more of a montage than the endless suburban city is a new phenomenon for the twenty-first century city. The extended city form of Los Angeles has reached its limits and the suburban city must now undergo a new layer of built form, the most logical being ADUs.

The typology of ADUs was a historical housing structure in the 1950s. ADUs were used for extended families that lived together and for wealthy families that used the second unit as a chauffeur or maid’s quarters. The exodus of the overcrowded cities and growth of suburbia created the men-

talities that the spacious single family neighborhoods of the suburbs should be protected and any increase in density or incompatible land uses should stay out. The idealism of the single family neighborhoods is slowly changing as the housing typology of ADUs is being revitalized and is inserted in many single family neighborhoods across cities.

ADUs currently exist in Los Angeles but mostly as illegal residences. The formal typology exists as a converted garage, unit above garage, or detached guest house. According to a more recent Los Angeles Times article, the number of unlawful secondary units ranges from 40,000 to 200,000 households (Goldin 2003). The exact number is unclear because a survey has not been conducted since the Los Angeles Times article in 1987.

There is a need for affordable housing and home owners are taking it upon themselves to illegally provide the much needed housing to family members, friends, students, teachers and the elderly at below market prices. Figures 3 through 13 depict examples of ADUs in the City of Los Angeles. The following examples are shown to illustrate the physical layout of ADUs as they currently exist in single family neighborhoods and give a picture of how this housing typology can conservatively blend into the environment of Los Angeles’ neighborhoods.

The first example (Figures 3, 4, 5, and 6) is located in West Los Angeles and the second example (Figures 7, 8, 9, and 10) is on the fringe of West Hollywood. The parcel layouts are characteristic of transitional neighborhoods (Figure 15) that have deep lots with garages located in rear yards. The placement of an ADU is optimal within the garage zone in rear yards.

On both sites, the side yard driveway is utilized to access the rear unit. The West Los Angeles rear unit is accessible along the carport (Figure 4) with a secure side gate (Figure 5) leading to the shared common space and rear unit

**Figure 4. Front of main house (north elevation)**



**Figure 5. Private gate to second unit behind main house.**



**Figure 6. Second unit behind main house (north elevation)**



entry (Figure 6). The West Hollywood adjacent site has a similar plan with a side fence at the driveway (Figure 8). The path of access to the rear unit is along the side of the main house (Figure 9) to the opposite corner of the lot where it is located (Figure 10). While the West Hollywood adjacent rear unit has a separate gated yard (Figure 10) and the other a secure gate (Figure 5), each threshold provides a sense of privacy and security between the main house and the back unit.

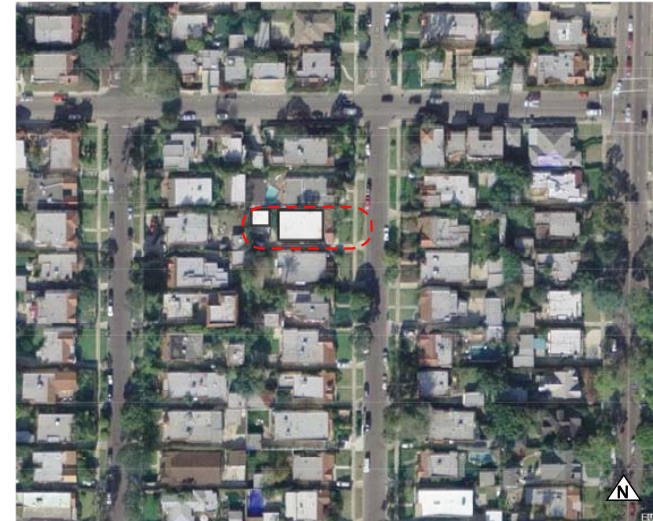
Architecturally, the two back units coordinate with the main houses by maintaining the same finishes of the roof, paint and window treatments. The placement of the back unit differs in the two examples. The back unit on the West Hollywood adjacent site is hidden behind the main house and hence has little impact on the streetscape, whereas, the back unit on the West Los Angeles site is visible through the carport from the street (Figure 4). This

**Figure 3. Aerial Photo, West Los Angeles neighborhood**



Source: World Wide Web page <<http://terraserver.microsoft.com>> 3/29/2004

**Figure 7. Aerial Photo, West Hollywood adjacent neighborhood**



Source: World Wide Web page <<http://terraserver.microsoft.com>> 3/29/2004

street front impact on a neighborhood level is minimal and pleasant to the eye because the façade features of the main house and extra unit match.

On the neighborhood scale, similar plan conditions of rear units can be seen from the aerial photos (Figures 3 and 7). The lot areas for each example are approximately 6,000 and 6,500 square feet, both of which are less than the minimum area allowed for legal ADUs. Disregarding the possibility that they are inhabited, the infrastructure is in place for a legal rental market if the minimum lot size was amended.

Two other neighborhood contexts that can be found in Los Angeles are the traditional (Figure 14) and Post-war (Figure 16) neighborhoods. Traditional neighborhoods are distinguished by shallow lots, with or without an alley, and original carriage houses or garages located in the rear of the lot. The placement of an ADU would be best suited

**Figure 8. Front of main house (east elevation)**



**Figure 9. South side of main house (south elevation)**



**Figure 10. Second unit with individual gated yard behind main house (view facing north)**



in the rear of the lot or along the alley. Areas of Venice, Los Angeles, shown in the aerial (Figure 11), illustrate the formal layout of the traditional neighborhood with alleys. The residential streetscape depicted is well maintained and used by the community (Figure 12), while the alley shows the rear ADUs and garages and is underutilized (figure 13). In this particular example, the alley is gated and therefore unused and dilapidated. Implementing an ADU program in areas like this would improve the character of the surroundings. The Post-war neighborhood has parking in the front of the lot with driveway parking, small yards and possibly situated on a cul-de-sac. An ADU may be placed in the rear lot if there is enough space; otherwise, a garage conversion is most likely given lenient parking requirements.

### Los Angeles City Zoning Ordinance Compared to Other Municipalities

Figure 11. Aerial Photo, Venice neighborhood (black lines indicate street and red dashed lines indicate rear alley)



Source: World Wide Web page <<http://terraserver.microsoft.com>> 3/29/2004

Figure 12. Streetscape

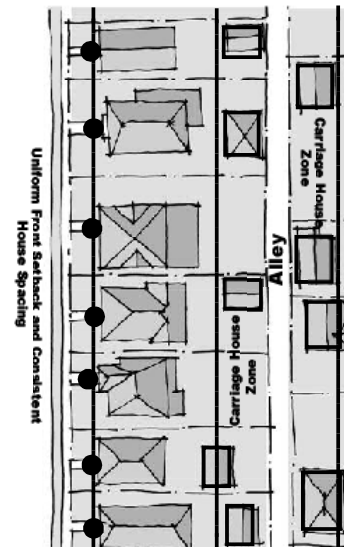


Figure 13. View of Alley



Abiding by State Law, Los Angeles City ordinances allows secondary units in all residential zones, including (R-1) single family neighborhoods, but with restrictions that ultimately hinder the development of ADUs. A few of these restrictions require the lot size to be 50% larger than the standard size to accommodate the extra unit, limit the size of the unit at a maximum of 640 square feet and require one extra parking space. The local ordinances in effect restrict the development and legalization of Accessory Dwelling Units. In a 2003 article regarding the most recent state amendment, the director of planning for the Los Angeles Department of City Planning, Con Howe, said that “the law means applicants who meet the city standards for second dwelling units cannot be denied, but the city of Los Angeles still has stringent requirements for legal second units” (Hofmann 2003). Therefore, the local zoning ordinances in effect represent the positive or negative position of the

Figure 14. Traditional Neighborhoods



Source: ADU Manual. Santa Cruz, CA

Figure 15. Transitional Neighborhoods



Figure 16. Post War Neighborhoods



municipality towards ADUs as a housing typology in their communities.

The direct correlation of housing codes and city's attitude toward allowing ADUs in single family neighborhoods, led me to examine Los Angeles' housing ordinances compared to other municipalities, as well as analyze how ADUs have changed these cities with regards to neighborhood character. Santa Cruz is considered the front-runner in developing this housing typology in its neighborhoods, while other Southern California municipalities, including West Hollywood and Burbank, also look positively at the addition of this housing typology to their housing stock.

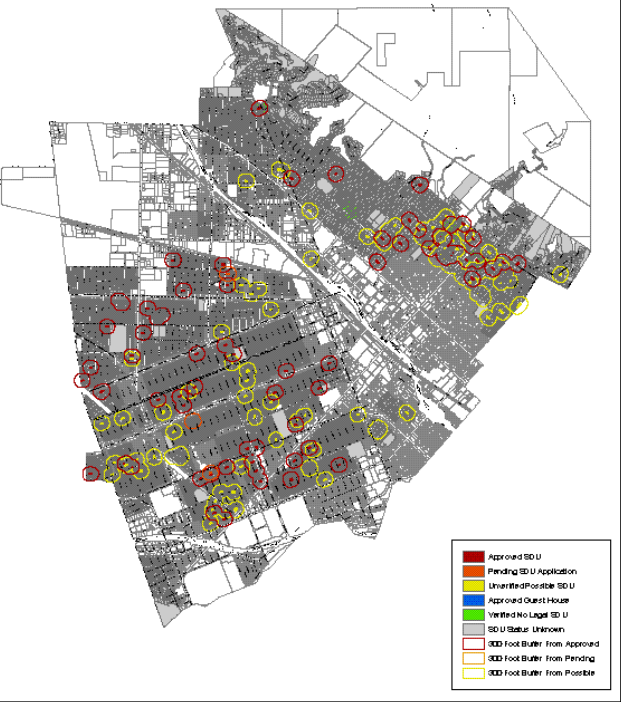
West Hollywood is one community that has the built form of ADUs already in the housing stock. John Chase, Urban Designer in the Planning Division, wrote that ADUs have not had a major impact on changing the neighborhood character because, "there are so many duplexes and houses with back units already existing, even in the R1 neighborhood conservation areas" (Chase 2005). He suggests that the minimum lot area for ADUs in West Hollywood is smaller because the lots are generally smaller. It is beneficial to know that West Hollywood's lot sizes are overall smaller and can still accommodate ADUs without negative effects.

Burbank is an example of how a local Southern California city has been affected by the most recent amendment. A few months after the 2003 amendment, a Los Angeles Times article indicated that the process of approving an ADU would make it quicker and cheaper. The savings for the homeowner was approximately 2 months of time and 130 dollars. There was an increase in applications as well, growing from three to four applications a year during the 1990s to five applications in the three months following the revision. The city of Burbank has been able to monitor and map the development of Second Dwelling Units. An example of a mapping tool is displayed in figure 17.

The nature of Burbank's neighborhoods is not sacrificed because the City's density limitations restrict the number of units in a given area.

*Comparison of Housing Ordinances*

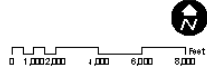
This comparison will use the aforementioned cities as case studies to evaluate Los Angeles Housing Ordinances and help determine whether it is necessary for local ordinances to be amended in order to welcome this housing typology into the Los Angeles' ambitious Housing Initiative. Table 1 (please see Appendix A) compares the four cities' zoning ordinances, looking at the following code components: maximum floor areas, minimum lot sizes, front, side and rear yard requirements, maximum height and parking spaces. The maximum floor area varies across the cities with 500 square feet in Burbank, 640 in Los Angeles, 750 in West Hollywood and the most progressive Santa Cruz allowing 500 to 800 square feet units depending on the lot size. The minimum lot size allowed to build an ADU is relatively the same for the comparison cities with both Santa Cruz and West Hollywood allowing a minimum size of 5,000 square feet and Burbank at 6,000 square feet. The minimum lot size that is required by Los Angeles is comparatively excessive at 7,500 square feet and 50% larger than the minimum area required for a lot in the same zone, which in most single family zones is 5,000 square feet. This restriction hinders the legalization of ADUs in Los Angeles. It may be necessary for this category to be amended in a designated area if a



**Second Dwelling Units**

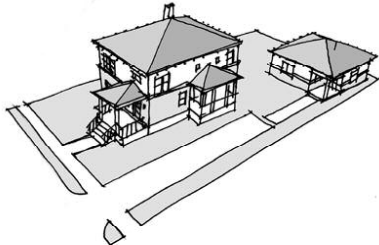
by application status with 300-foot buffer  
updated 21 April 2005

Source: Planning Division, Burbank, CA

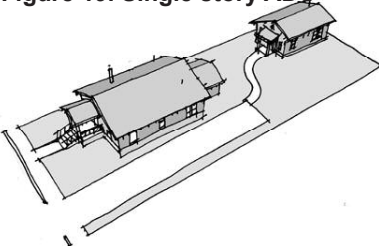




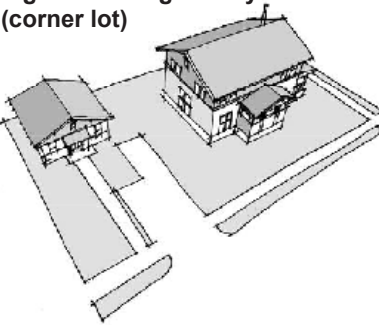
**Figure 18. Single story ADU**



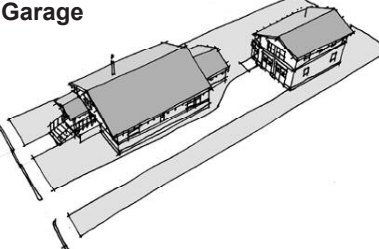
**Figure 19. Single story ADU**



**Figure 20. Single story ADU (corner lot)**



**Figure 21. Two story ADU over Garage**



pilot project was pursued.

The yard requirements are not as much of a problem, but the rear yard requirements for Los Angeles is the greatest at 15 feet minimum, compared to Santa Cruz and Burbank at three and five feet respectively and West Hollywood closer to Los Angeles allowing a minimum of ten to fifteen foot rear yard. This may be another category that could be adjusted in order to allow ADUs in an overlay region. The parking requirements across the cities are the same, but in Santa Cruz the parking situation does not hamper the building of ADUs. The addition of an ADU in Santa Cruz eliminates the requirement of covered parking and the city permits tandem parking. These two parking components facilitate the legalization of a garage conversion to an ADU. In order for an ADU to legally be built in Los Angeles, there must be one covered or uncovered off-street parking space in addition to the parking provided for the primary unit. This requirement of providing the off-street parking for the ADU, to certain extent, counteracts the belief that ADUs will cause a demand for parking.

*Santa Cruz, California*

Santa Cruz, California has an ADU program which allows and encourages an alternative to illegal poorly constructed ADUs or garage conversions. The award-winning ADU program has been recognized by the American Planning Association (APA), American Institute of Architects (AIA), Environmental Protection Agency and even the League of California Cities, who ironically opposes the State's interference in local land use issues. The ADU program, which deals with an incremental growth strategy, is a success because Santa Cruz adjusted their local ordinances to include incentives to develop and integrate this housing typology into the housing stock.

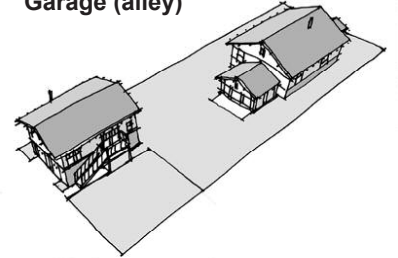
The program identified typical infrastructural conditions where ADUs might be developed. These six structural situations, which may look like figures 18 through 25, were

categorized as the following: single story ADU (Figures 18, 19 and 20), detached ADU over garage (Figures 21 and 22), alley ADU (Figures 22 and 23), garage conversion ADU (Figures 18, 19 and 24), story and a half ADU (Figure 25) and the detached ADU and garage (Figure 22). The city then invited seven architects to design the ADU prototypes from the typical categories. The result was seven prototype designs that each addressed one of the six conditions and an extra one concentrating on the alley setting. These prototypes would be published and hopefully facilitate the process of building ADUs for homeowners. Alongside the published prototypes, Santa Cruz prepared a "How To" development manual that is an in-depth guide (Figure 26). It defines an ADU and the basic code regulations, how to determine whether an ADU is appropriate for your neighborhood, what built form is conducive, how the construction permit process works and even how to deal with renting the unit once construction is completed. The crucial part of this manual are the graphics that illustrate that the framework of neighborhoods vary and it is essential to distinguish which ADU prototype, if any, would be appropriate to build and avoid any negative influences.

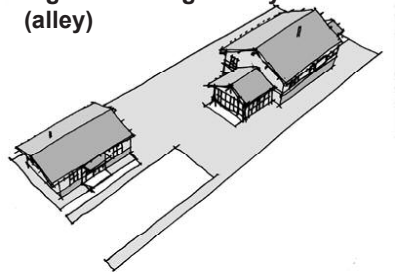
This extensive ADU program incorporates loans and grants that are available to assist homeowners and to encourage rental affordability at 80% of median household income. The city received a Sustainable Communities Grant from the California Pollution Control Financing Authority to conduct the research and establish the program. The City of Santa Cruz is the most proactive municipality developing ADUs and is required to provide other California municipalities with any resources to promote the typology as an affordable and sustainable housing solution.

This new housing typology of ADUs has caught the eye of planning and design organizations, won awards in planning competitions, and been the main topic of a design competition to show that ADUs can be architecturally sensitive to merge with single family communities that are

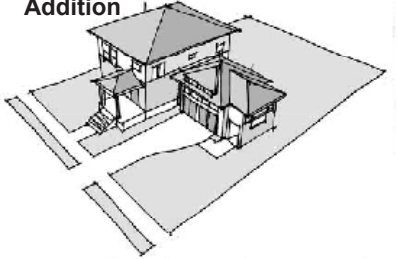
**Figure 22. Two story ADU over Garage (alley)**



**Figure 23. Single story ADU (alley)**



**Figure 24. ADU and Garage Addition**



**Figure 25. Story and a half ADU**

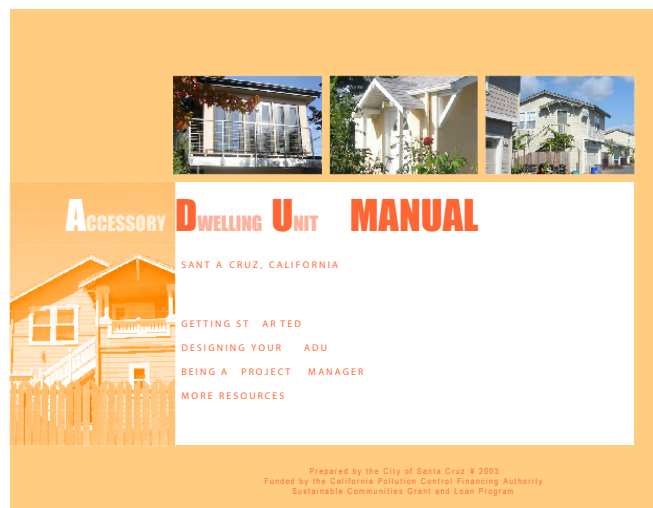


Source: ADU Manual Santa Cruz, CA

opposed to their development.

In May of 2004, an ADU proposal by Cass Calder Smith Architecture entered and received the Place Planning Award in the EDRA/Places competition. The competition is sponsored by the Environmental Design Research Association (EDRA) and Places magazine. The ADU proposal was an example of the alley ADU; one of seven prototypes, each developed by different architects for the city of Santa Cruz. One of the jurors commented positively that the ADU proposal “was not the traditional planning report. It does not say we have to re-create the old-time stuff, or reorganize the streets. It is a very strategic way to increase density within the situation we already have” (Places 2004). It won a Planning award but it crosses all three award disciplines of design, planning and research. This exemplifies the significance of ADUs as a planning solution to affordable housing at the same time as providing a valuable design element that can offer regeneration and blend into the existing architectural infrastructure of

Figure 26. Cover of ADU Manual



Source: ADU Manual. Santa Cruz, CA

a single family neighborhood.

### *ADU Design Competition*

At the beginning of 2005, a design competition was held by the nonprofit organization, Friends of San Diego Architecture. The competition entitled, “Accessory Dwelling Units: Inspired Solutions for Our Community”, attracted 56 entries from architecture students and professionals within California. The purpose of the competition was to make the bold statement that ADU designs can carefully mesh into the surrounding neighborhoods of San Diego and provide an alternative to solve the region’s affordable housing crisis. In a San Diego Union Tribune article, the design entries were described as the following: “They offer a mix of appealing, intriguing and sometimes highly feasible visions for gracefully weaving small apartments and cottages into neighborhoods of single-family residences” (Jarmusch 2005).

The City of San Diego has stricter local ordinances pertaining to ADU development than the City of Los Angeles. The requirements were devised to keep the housing typology out of the single family neighborhoods. A few of the prohibiting requirements are a minimum lot size that is at least twice the size necessary for a single family house. This translates to a 10,000 square foot lot required for an ADU in a single family neighborhood that calls for a minimum lot size of 5,000 square feet. “Granny flats are allowed at no more than 5 % of the single-family homes in any community” and “if a garage is converted to a granny flat, regulations require construction of a new garage to replace it” (Friends of San Diego Architecture 2005). If those zoning codes were not enough to stop the development of ADUs, the city council “effectively banished them to new, more expensive neighborhoods that are less dense, fewer in number and less suitable if you no longer drive or don’t want to” (Jarmusch 2005).

The value of the design competition is attributed to the

strict guidelines that each entry followed. A set of zoning requirements were researched and used including four parcel templates and four architectural styles on a 5,000 square foot lot characteristically found in San Diego. The third place entry among the professional shown in figure 27 depicts an ADU over the rear garage in the historical craftsman style found in San Diego. The initiative and social awareness that the design competition brought to the controversial topic of ADUs is reason enough for Los Angeles to promote such a competition.

### Proposal and Recommendations

During the Comprehensive Project course held in the UCLA Masters of Urban Planning Department in 2005, there were several city officials, housing activists, developers and consultants that came to talk to the class regarding housing density in Los Angeles.

The realization of how difficult it is to add density to single family zoned neighborhoods was confirmed by a discussion with two city planners and a housing advocate. All were pro-ADU development, but explained that it is more a political battle to convince the constituents of the city. In older neighborhoods that historically have second units behind a single family house; the lots are typically smaller and not large enough to legally build ADUs. One such neighborhood is areas of Silver Lake. The planning and transportation deputy from Council District 13 articulated that they previously wanted to pursue ADUs in their district, but communication from the neighborhood council indicated that it would be an uphill battle.

There was a suggestion to look at Pacoima, where there could be a need for this type of housing. A pilot project could be initiated with the help of Pacoima Beautiful, a non-profit organization that could possibly assist with an educational component to building ADUs.

### Recommendations

Recommendations to initiate a pilot project would entail adapting Santa Cruz's ADU manual and prototypes for Los

Angeles. The research and seven prototype blueprints are available free of charge to California municipalities. Use of the Pacoima Beautiful facilities to hold a few weekend information sessions addressing the benefits of ADUs and the construction process would be valuable as well. A design

Figure 27. Competition Entry by Joseph Reid



Source: World Wide Web page <<http://www.friendsofsdarch.com/6winners/ADU017-1.jpg>> 1/2005

competition with the revised typical requirements would be a great way to involve the architectural community of Los Angeles, especially since the city is home to renowned professionals and architecture schools.

Code restrictions that I suggest to amend for the overlay area would be changing the minimum lot size to 5,000 square feet. Off-street parking requirements would include the allowance of tandem parking. I would suggest including additional restrictions that the main house is owner-occupied to avoid the situation of slum landlords and ensure the quality of the neighborhood and the sense of community is maintained. I would also coordinate with the Department of Building and Safety to provide reduced permit fees as an incentive.

ADUs are a valuable housing typology for State of California as the population is steadily increasing in several cities. It is now the time for the City of Los Angeles to explore the benefits of developing ADUs within the single family zoned neighborhoods of Los Angeles.

Appendix A

Los Angeles			Santa Cruz	West Hollywood	Burbank
ADU		R1 Zone *	ADU in typical R1-S	ADU in typical R1, R2	ADU in typical R1
Classification	two or more rooms; one of which is a kitchen			contain own kitchen and bathroom facilities	
Maximum Floor Area	640 s.f.		500 s.f. for lot < 7,500 s.f. 640 s.f. for 7,500-9,999 s.f. 800 s.f. for lot 10,000 s.f.+	750 s.f.	500 s.f.
Minimum Lot Size	7,500 s.f. and 90% larger than min. area required for a lot in zone	5,000 s.f.	5,000 s.f.	5,000 s.f.	6,000 s.f.
Front yard requirement	zone requirements	20% lot depth; 20 ft max., but not less than prevailing	20 ft.	15 ft. minimum 30 ft maximum (one story)	25 ft minimum
Side yard requirement	zone requirements	10% lot width < 50 ft; 5 ft; 3 ft min + 1 ft each story over 2nd	3 ft. for one story; 5 ft. for 2 story ADU; 8 ft. for one & 2 story ADU on a corner lot	5 ft. or if lot < 50 ft. wide, 10% of average lot width (3 ft. minimum)	5 ft minimum
Rear yard requirement	zone requirements	15 ft minimum	3 ft. for one story; 20 ft for 2 story ADU	15 ft or if lot < 75 ft. deep, 20% of average lot depth (10 ft minimum)	5 ft minimum
Maximum Height	zone requirements	45 ft. or Height District	13 ft. to mid roof; 22 ft. to roof peak for 2 story ADU	15 ft, 1 story	13 ft., 1 story; 17 ft. w/ roof & arch features
Parking Spaces	1 covered or uncovered off-street parking space in addition to parking for primary unit		1 space for 1 bedroom ADU *building ADU eliminates required covered parking	1 space in addition to parking for primary unit	1 space minimum in addition to parking for primary unit

\* Generalized summary of zoning regulations

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Note: Unless otherwise indicated, photos taken by Author 2005.

## 9. *Building Successful Mixed-Use Developments*

**Christine Mahfouz**

### **Abstract**

*Mixed-Use development can both provide adequate density and engage pedestrians, creating the holistic live-work-play environment that is central to urban living. It can serve as a catalyst for a stronger sense of community by fostering social equity through a spectrum of housing and jobs. It has the potential to revitalize downtowns and reenergize struggling neighborhoods. The key to creating successful mixed-use projects is achieving a physical structure that both manifests and supports its social structure. This paper addresses the five key components that attribute to the success or failure of mixed-use projects: location, compatible uses, design, access to transportation, and creating a sense of place. This paper shows how the literature does not adequately represent the relationship between these components. Using these components, I generate a guideline for development, emphasizing some of the most crucial aspects of building successful mixed-use projects. By reviewing the literature, analyzing case studies, and performing interviews this paper shows that the best mixed-use developments weave their uses in a way that preserves the integrity and identity of the surrounding community and create a place that serves a social purpose.*





## Introduction

It's late, but the town is far from settling down for the night. The workers have gone home and the shop owners have flicked off their neon lights, but the streets are bustling with the sounds of life. People are strolling to the community theatre down the block; they are lingering with a glass of wine at the chic new outdoor café; and they are casually dancing under the sublime twilight of the streetlamp as they wait in line to enter the hot new night club. Above the closed bakery there is an apartment where a man sits in his balcony with a cup of coffee and a laptop, ready to tackle a project. In another balcony, the woman who owns the bakery downstairs is on the phone making her orders for the next morning. As the people go on about their lives, the glimmering lights from the moon and the streetlamps cast shadows of urbanity, density and life into the otherwise lifeless night. This is the scene from the future of Los Angeles, as the concept of mixed-use becomes a real solution to the current problems of overcrowding and congestion. As the population continues to rise, it is becoming more important to develop diverse, attractive, and livable communities that are both sustainable and respectful of the urban landscape.

Although the current spread of Los Angeles represents the years of segregated land uses, low-density developments and rings of suburban sprawl, it is now evident that the city is finally re-awakening to a return to the communal. Almost as fast as people are moving into the city, developers are scrambling to create new, more ambitious, breeds of mixed-use developments that will not only attract the growing urban market but will effectively respond to the social and economic trends of the time (Henshaw 2005). The goal of most mixed-use developments is to help create or enhance an urban neighborhood, making it a more viable, attractive, and socially stable place to live.

Although the concept of mixed-use is not new, developers, architects, planners and academics are all struggling to create adequate mixed-use developments that will be economically viable and culturally successful in Los Angeles. The challenge rests in understanding the dynamic nature of time and space. By assessing the unique needs of a community and its current residents, as well as future residents, an economically feasible and socially responsible mixed-use scheme can be developed. But how can these needs, which are theoretical by nature, be assessed and actualized into physically successful projects? Various authors have attempted to tackle this very question by contributing their opinions on what makes a project successful. Components such as location, compatible uses, design, access to transportation, and sense of place are just a few of the significant components that authors emphasize when developing a mixed-use project. By understanding how to manipulate these components, the literature argues, one could effectively develop a project that will “enhance and reinvigorate a community” while supporting a growing need for housing (Lawson 2004). However, while these components are important, they are just a part of the process of developing mixed-use projects.

In my research, I have found several problems with the available literature. The first problem is that while various parts of the literature explain why these components are important, the research is very disjointed and incomplete. There seems to be no organization and flow of ideas in just one document. Rather, multiple documents must be referenced in order to understand the necessary concepts of what makes a project successful. The second problem is that the available literature describes each of the components in a theoretical way, without giving guidance on how to actualize these theoretical ideas. This is evident in the literature because

there is no research that explains how these components relate to each other and to the surrounding landscape. The literature also does not provide the reader with a holistic approach to developing mixed-use projects that supersedes the propensity to incorporate all components without regard for the surrounding area or space. While the literature does explain what is successful, it does not differentiate how different projects influence the society in different ways. For example, while one scheme may thrive in one situation or at one location, it could fail miserably in another. The third major problem is that there is a consensus amongst the various authors that upon completion, a well-built project will have the power to revitalize a neighborhood. This idea distorts the very notions of mixed-use and urban vitality. The literature focuses too much on developing projects at the parcel level, often neglecting the fact that most urban projects are built within established communities and are meant to last through different generations. The problem with developing projects at a parcel level is that they are usually not designed with the inherent flexibility to adapt to the changing demographic, cultural and economic needs of a community. As the times change, the project should also change, evolve through time.

This project investigates the variable factors that comprise each of the components in order to develop a holistic approach to creating mixed-use developments. This approach will celebrate the virtues of urban density by encourage social interaction and increasing healthy street activity. The first step to doing this is to understand what makes a mixed-use environment successful. By learning from current urbanized downtowns, special districts, blocks, or streets that are “famous” for their heightened levels of social activity and universal functionality, I can effectively analyze what communities socially and economically appreciate and what they disregard. These attributes can then be car-

ried over to future mixed-use projects.

This chapter is hence an exploration of the multiple definitions, contributions, and applications of mixed-use developments in local communities. It aims to develop a feasible and holistic approach to developing successful mixed-use developments. This chapter is divided into three parts.

In the first part of my chapter, the literature review, I summarize the findings from various essays and books written about mixed-use projects and communities. I show how the literature defines and explains successful mixed-use. I also analyze what the literature believes to be the social contributions of mixed-use developments. I approach the literature from the community perspective and therefore am disappointed to discover that the literature has been quite generic and incomplete about what makes a project successful for communities. Ironically, while many authors claim the community to be the highest benefactor of the advantages of mixed-use developments, there is not one paper that I have found that cogently argues that the community is the driving force behind the success or failure of a project. As I discuss the literature, I will weave in my analysis of the strengths and the discrepancies of the arguments.

The second part is a critique of the literature followed by a study and analysis of some precedents of mixed-use schemes. I look at both individual developments designed by visionary developers as well as mixed-use cities that have formed organically through a process of natural demographic evolution. Four case studies have been chosen two communities and two private developments. I review these case studies by the concepts proposed in the “Critique” section.

The final portion of this chapter ideologically unites

the lessons and experiences learned from the literature and case studies with new ideas about what constitute successful mixed-use developments. In this section the findings will explain the basic requirements necessary for the success of a project. The findings propose a guideline or process of developing mixed-use projects that incorporate all the components in a logistically procedural way.

### **Methodology**

I intend to provide this report as a resource for community developers and policy makers who are contemplating or have decided to pursue mixed-use projects. As I go about my research, I employ qualitative research methods as I analyze and test the available data on what makes certain mixed-use projects successful and others unsuccessful. I come to my findings by reviewing the literature on mixed-use, learning from case studies, performing interviews with developers and community spokespeople, and attending various lectures and symposiums on mixed-use developments.

This paper intends to identify the inconsistencies between the literature and practice in order to provide the reader with a holistic approach to developing mixed-use projects that supersedes the propensity to incorporate all components without regard for the surrounding area or space. I test the data on three case studies, one mixed-use project that is unsuccessful, one project that is successful, and one mixed-use communities that is successful. The reason that I am looking at mixed-use neighborhoods is because I am making the assumption that I can learn about making a successful mixed-use project by learning from thriving mixed-use communities, functional neighborhoods that have many adjacent businesses uses and housing alternatives. I will ask the question; does the literature adequately explain why these communities are successful or unsuccessful? I as-

sume that the literature will not adequately explain why such places are or are not successful.

In my findings section, I explain what I have learned from the literature and case studies that justifies my new ideas on developing mixed-use developments. The case studies discussed in this chapter are separated into two parts: “Part I: Learning from Mixed-Use Towns and Cities” and “Part II: Learning from Previous Projects.” In the first part, I examine the mixed-use district of Tribeca in New York and East Hollywood. In the second part, I analyze the City Heights Urban Village in San Diego and the Mandela Gateway HOPE VI project in Oakland. See Appendix I for a brief synopsis of the events, interviews, activities, and case studies performed in preparation of this project.

### **Literature Review**

An extensive search has revealed that there is a wealth of literature on Mixed-Use and related topics, but virtually nothing that directly addresses the proposed hypothesis. The most relevant works are summarized below along with my commentary on how this literature is relevant to my discussion of mixed-use.

#### *Intent of Mixed-use*

Mixed-use development is proclaimed as the key component to developing a land use strategy that improves housing options and affordability, reduces traffic congestion, makes more efficient use of existing infrastructure, and creates more livable communities. Communities with a well integrated mix of uses function differently, and more efficiently, than communities with large amounts of segregated single-use development. People have the choice of carrying out everyday tasks close to home or work, with options to walk or bike rather than drive.

Mixed-use projects also allow for a more efficient use of resources. Complementary uses can share parking facilities where demand periods are at different times of day, and can benefit from amenities such as open space that serves users of several uses. Mixed-use projects offer the potential to create dynamic, interesting places, and ultimately be a part of a more sustainable city as residences, services, and workplaces are within close proximity to each other (City of Palo Alto 2004).

Furthermore, mixed-use development allows opportunities for incorporating uses that may be difficult to accommodate in existing neighborhoods (particularly lower density residential neighborhoods). The need to provide additional housing and alternative use opportunities (such as live/work) is a community goal, but can be difficult to achieve in practice; new mixed-use development in less intense commercial areas offers an approach to accommodate these uses while protecting the existing residential neighborhoods (Grant 2004).

#### *Understanding Mixed-use*

Cities are more than just collections of buildings interlaced by roads and punctuated by occasional parks and open space. Cities tell stories about people; their activities, their visions, and their aspirations. Cities tell stories that change through time, but are always interesting and filled with activity. Mixed-use developments attempt to capture that vitality and human activity and concentrate it. But how does one go about doing this? While it is a fixture in many cities around the world, the concept of mixed-use is still very elusive as practically everyone defines it in a different way. These inconsistencies partially explain why there are such heated debates on what makes good mixed-use projects. While some agencies have the commu-

nity in mind, others have economics. Different perspectives translate into different goals and thus different projects. I will present and explain several definitions of the term “mixed-use” provided by varying agencies. The variety in definitions proves the elusive nature of mixed-use and thus explains the confusion surrounding its development.

The Citizen for a Better Environment has defined mixed-use as – locating a variety of different land-uses, such as housing, schools, small shops, offices, and neighborhood services, within walking distance of one another. The proximity of uses allows people to perform their daily tasks without having to drive (Bulani 2000). This definition focuses on the utility of mixed-use, by emphasizing how proximity of various amenities translates into less time wasted in traveling. Thus the goal of mixed-use, for Citizen for a Better Environment, is to develop a project with the adequate form and function that complements the lifestyle of the average working American living in an urbanized place. According to Citizen for a Better Environment, the main issue to deal with is increasing activity and simultaneously decreasing negative externalities such as time wasted and increased traffic congestion.

Alan Rowley, a famed professor of planning, wrote in his paper that mixed-use development is an “ambiguous, multifaceted concept but essentially it is an aspect of the internal texture of settlements. The texture of a settlement is equivalent to the character and quality as well as the grain, density and permeability of a certain location” (Rowley 1996). This definition is located in a paper entitled, “Mixed-use developments: Ambiguous Concept, simplistic analysis and wishful thinking.” Like the title, this definition is itself, very elusive and ambiguous and can not be helpful to those wishing to pursue mixed-use developments. However once the academic language is unraveled, it is appar-

ent that Rowley believes mixed-use to be a physical manifestation of the ambitions, lifestyles and character of the society in which the project exists. Accordingly, the goal of mixed-use is to humanize an otherwise life-less project, by making it more responsive to the environment, scale, and culture of the surrounding landscape.

Local Initiatives Support Corporation (LISC) defines mixed-use as a tool to “create vital places that use space and public infrastructure efficiently by promoting pedestrian and transit friendly environments” (LISC 2003). LISC then goes on to say that mixed-use development is often the centerpiece of efforts to revitalize underutilized property in inner city commercial districts. Perhaps because such projects offer cities the potential to integrate the development of higher density housing with the creation of new neighborhood-scale retail space. The motive of this definition is to relay the message that mixed-use developments are meant to be community oriented with regards to their design and their purpose. Much less a product of form and function, as is Citizen for a Better Environment’s interpretation, LISC emphasizes the efficiencies and economic potential of building mixed-use.

Halpern and Heller, real estate law experts, claim that a “mixed-use project is a commercial development that contains at least two uses among residential, lodging, retail or entertainment and office” (Halpern 2005). The Magazine in which this article was featured, California Centers Inc., is mostly read by developers and real estate investors who value projects as financial endeavors. In this article, the fiscalization of land use is mentioned as the driving force behind mixed-use endeavors. The community and their interests are not mentioned once in this article except when they are referred to as a “burden to the developer...as he attempts to earn entitlements” (Halpern 2005). Thus, the goal of mixed-use developments to Halpern and Heller is the capitali-

zation of land use during times of low supply (of land) and high demand (for retail and housing).

A final definition is provided by the Principal at Apollo Development, Richard Ackerman. During a Real Estate Conference in 2005, when I asked Ackerman “what is the purpose of mixed-use developments in enhancing the built environment and the urban form?” he replied “ Purpose...to have two or more types of uses in one development...the definition of ‘mixed-use’ is simply the mixing of uses...that *is* the purpose” (Real Estate Conference 2005). Ackerman’s simplistic definition does not address the community, the sense of place or the urban form. In a sense of flagrant disregard of the surrounding environment, Ackerman deems mixed-use developments as a way to utilize the land for economic purposes. Thus the goal is to pair uses that will generate the most lucrative source of income.

It is apparent that different groups view mixed-use in their own way. Developers, Planners, Communities, and Academics each have a motive in their definition of mixed-use. The most convincing definitions of mixed-use are the ones which focus on community revitalization through social and human representation. In this paper, I pursue the concept of mixed-use in two ways, as a resource in creating a community identity and as a tool for encouraging growth and revitalization within communities.

#### *Understanding the Contribution of Mixed-use*

The vitality of a city’s urban core is essential to its attractiveness, and is a characteristic which mixed-use developments seeks to simultaneously harness and enhance. A study performed by LISC in the Twin Cities explains that mixing uses “can stimulate the evening and weekend economy, and prevent dead office zones as well as moderate against the negative impact of anti-

social entertainment uses on residents” (LISC 2003). The study goes on to explain that variety and vitality may be achieved equally by a mix within use or as a mix of different uses: thus a street with a variety of small shops will tend to be more lively and attractive than the same street with a combination of multiple retail stores and offices (LISC 2003).

Jane Jacobs also wrote cogently and convincingly in 1961 about the very essence of urban life as a product of diversity and the mixing of uses:

Most city diversity is the creation of incredible number of different people and different private organizations, with vastly differing ideas and purposes, planning and contriving outside the formal framework of public action. The main responsibility of city planning and design should be to develop—insofar as public policy and action can do so – cities that are congenial places for this great range of unofficial plans, ideas and opportunities to flourish, along with the flourishing of public enterprise (Jacobs 1961).

A study carried out by the city of Calgary Planning & Building Department in 1993 attempted to test Jacob’s hypothesis of the value of diversity by surveying 2,000 pedestrians and 700 merchants in its Downtown and Inner City commercial areas.<sup>1</sup> The goal was to identify the major determinants of “urban vitality.” The findings from the surveys confirmed Jacob’s hypothesis, that the “variety of goods and services attracted to a commercial district are primarily determined by the number, population size, and purchasing power of distinct life-style groups who live in the area”(Mass 1996). In accordance with the theory, each of the two most vital districts in Calgary had a large base of “locals”

who regularly patronize area businesses, as well as a smaller number of “hinterlanders,” and “tourists.” The “locals” included three distinct live-style groups, each of whom provided a market for a particular range of relatively unique goods and services. This diversity, or in Jacob’s Jargon, “the number of different people with differing ideas and purposes,” is the main determinant of urban vitality. It just so happens that in Calgary, “locals” is the distinct group of people. For example, “locals” at the Kensington district comprised a group of young, mainly male, singles, a group of teenage “browsers,” and a group of high-income “families.” Each group patronized a different kind of business, “and the resultant variety of unique goods, services, and experiential opportunities created a cosmopolitan ambience, which attracted hinterlanders” (Bulani 2000). The additional customers thus supported even more facilities and created a round-the-clock density of people and activities which made these districts seem more vital than other commercial areas. The Calgary survey shows that the diversity in people, especially locals, is the main determinant of urban vitality. Thus it is important to concentrate development on structures with homes (for the “locals”) and nearby urban places for them to frequent.

While many revitalization projects tend to emphasize physical improvement of the shopping street itself, Calgary’s survey suggests that encouraging higher density housing nearby to retail spaces in the area would actually be more profitable than building either housing or retail alone. Profitability is increased particularly when the development of housing could attract “locals” or residents with “unique life-styles.” Their justification for this is their argument that people do not go shopping to look at the architecture, trees, banners, or buildings, but to watch the activities and “pedestrian ballet” performed by the nearby residents with unique life-styles (Bulani 2000). While this study

is thought provoking, it ends on a lackluster note as it does not explain how developers or builders can foster such types of life in a mixed-use development. This study simply ends by stating that "...thus density should be encouraged in housing [and retail spaces.]" This study does not provide a framework or describe the types of projects that could encourage such vitality. While it is useful in pinpointing a source of urban vitality, this survey can hardly be considered a solution or suggestion to create more successful mixed-use developments.

#### *Preconditions for Success*

While the diversity of people is extremely important, diversity on the street is also a crucial factor to developing mixed-use project. As mentioned earlier, Jane Jacobs, a passionate advocate of the virtues of mixed-use development, dedicated her career to encouraging the development of more vibrant and engaging urban places. Her trenchant arguments for the importance of such places are just as valuable today as they were in the 1960s, when she conceptualized them. As she argued earlier for the need in diversity in people, she also argues for the need of diversity in streets. Street diversity offers people more places to meet and exchange ideas. Jacobs viewed streets as the arterial connection between the people's public and the private lives. Her goal is to facilitate interaction on this arterial connection. In her most acclaimed book, *The Death and Life of Great American Cities*, Jacobs defined four "indispensable" conditions for generating "exuberant diversity" in city's streets and districts, asserting that all four were necessary to create street diversity. If any one was missing, the potential vitality of the street would be undermined.

- 1.) The district, and indeed as many of its internal parts as possible, must serve more than one primary function; preferably more than

two. These must ensure the presence of people who go outdoors on different schedules and re in the place for different purposes, but who are able to use many facilities in common.

- 2.) Most blocks must be short; that is streets and opportunities to turn corners must be frequent.
- 3.) The district must mingle buildings that vary in age and condition, including a good proportion of old ones so that they vary in the economic yield that they produce. This mingling must be fairly close-grained.
- 4.) There must be a sufficiently dense concentration of people, for what ever purposes they may be there. This includes dense concentration in the case of people who are there because of residence (Jacobs 1961).

Jacob's investigation and conclusions have a foundation in the observations she made of city life and economics in the late 1950's America. During this time, there was the new post-war inclination to move to suburbs but the cities were still vibrant and active. Planning was more flexible or organic and grew out of social changes in the population. Today, on the other hand, planning is a much more rigorous discipline destined for growth but encapsulated by NIMBYs, regulated economic development, municipal zoning codes and formal plans. While the time, as well as the economic culture, have changed dramatically, Jacob's advice is still as useful today as they were in 1964. However, the change of times and zoning laws has made it difficult to maintain, much less reproduce, the kinds of diversity, vitality and general sense of community Jacobs so admired. Fiscal land policies as well as economic needs to generate profits have misconstrued the essence of dense urban settlements.

Cities such as Los Angeles are no longer products of organic growth and natural evolution; instead they are products of stringent zoning restrictions, economics and variable market trends. American Urban Designer, Jonathon Barnett, observed this when he wrote “Today’s city is not an accident. It is the product of decisions made for single, separate purposes, whose interrelationships and side effects have not been fully considered. The design of today’s cities has been determined by engineers, surveyors, lawyers, investors, and developers, each making individual, rational decisions for rational reasons” (Barnett 1982). As a result, our cities become generic and lifeless, with neither a sense of identity nor a sense of place. The result is inadequate mixed-use buildings lacking diversity and style placed in a sea of parking and anchored by large generic franchise stores with no community attributes.

While the problem, the diminishing diversity in the urban space, is evident, there is no discussion in the literature about a solution. Stewart Barrett, a professor of Urban Design at the University of Bristol, attempted to create a three-part development plan of action that incorporates the collaboration of the community, private-public partnerships, and political and judicial officials in the design of new places that deviate from the current modes of development (that are biased to economic trends and feasibility). Even then, however, Barrett does not convincingly describe a plan of action that incorporates these collaborations. Rather, he claims that “collaboration,” a theoretical concept, is the key to the actual generation of exciting social places. Conceptualizing his theory of “collaboration” into useful practical solutions is not discussed by Barrett.

### *Community*

There is a wealth of literature that emphasizes the im-

portance of community participation in building successful cities. A successful city is one which interweaves the political, social, and economic changes of the different generations of residents into a unified “fabric” of time and space. Unfortunately, there is no literature that documents the importance of such civic engagement in the development process of mixed-use projects. Below I will describe the literature on the importance of community interaction in the growth of cities. In the “Findings” section of this report, I express the importance of community interaction in the growth of cities as well as actualize theories about community participation into practical solutions for building successful mixed-use projects built to emulate successful cities.

### *Components*

The following components were selected through a process of literature review. Literature on mixed-use projects often highlights these components as the key elements of success. Not all components are discussed in every article, book, or paper. While these components are significant to the thinking process, I do not believe they should be considered as a separate entity. There needs to be a connection between them. Without the connection, there is a risk that the mixed-use project will not effectively appeal to the community and the clientele it is aiming to impress and attract. Below is a list of the components found in the literature as they are discussed by the various authors.

1.) *Location.* A study performed by the Local Government Commission in cooperation with the US EPA entitled, “Creating Great Neighborhoods: Density in your Community” looks at the benefits and barriers of density at the local level. This study is more like a brochure advocating density in local communities. Their major argument is that dense communities are better



communities, and that location of density is the main component to its success. This point is extremely valid; however, the study fails to follow through with directive advice on selecting locations.

According to the National Association of Realtors, “Choosing the right location for density and mixed-use developments is of the utmost importance...the right balance helps to ensure that the development enhances the community and supports existing or new services like transit, shops, or a neighborhood center” (LGC and US EPA 2003). By putting density in the best locations, this study argues that new housing would help create “better neighborhoods filled with character—places where all residents are within a 5 to 10 minute walk “to a cup of coffee or a gallon of milk at the corner store” (LGC and US EPA 2003). According to this study, it is crucial to locate mixed-use developments in neighborhood hubs, such as existing or planned transit stations, town centers, and the junction of two neighborhoods or major retail and employment destinations. Adding density to each of these locations can help “build stronger communities with better access” (LGC and US EPA 2003). But how and why does density do this? Arguing that “choosing the right location,” like this study does, and not explaining why or how it is “right” makes the argument very incomplete. While location is crucial, it is not explained adequately. Most other articles argue the same thing as this study, but they too fail to provide facilitative advice in selecting sites based on the surrounding community. The papers also fail in describing the factors involved in site selection. I argue that based on location, certain projects will be more successful in building a more sustainable community.

2.) *Compatible Uses.* When dealing with mixed-use de-

velopment, getting the right tenant mix is crucial to a project’s success. Successful developers assess and form the retail to support both the neighborhood and associated residential use. It is essential for all uses to be viable and thus compatible with the surrounding environment. “The beauty of mixed-use,” says architect Ernie Vasquez, a principal with project designers McLarand Vasquez & Partners of San Diego, “is the way each use reinforces and builds upon the others. For example, in the case of Fruitvale Transit Village, the residential, public service and transit uses ensure patrons for the retail shops, cafes and restaurants, while the convenient retail services make the site more attractive to other users” (McCloud 2000). Uses must complement each other in such a way as to produce a constant stream of economic and social vitality without increasing negative externalities. According to Dean Schwanke of the Urban Land Institute, “Whatever the mix and scale of uses chosen, the uses must be compatible and appealing to similar markets.” (Schwanke 2003) Some of this compatibility occurs naturally, for example, a luxury condominium owner will not likely be attracted to mixed-use project unless the office and/or retail portions of the project are planned to be equally upscale.

Dean Schwanke argues that the area where incompatibility most often becomes a problem is retail, because the retail portion usually must appeal to multiple markets in order to be successful, and most of the market will be off site (Schwanke 2003). This may explain why it is logical to have a chain grocery store as the retail component of a mixed-use project. It is likely to attract several off-site customers, and the “name brand” aspect provides a certain protection from potentially being judged as “downscale” by off-site consumers. Compatible uses within a mixed-use project prevent potential conflicts and problems with image (Schwanke 2003). This problem is particularly critical as the retail component usually plays a major role in creating the image

and identity of a project.

3.) *Design*. Design is a major factor in developing mixed-use developments. Well designed buildings help sell the positive aspects of density and compact developments. Many have focused their research on this topic. Mark Anders (managing director of REID architecture), David Jensen, (President of land planning firm Jensen Associates, Inc), Douglas Porter (Urban Land Institute Fellow) and the Local Initiatives Support Cooperation have all dedicated all or part of their research to encouraging innovative design in compact developments. But have they been persuasive enough to get actual results?

According to LISC, “successful mixed-use in an individual building, a series of buildings grouped together, or as a predominant characteristic across an urban area, is readily identifiable by a mix of functions which jointly activate the urban form” (LISC 2003). Mark Anders solidifies these ideas by discussing how design is vital in preventing the creation of ghettos (Anders 2004). In the past, developers have given shopping centers their own feel and architectural style which was often unrelated to surrounding streets and buildings. Modern developers are trying to avoid this with a mix of open and covered streets and different styles of architecture but not many have succeeded. Jensen argues that it is critical to assess and understand the target market’s customer preferences prior to designing a project, especially a mixed-use project where people will consider home (Jensen 2004). Consumer preference studies performed by *American Lives Magazine* consistently show that buyers desire open space, sidewalks, and walking and bicycle trails. (Jensen 2004) This desire to be closer to nature has lured many residents out from busy cities and into large-lot suburban developments. Jensen argues that developers view this as a sign that “people don’t like density and would pre-

fer to live in suburban-type settings” (Jensen 2004). This type of mindset may have been the driving force behind Los Angeles’ seemingly “schizophrenic” zoning and lack of successful infill projects<sup>2</sup>. The problem is that these amenities are not restricted to suburban lots only, developers could just as easily design a project with these “natural” amenities. People want to live in the cities, by providing them with the amenities and design they desire there will be a “higher success rate amongst mixed-use developments.” While the literature is accurate in claiming design as a major component of successful mixed use, again it does not describe how a developer could incorporate these designs into a dense, urban project. The literature also never discusses community involvement in the design of such a project. Of course market studies to measure preferences (like the ones performed by *American Lives*) are important, but it is also important to ask surrounding neighbors what a project should include to preserve the sustainability of the area.

4.) *Access to Transportation*. Transit Oriented Development (TOD) focuses a mix of land-uses, such as residential, office, shopping, civic uses and entertainment within easy walking distance from a transit station (1/4 miles, 5-10 minutes). This mix of uses, combined with thoughtfully designed community spaces, plazas, etc., forms a vibrant village-like neighborhood where people can live, work and play. Such a village is compact in size, pedestrian-friendly in design, can be customized to offer a wide variety of housing options, with convenient access to services, jobs, and plenty of ways to get around.

Transit Oriented Development (TOD) is one of the most innovative types of mixed-use development that is designed adjacent to a transportation hub. The convenience and utility of TODs encourages people to use alternative modes of transportation

which in turn creates an interesting urban character in places where it doesn't currently exist. (Porter 2000) Good transit access also makes a sound argument for alleviating parking requirements. For example, including congregant care or senior housing rather than standard apartments or condominiums can also reduce parking needs" (McCloud 2000).

5.) *Sense of Place*. People go to places that appeal to them on many levels. Ideally, all the senses are engaged –sight, smell, sound, touch, and taste. But it is the presence of other people and the ability to interact with and watch them in a safe and energized environment that creates the most memorable and successful places. As a result, diverse, well-conceptualized developments in a coordinated, entertaining, and lively environment are worth more in real estate value than stand-alone buildings in a sea of parking. These places also maximize retail spending and rents and, as a consequence, capital value. When people like a place, they will incorporate it into their daily lives, using it and enjoying it even when they have no expressed purpose for visiting it. Such places establish a sense of community that gives a focus to people's daily lives.

While the development of a sense of place is extremely important to project success, the literature expresses the critical rift between theory and practice. In theory, creating environments that develop a unique sense of community ownership and interaction are praised, while in the real world, developers seem to forgo developing unique places due to fear of financial risks. This is because the literature does not emphasize the economic value of creating a sense of place that is unique.

During a conference entitled "Mixed-use and Revitalization" in April 2005, Richard Ackerman, Principal at Apollo Developers, proudly described his new projects saying "I am developing a project in West LA where I am

putting 109 market rate units on top of a Ralph's Grocery Store...Project's like this are great income producers and they happen to follow the mixed-use trends of the time" (Ackerman 2005). Developers such as Ackerman are continuously producing generic place-less projects that epitomize the misconceptions about successful mixed-use developments.

Mark Anders, managing director of international practice REID architecture's Birmingham Office, discusses these types of "generic" and place less developments in his paper, " Understanding and Balancing Mixed-Use Schemes: The Key to creating Successful Communities." In this paper, Anders criticizes the "traditional mixed-use projects" with retail together with either a mixture of residential units or an office element. He claims that "pockets of almost identical developments are now springing up everywhere...to the detriment of city life" (Anders 2004).

### **Critique**

Developing mixed-use projects with sporadic nodes of active, pedestrian, and residential urbane life could prove to be a fascinating, highly worthwhile endeavor for any Urban Planner or Developer. This endeavor to create adequate Mixed-use projects is actually a mission to provide better utilization of urban land, and create the necessary interaction and vitality associated with urban neighborhoods. However, there has been confusion about how to achieve such vitality in urban neighborhoods. Perhaps this confusion may be due to a lack of literature on the holistic process of developing mixed-use projects. The literature provides the reader with ideas or components of successful projects but fails to explain how to actualize these components in the "real world." There needs to be adequate guidance on the holistic process of developing mixed-use projects. The holistic process must cogently incorporate the com-

munity, the market potential, and the future goals of the project in such a way that celebrates community and innovations.

Following are the issues and guidelines that have been identified as important elements for developing a successful mixed-use and vibrant area. These guidelines will be dealt with in detail in the “Findings” portion of the chapter. Each of these guidelines identified below depend on the other. Through the process of planning and development, they must be customized and changed to produce a mixed-use project that adequately expresses the intent and purpose of the developer, planner, community, and other interested parties.

#### *Establish a Goal*

When establishing a project, it is important to set a goal that incorporates the developer’s ambitions, the community’s need, and the urban fabric in which this project will exist. The longevity of the project as well as the creative ambitions of the project takes precedence in the thought process that goes into planning a mixed-use development. Whether this development will attempt to emulate a quiet town, an upscale urban center, a modern technological paradise, a major regional service center, or a cultural mecca, there needs to be a thorough understanding of the ambitions of the development.

The process of establishing a goal must be performed with the consent of the community. Perhaps this process works in the form of neighborhood meetings or through neighborhood associations. While this collaboration is essential, it may be difficult as it is often challenging when trying to gain the approval of either the city or different community entities. The best way to go about this is through workshops and meetings that elicit community participation in the development and planning of a mixed-use scheme.

#### *Developing a “Retail Environment” Strategy*

Analyzing the retail environment requires that one incorporate aspects from all the components and ask the questions that will encourage facilitative improvements on both the social public space and the retail space. Asking questions such as— Is the location visible enough to encourage a clientele that will support healthy economic return on retail investment? Does the design support retail spaces that support residential needs? Are the shops too noisy or too smelly to be near to residential uses?—can help in the design of a suitable retail strategy. The strategy will describe types of retail that will be successful based on the location and established goal of a mixed-use scheme. This strategy must express the value of sustainability through the built form by encouraging the design of spaces that respond to versatile demographic needs and market trends. In this chapter I support the proliferation locally-owned businesses such as specialty bakeries, fine restaurants, drugstores, little markets, coffee shops, unique clothing stores and many other businesses offering personal services. What changes must be made in order to allow for the growth of locally owned businesses in the mixed-use development? The Retail Environment is important as it is one of the crucial aspects of developing a “Sense of Place.”

#### *Variety in Housing Choice*

Building mixed-use communities entails more than just building housing units. There needs to be a firm understanding of the neighborhood, nearby employment opportunities, neighborhood services, amenities and community facilities. Further more development must be responsive to the needs of the community as a whole. There also needs to be a variety in the types of housing available. Variety in housing choice offers residents the opportunity to choose from ownership units, rental units, lofts, town homes, small compact units to

spacious family units. Variety helps support diversity in residents because it allows for price variations as well as population diversity. Both price variations and population density are assets to successful mixed-use developments.

#### *Design and Development of the Building Context*

The design of the project must accommodate the density, scale, massing, diversity, variety and style of the surrounding community. With regards to design, the development must accommodate the residential density in order to allow for a comfortable living situation. Issues such as security, building to the human scale, and building within an established community are at the centerpiece of this mixed-use guideline. Dealing with the issue of security may entail a design that separates public spaces for residents and public spaces for shoppers. At the same time, this separation must not be so extreme as to sever any ties between the residential uses and the greater community. Preserving the scale of the neighborhood respectfully pays homage to the variety of styles and structures developed in the surrounding city through time. The difficulty is that mixed-use developments are large and complex affairs by nature. How can that be modified to a comfortable human scale that is friendly to pedestrians and the community. The development must also subtly flatter the surrounding community context while adding something unique and innovative. The massing of a development is extremely important in preventing large monolithic projects that hover over small, quaint communities.

#### *Design of the Public Realm to Encourage Interaction*

Facilitating the sustainability of the retail and urban vitality of the public space are the main objectives of any successful mixed-use development. The goal is to produce a space that encourages discussion, innovation, creativity, activity, and a sense of community. Design

features such as a lively streetscape, an interesting use of street furniture, and an “architectural centerpiece<sup>3</sup>” are some ways to achieve the desired goal of interaction.

#### *Future Goals*

Every project starts with a plan, continues with a ground breaking, followed by a laborious construction process and physically culminates with a “grand opening” of sorts that celebrates the ardors of all involved. However, this is not the final stage of the process. After the building is complete, the project must constantly but subtly transform and mend to the changing needs of the community. People, places, neighborhoods and trends change from time to time, and a mixed-use development must cater to those changes in order to be successful. Neighborhood associations or homeowner associations are essential to monitoring such changes and ensuring the sufficient change in the project.

#### *Active Management of “Completed” Mixed-use Project*

Active management refers to the responsibility of the daily and long lasting changes over time. Who will be directly responsible for changes and how will they go about making such changes? Typically, the community and the residents should play the major role in the implementation of changes in the community or project through time.

#### **Case Studies**

The case studies discussed below are separated into two parts: “Part I: Learning from Mixed-Use Towns and Cities” and “Part II: Learning from Previous Projects.” I explore the case studies much in the same way that I have discussed in the “Critique” section. I explore the guidelines and ask the questions necessary to assess

success. In the first Part, I take a look at the mixed-use district of Tribeca in New York. This district is a classic example of how cities change to cater the needs of the changing population through a building process that has lasted over 200 years. The city of Tribeca is important to my research as there are many lessons to be learned about building a successful project that fits into the community, from a district that has such a profound respect and relationship with the surrounding community. The second area to be studied in Part I is the East Hollywood area. The particular study area is the Hollywood and Western intersection. This area is an example of unsuccessful development. The developments on this intersection appeared to have been designed in flagrant disregard of the community. The components were addressed, but in a disjointed, incoherent way that relays a sense of confusion and displacement. From this case study, I will attempt to gather information on inadequate development measures. From these, a more holistic process of development can be designed. This case study also provides me with a chance to assess what needs in the community are not being assessed adequately.

In the second part, "Learning from previous developments" The City Heights Urban Village in San Diego and the Mandela Gateway HOPE VI project in Oakland are studied. The City Heights Urban village is a single development designed in the form of a village or small city that celebrates diversity, variety and urban sustainability. The initial goal of revitalization coupled with future ambitions of creating a more dependable and self sustainable community earn the project acclaim. The City Heights Urban village successfully emulates the growth process of a growing mixed-use district like Tribeca. There is much to be learned from the types of growth and development that City Heights has undergone. The last case study is the Mandela Gateway HOPE VI project in Oakland. This project grew out

of a crisis (Loma Prieta Earthquake 1989) by using the strength, ambitions, and unity of the community. As the project was nearing completion, the decision was made to preserve all the retail spaces for community owned shops and spaces. This has proven to be an extremely successful resource in the process of creating a new breed of urban vitality.

In the following section I discuss each case study in detail. In Appendix II, there will be a brief comparative synopsis of the case studies. The synopsis will address the guidelines that I have listed earlier in the critique section.

#### *PART I: Learning from Successful Mixed-Use Towns and Cities*

A good mixed-use project earns acclaim when people feel comfortable and enjoy being there. Many neighborhoods have this feel as they have developed organically to have many of the amenities that residents need and enjoy. Developers of mixed-use projects must imbue their projects with the same kind of community feel. This may be difficult, especially because neighborhoods are products of years of evolution and change, change performed mostly by the community. On the other hand, most new developments are created within a series of months and reflect the desires of the developers and/or architects that designed it. I argue that there is much to learn about design from successful mixed-use communities.

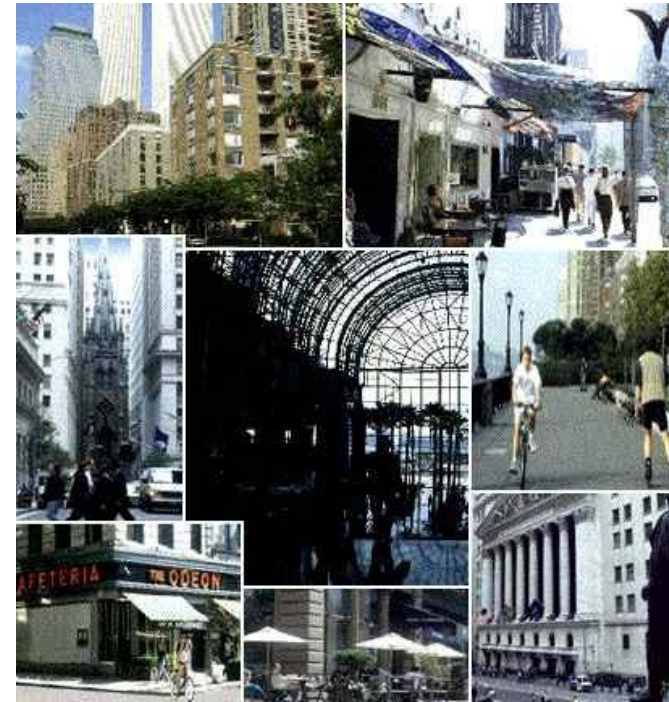
#### Case Study 1: Tribeca New York

*Basic Facts.* The Tribeca neighborhood is in the lower Manhattan district. This district has gone through a dramatic metamorphosis in the last two centuries to evolve into a vibrant mixed-use area. The Tribeca Lower Manhattan mixed-use community was once a part of a larger wholesale market and distribution cen-

ter or butter, eggs, cheese, produce and a menagerie of other commercial ventures (Bulani 2000). It is now known for its fancy lofts, premier offices, quiet streets, good schools, trendy bars, cultural restaurants, boutique retail, world-famous art galleries and fancy night-clubs. There is a healthy variety in land uses offering local residents alternatives in housing types, office spaces, and unique retail environments.

The study area encompasses about 50 blocks (78 acres) of the city which includes portions of the Tribeca Washington Market neighborhood and the Civic Center area. This area is unique in that its historical character was preserved when the city designated it as both a “historical district” as well as a “special mixed use district” in 1976 (Bulani 2000). Since 1976, the Tribeca area has morphed to fit the growing needs and population growth.

Figure 1. Collage of Tribeca Urban Vitality



*History.* The Tribeca neighborhood was first established in the early 1800's. During that time, it was a quiet residential neighborhood for New Yorkers. Many of the brownstone and brick federal style buildings designed during this time still exist today. During the early 1800's many immigrants began moving into the district imbuing it with a flavor of diversity. By the Mid 1880s, the diversity became such a unique quality of Tribeca, that the eastern part of the city was dedicated to a cultural and civic center. As the population increased, Tribeca began to experience a need for more housing and jobs. So in the 1860's there was a building boom, with commercial buildings going up on Duane, Reade, Leonard, Walker, and White Streets. (Bulani 2000) Most of the

buildings were five-story and were made of cast iron or wood and brick. By the late 1800's the railroad was constructed on Hudson Street in the heart of Tribeca. Consequently commercial uses such as department stores, textile firms, and other factories replaced residential uses. These commercial uses attempted to take full advantage of the new Hudson River railroad which promised increased economic vitality for the region. During this time the Tribeca area became one of the top Mercantile exchange centers in the nation, as a result of the New York Mercantile Exchange constructed on the corner of Harrison and Hudson streets (adjacent to the railroad).

By the Early 1900's the booming mercantile industry made way for new factories constructed to accommodate the variable demands of new goods, especially perishable goods. The land was already becoming scarce, so skyscrapers were being constructed to suit the growing economic needs for offices near to the factories and warehouses, banks and telephone services. This agglomeration helped preserve necessary networks that aided the growing business sector. As more businesses moved into the area, there was a shortage of labour supply. Since there were so few residents living in Tribeca, it was hard to generate a qualified pool of applicants that could adequately supply the booming demands of the business sector. So in 1960, Apartment buildings and a community college uprooted any auxiliary office buildings, lofts, and warehouses that had no necessary attachment to the area. The surge in residents caused an equivalent need for more nearby amenities. By the 1970's mega-structures such as the Manhattan Community College and the Independence Plaza were built. The Plaza is a 40-story middle-income government subsidized housing complex designed to fill the need for affordable housing. In 1976, Tribeca was officially considered a "historic" neighborhood as well as a "special mixed-use district" which allowed

for the development of manufacturing, commercial, and residential uses. In 1977, the World Trade Center was built and the New York Mercantile Exchange moved in. The former building was converted into offices and lofts. At this time, creative people and Artists moved into the former Mercantile Exchange building creating a more diverse and interesting neighborhood. As more people moved in, more amenities emerged making Tribeca one of the "most interesting mixed-use communities to live in" (Bohl 2002).

*Land Use, 2000:*

The following is a list of land uses of the Tribeca neighborhood. The mix of uses provides an image of what a neighborhood that has grown organically to suit the needs of its residents looks like. It is apparent from the chart that office and residential uses are the main uses of this neighborhood.

**Table 1. Tribeca District Land Use, 2000**

	Square Footage	Percent of Study Area
Vacant Land	73,674	2%
Residential	1,001,448	33%
Community Facilities	65,089	2%
Retail, Services	92,610	3%
Wholesale/Service	155,936	5%
Studio (production)	10,735	1%
Parking	142,522	5%
Warehouse/Large wholesale	218,249	7%
Industry	36,425	1%
Open Space	1,800	0%
Office	1,058,562	35%
Vacant Building	171,728	6%
<b>Total</b>	<b>3,026,874</b>	<b>100%</b>

(Source: Bulani 2000)



*Future of Tribeca.* As Tribeca is a city, it will change as needs, demographics, and culture change. On September 11, 2001, terrorist attack demolished the World Trade Center, one of the cornerstone buildings. Today, concepts are being reviewed in preparation for a new building that will fill the void. The quality and effervescence of a city has its foundations in the community that owns it. They, in essence become the city, and as they change, the physical city changes as well to accommodate those changes. Mixed use cities are poignant reflections of the lives encapsulated within it. Developers of Mixed-Use projects must aim to recreate such feelings of ownership and community empowerment within their projects to gain as much success as Tribeca has.

#### CASE STUDY #2: East Hollywood, CA

*Basic Facts.* The study area consists of the intersection of Hollywood and Western. This study specifically focuses on the northeast (left picture of Figure 2) and southeast corner (right picture of Figure 2) of Western and Hollywood boulevards. There are two major developments on this intersection, the Hollywest Apartments on the northeast corner and the Western Carlton II Apartments on the southeast corner of Hollywood and Western. Designed and developed at different times, these developments provide a certain environment that evokes a sense of confusion and disorganization within the neighborhood.

*Hollywest Apartments.* The Hollywest apartment complex consists of 100 one-bedroom units for very low and low-income seniors built on the second story of the Hollywest commercial development, home to the new Ralphs supermarket, Blockbuster, Ross Dress for Less, and Starbucks at the northeast corner of Western Avenue and Hollywood Boulevard. Hollywest Promenade, LLC is the developer for the entire \$50 million project. Financing of the residential phase of the project was provided by the Community Redevelopment Agency (CRA

LA) for predevelopment funds of \$370,000 and contributions to construction for a total investment of \$5,120,000. Upon completion of construction, the project was sold to the CRA LA, which in turn sold it to the Retirement Housing Foundation (RHF), a non-profit corporation for \$10,529,775. Private funding sources included conventional loans, and private equity, as well as Low Income Housing Tax Credit proceeds, and funds from the City of Los Angeles Housing Department.

**Figure 2. Hollywood and Western Intersection Hollywest (left) and Western Carlton (right)**



*Western Carlton II Apartments.* Western Carlton II is a mixed-use transit-oriented development on Hollywood Boulevard at Western Avenue that represents a joint effort by the MTA, the Community Redevelopment Agency (CRA LA), and local residents to redevelop a major intersection of a distressed community by constructing much needed affordable housing centered on mass transit. Comprised of 60 residential units, a daycare center, and 9,000 square feet of retail space directly above a subway portal, the project was completed in December 2003 and was 100% leased within 45 days. 100% of the units are affordable at or below 80% of AMI, targeted to very, very low and very low-income large families in (21) one bedroom, (15) two bedroom, (21) three bedroom, and (3) four bedrooms. Amenities include washer-dryers, security alarms, refrigerator, range and hood,

dishwasher, cable and one secured parking space underground.

The architecture of the building has been designed to integrate into the architectural design and artistic style of the MTA station. The MTA station, on the ground level, is designed with rightly colored tile and the artistic design “pays homage to the native Mestizo heritage and original European settlement” as well as the pan-ethnic backgrounds of more recent immigrants who constitute a large portion of Metro Rail users. Fossilized animal bones found when the site was excavated as well as 2 replicas of the old Pacific Electric Red cars are integrated into the station design. The 9,000 square foot retail will be on the ground floor of the building and will face Hollywood Blvd and Western Blvd., wrapping around the plaza entrance to the train station. The retail storefronts will have a depth of 40 to 46 feet with unfinished ceiling heights of 15.5 feet. The storefront will be all glass. The retail component is designed for multiple tenants. The project includes a 4,000 square foot child care center on the ground floor, and can accommodate up to 70 children.

*Community and Business.* The East Hollywood area is a diverse community with a large Latino, Armenian, and Thai population. It is also a predominantly low income community with high density and a low rate of property ownership among business owners and local residents (Thai CDC 2004). Businesses in the area are also under-producing despite higher density and larger population (Thai CDC 2004). While the stores are under producing, it seems as though street vendors are producing more than in other areas (See Figure 3). As I walked through the east Hollywood neighborhood, I encountered ten street vendors, all of which claim to earn \$200-\$300 a day selling food, clothing, or souvenir items on the street or from their automobiles.

During my investigation, the vendors had many customers looking at various items. Meanwhile, the *Quiznos* and *Jamba Juice* located in the Hollywest development remained relatively void of customers. It is apparent that while the existing mixed-use developments cater to the low-income residents in the East Hollywood district, it certainly does not cater to the community’s business interests, as proven by the low profit revenues. (Hollywood Chamber of Commerce 2003) According to the Thai Community Development Center, “the limited resources provided to the neighborhood proved insufficient to adequately mobilize the business community’s interests.” While these mixed-use projects aimed to revitalize the neighborhood, it is obvious that a better understanding of economic development and the needs of the community must be assessed.

Street Vendors have a constant clientele from vehicular and pedestrian traffic. Street vendors animate the streetscape with their unique goods and clientele. They give the street a certain humanity that encourages residents, pedestrians, and passersby to experience the city in a distinctly emotional way that sears into their memory. These vendors have acquired these public spaces and changed their meaning and use to create an intimate form of economic development.

*Housing Variety.* Both the Hollywest and Western Carlton projects offer low income rental units. The

Figure 3. Street Vendors in East Hollywood



Hollywest development offers affordable senior housing while the Western Carlton offers affordable family units. None of these units are ownership units. As a result, there is a sense of resident disinvestment in the area. This is apparent in the trash strewn around the developments. Below is an image of the Western Carlton front façade and entryway to both the commercial area and residential area. This area is filled with trash. This symbolizes a state of neglect by the residents, commercial space owners, and the society. Ownership of space can help to reduce such visible neglect.

Figure 4: Western Carlton II front façade



*Future Plans.* There are no specific future plans for the mixed-use projects on the Hollywood and Western intersection, however, the East Hollywood area is working on a 10-year plan with the City Planning Department, the community Redevelopment Agency, and the community to encourage more community participation in future projects in the neighborhood.

*PART II: Learning from Previous Mixed-Use Developments/Projects*

While many would easily describe a developer as a faceless economic machine driven by profit, there are several examples where the developer clearly has the community in mind. The following two case studies of projects built to fit the surrounding residents and environment. They are successful because their presence or development paved the road for a more vital community, and in some cases even created a community where there was none. The third case study is of a project that attempted to include all the necessary elements of what the literature describes as successful for a project of its caliber. However, this project has failed to create or reinvigorate the surrounding community.

Case Study #3: City Heights Urban Village:

*Basic Facts.* The City Heights Urban Village is a product of the City Heights Initiative, a partnership between Price Charities and Public and non profit agencies, that aims to improve the quality of life in San Diego's community of City Heights. The Urban Village covers eight square blocks in City Heights covering almost 30 acres and includes a state-of-the-art library, a swimming pool, tennis courts, a performance annex, a community service center, a Head Start Facility, a police station, an elementary school, and a Continuing Education Center. The Urban Village also provides office space for the Town Council, a local organization originally funded by the initiative to give residents a voice in the revitalization process, and office space for local non-profit organizations providing services to the

Figure 5: Map of City Heights Urban Village



community, a community shopping center with ethnically oriented grocery stores and restaurants, 116 rent-controlled town homes, and several single-family homes on small lots for first time buyers.

As you can see from figure 6, the City Heights area is designed to emulate a city with dense urban core of housing and retail surrounded by more spacious housing options. The center area has retail spaces, offices, community owned spaces, and senior housing and “La Maestra” compact rental units and town homes. Surrounding this area is the retrofit housing. These houses are more spacious and are designed for families. All activities can be accessed within one mile of the site plan.

Figure 6: Site Plan of City Heights Urban Village



Figure 7. City Heights Urban Village Town Homes



*Housing.* The Town homes are designed for families and feature two, three, and four bedroom units (see figure 7). There will be underground parking available, air conditioning, and fully equipped laundry rooms. Thirty-four of the units are restricted to families earning less than 50% of the San Diego Area Median Income. The remaining units are being rented primarily to residents and employees of City Heights under a program which allows renters to work off a portion of their rent, up to \$400/month, by participating in a community service program. The new town homes were ready for vacancy in the spring of 2003, and as expected, there was an overwhelming demand for the town homes.

For those wishing to purchase their own home, the City Heights initiative helped rehabilitate and build many small homes in the surrounding vicinity of the Urban Village. To provide low interest home loans to first time homebuyers from City Heights, the Initiative partnered with Community Housing Works to develop an innovative loan product. Qualifying residents or non-profit employees receive a \$25,000 silent sec-

ond mortgage that they can pay off with community service in the City Heights community.

The Community Service program is designed to stimulate civic participation, improve relations between residents as well as to engage them in an interactive manner, reduce crime and facilitate the creation of socially responsible and valuable human capital. It is also a way to encourage community ownership of all aspects of the Urban Village. In order to do this, the Initiatives partnered with a number of schools and non-profit agencies to place participants from the Housing Programs into those agencies to perform community service.

*The Community of City Heights.* City Heights is a community located six miles northeast of Downtown San Diego. City Heights is densely populated with over 72,900 residents within a one mile radius of the city center. The community is very ethnically diverse with over 30 languages spoken. In 1990, the San Diego City Council made a “Declaration of Emergency” in City Heights due to increasing crimes rates and lowered standards of living. At that time over one third of the residents lived below the poverty line, crime rates remained higher than the city average, the unemployment rate was quickly increasing, residential turnover was high and school performance was significantly below the city average.

Aware of the needs of the community, the City Heights Initiative designed a community vision plan that would encourage interaction and facilitate healthy growth of the city (see figure 8).

*Future Plans for the Urban Village.* Price Charities is building a new home for the Metro Career Center, a “non-stop” job-training and employment center operated by the San Diego Workforce Partnership. The Center will be located on the block formed by University Avenue, 39<sup>th</sup>

street, Polk Avenue, and 40<sup>th</sup> Avenue. The Center will consist of an 83,000 square foot office building with a four-level parking structure. The San Diego Workforce Partnership is expected to occupy the majority of the office building. Current plans also call for the integration of a community meeting space, computer room, and childcare center within the complex. A small amount of neighborhood retail is also envisioned. For the remainder of the block, Price Charities will be meeting with the community to design another 120 unit affordable housing complex with resident-owned retail space (City Heights Initiative 2002).

*Future Goal.* An innovative redevelopment approach, The City Heights Initiative employs holistic strategies to improve a densely populated, diverse community in need of infrastructural, social, and economic reconstruction. The goal is to develop a functional mixed-use neighborhood that serves a purpose in both the revitalization of a neighborhood and the empowerment of a community. Currently, many cities look at the City Heights Urban Village as a model for successful mixed-use development that is primarily community-driven.

#### Case Study # 2: Mandela Gateway HOPE VI Project

*Basic Facts.* The Mandela Gateway HOPE VI project replaces 46 units of dilapidated public housing in a struggling West Oakland neighborhood with a mixed-use, mixed-income, transit-oriented community. The newly developed five acre site contains a variety of new build-

Figure 8. City Heights Community Vision Plan



ing types, such as apartments, townhouses and single-family homes. The Mandela Gateway accommodates the residents from the previous public housing facility as well as provides affordable housing for 116 additional families for a total of 168 new units.

On the ground floor, there is over 20,000 square feet of new commercial space designed to activate the neighborhood's once thriving commercial corridor, 7<sup>th</sup> Street, with locally-owned businesses. There is also an outdoor play space for children, community space for residents, landscaped town square and dedicated spaces for educational classes and after school programs. Part of the project's focus was to redesign and redevelop a community so they incorporated a variety of streetscape improvements. These improvements add character and livability to the area with new diagonal (podium) parking, street trees, new sidewalks and street lamps. All of these amenities are located in or adjacent to the mixed-use project which is directly adjacent to a transit stop for BART, the Bay Area's Regional Transportation network.

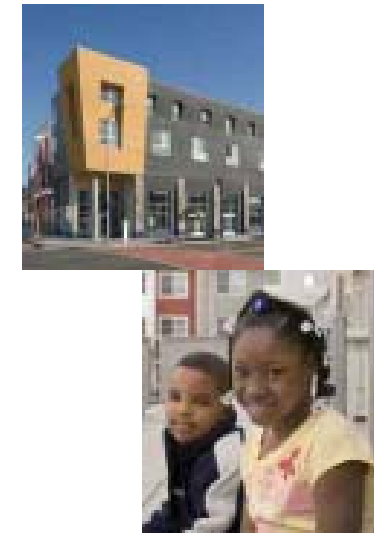
*Housing.* The new complex will have one- to four-bedroom units ranging from 680 square feet to 1,290 square feet. All units will target tenants who earn no more than 60% of AMI. A portion of the units will be available to lower-income families by allowing them to pay 30% of their income for rent and utilities. There will be 46 units reserved for renters of the previous public housing complex called Westwood Gardens. Aside from those, there will be 96 rental units and 19 ownership units.

A variety of new building types that preserve the scale and character of the surrounding neighborhood distinguish the Mandela Gateway HOPE IV project. There are apartments along 7<sup>th</sup> street, townhouses along Mandela Parkway and single family homes along 8<sup>th</sup> St.

*Community.* In 1989, the popular West Oakland commercial corridor along 7<sup>th</sup> Street was bustling with shoppers and nearby residents. The businesses were thriving, the residents were excited, and the city was alive with economic and social vitality, until one fateful October day where the earth began to shake. The Loma Prieta Earthquake caused the double-decker Cypress Freeway to collapse, taking the lives of 70. The Mandela Gateway HOPE VI project recycles that former freeway right of way into land for new community housing, thus transforming a grim community divider into a visible symbol of the area's rebirth. According to Calthorpe Associates, the developers of the project, the Residents, neighbors, and community groups were involved from that beginning of the revitalization effort, and their ideas and support were essential to the success of the \$50 million project. The Community felt that it was important to include community owned retail in order to further the economic vitality of the neighborhood.

The residents of this development view their development as more than a physical space to live; they view it as a community. This is evident in their successful efforts to create neighborhood associations and develop personal relationships among their neighbors. According to BRIDGE housing, prior to moving into this property, residents had lived in the same town or city for an average of 12 years. Having the ability to stay within the same community brings stability to the homes, the schools and the communities. By providing families with safe, affordable housing, the Mandela Gateway mixed-use project helps to increase civic participation and promotes family and financial stability. By living in homes that are affordable and located near their jobs, residents are thus able to live and work in the same community. Nearly 70% of resident families work in the same city, in which they live, compared to only 39% of Bay Area residents in gen-

**Figure 9. Mandela Gateway Development and Residents**



eral (Bridge Housing 2005). Homes located close to jobs allow families to spend more time together building important bonds rather than time wasted in commuting to and from work.

*Awards.* Mandela Gateway was awarded the 2003 *San Francisco Business Times* Real Estate Deal of the Year for Best Affordable Residential Development. In March of 2004, an article in the *San Francisco Business Times* had the following words to say about the Mandela Gateway Project:

The 168-unit rental housing development/transit village is a much-needed \$52 million catalyst spurring future West Oakland projects. Developer Bridge Housing Corp. overcame many obstacles, including hard-bargaining Caltrans bureaucrats, to put together a 4.6-acre parcel large enough for a meaningful mixed-use development (Ginsberg 2004).

*Future Goal.* This project aims to be a force of social change as it provides many programs and housing opportunities that cater to the needs of families and community members. The structure of the building and retail is open for modifications by the community as it is designed to be the product of local teamwork. The builders of this development explain their intent, saying “We measure our productivity in terms of output—the number of homes and value of construction completed. But our true measure of success is the difference we make in people’s lives, and that begins with residents” (Bridge Housing 2005).

### **Findings**

Developing mixed-use projects with sporadic nodes of active, pedestrian, and residential urbane life could prove to be a fascinating and highly worthwhile endeavor to any urban planner or developer. This

endeavor to create adequate mixed-use projects is actually a mission to provide better utilization of land, and create the necessary interaction and vitality associated with urban neighborhoods. While it may be exciting, however, it has also proven to be a more difficult and ambiguous process, as it takes precision in the areas of community assessment and market potential. The dilemma is that towns and cities develop over hundreds of years, while current projects are built in as little as 5 months. Many developers understandably look more in the short term, searching for schemes with the biggest value that will generate the best returns, but this does not necessarily provide the ideal social solution. Redevelopment should be driven by an area’s social make-up. It should not be assumed that the development itself has the ability to change or improve a community.

Perhaps this confusion and ambiguity surrounding the development of mixed use may be due to a lack of literature on the holistic process of developing mixed-use projects. The literature provides the reader with ideas or components of successful projects. Components such as location choice, compatible uses, design, access to transportation, and creating a sense of place, offer the reader a broad understanding of what comprises successful projects, but there is no literature that adequately explains how to bring these components into the real world. Fundamentally, how can we humanize these components and create a project that appeals to the consumers and residents as well as to the surrounding community in such a way that it elicits increased civic empowerment and unity among all interested parties? There needs to be adequate guidance on the holistic process of developing mixed-use project. The holistic process must cogently incorporate the community, the market potential, and the future goals of the project in such a way that is facilitative of the communal process of city building. The components dis-

cussed above will be included in this process, but they are approached in a way that encourages sustainability and quality. Working with the components alone is bound to produce a project that does not fit into the urban character of the city.

Following are the issues and guidelines that have been identified as important elements for developing a successful mixed-use. Each guideline contains a practical recommendation that supports the concepts discussed in the literature and the physical evidence from the case studies. These recommendations are an attempt to actualize the theories about mixed-use in a practical way:

*Establishing a Goal.* Truly successful mixed-use projects are not the product of a singular vision, but rather, the collaboration of many visions. Successful mixed-use projects emerge from the collective decisions of many organizations, associations, corporations, and government bodies. The development of a goal should value the concept of democracy—however unpredictable the results may be. Goals can be established through a diligent public relations process of eliciting community and local government voices in the development process. This practice of establishing a goal with the community is necessary to preserving the character of the surrounding community, as well as developing the necessary features that will make the project a more useful and sustainable place through time. Today cooperation between the developer and the community or local government is often necessary as the cost of urban land is steadily rising. Public/Private partnerships allow developers to gain access to community block grants or other sources of funding which can alleviate the increasing cost of land. At the same time, working together with the community, allows private developers to gain an edge on the consumer retail and design preferences.

It is also important to establish a project that fits in with the surrounding community. Location is important for doing this. Location is important for many reasons. The first reason is that it helps developers find a community that honors the virtues of collective space rather than the virtues of xenophobic anti-growth. Because mixed-use developments are often large and complex affairs by nature, it is important to locate them around people who enjoy sharing sidewalks and streets, cafes and art galleries, shops and services. These communities are ones which revel in the unpredictable nature of the ever-changing city. These types of places are usually located in downtowns. All of the case studies, except for East Hollywood, are located within 5 miles of the city's urban core or downtown.

*Developing a "Retail Environment" Strategy.* As has been shown in the Mandela Gateway Development, The City Heights Urban Village, and the Tribeca district, catering the retail environment to communities or locally owned business helps enrich a community's distinct identity. According to Hinshaw, an Urban Design Director in Seattle, it takes a lot of people living within a relatively small area to support locally owned businesses. In the Mandela Gateway development, retail spaces are reserved for businesses owned by local residents. In City Heights, a small ethnic grocery store is well frequented by residents and in Tribeca there are many specialty stores and clothing shops unique to the area. Below are recommendations for the "retail environment" strategy.

*Community Owned Retail Spaces.* As has been proven by the Mandela Gateway project and the City Heights Urban Village as well as in various sources of literature, communal ownership of spaces makes residents more socially responsible as well as encourages unity and empowerment amongst them. These neigh-



neighborhood places include small boutiques, cafés, book stores, food marts and restaurants owned by the community or individual residents and are fundamental to the process of “creating a sense of place.” Physically and psychologically, these small neighborhood places allow people to form a strong emotional association with a neighborhood. Even though it is part of the public realm, these small neighborhood places simultaneously drift into the social realm and become symbols of times and events in people’s lives. By incorporating such types of places in mixed-use developments, developers will become architects of time and social space instead of designers of common retail establishments. When residents own and run retail space in their community they are apt to be more considerate of the social, architectural and emotional design of the space. They will also be more thoughtful about the types of products that they will sell. Franchise establishments, such as *Jamba Juice*, are centrally designed and distributed as a package to communities, without regard for the community. In contrast, neighborhood places are designed by the community, and they go on to become symbols of what the community values and enjoys.

Community owned places successfully initiate a dialogue between the economic, social, and private realm; a dialogue that emphasizes the importance of product quality, unity and social consideration in such a way that resembles the dialogue initiated in cities. In the City Heights Urban Village, commercial partnerships between the diverse residents offer the city a form of economic development generated by the residents themselves rather than by “strangers” or developers eager to make a quick profit from land speculation. These places and the products sold are also specifically designed or chosen for the neighborhood and celebrate the diversity and newfound unity between groups. This type of interaction can be emulated in a project by incorporating street vendors.

*Street Vendors.* In East Hollywood, a lack of community owned retail paved the way for street vendors selling unique domestic products. Street vendors represent both an aspect of the retail environment as well as the public/private realm. Usually they are informal vendors setting up their goods on vacant sidewalks, street corners, vacant lots and parking lots accessible to passing motorists and pedestrians. Vendors bring a certain quality of domestic life into the urban spaces, with their used dresses, home décor, flowers, fruits, T-shirts, furniture, jewelry and rugs thrown over chained fencing. Street vendors make streets more intimate and evoke the sense that this area is a community rather than a sterile business district. Vending is unique in that it creates a diverse microeconomic condition that serves the classic underclass as well as entertains the passersby. In the East Hollywood, vendors accumulated significantly more clientele than the average shops. This type of diversity and ownership of the street creates a unique clientele that encourages different types of people enjoy the street. Much like what the study performed by the Calgary Planning and Building Department in 1993 indicates, street vending shows that a variety of goods and services attracts a variety of customers to promenade the streets. These customers then provide a “pedestrian ballet” that entertains others on the street. This type of informal interaction elicits urban vitality in a way which uniquely responds to the social climate of the area.

Encouraging street vending in mixed-use areas is one way of activating the retail scene to encourage increased community participation as well as communal ownership of the location. Offering legal spaces for street vendors to agglomerate in a development creates this desired effect. For example in Santa Monica place, the stores are neatly placed in lines on either side of a “Main Street” (3<sup>rd</sup> street) while street vendors are scattered

on the “sidewalks” and in the “street.” This set-up encourages a higher volume of clientele and is thus economically successful.

#### *Variety in Housing Choice*

When developing mixed-use projects, it is important to understand that there needs to be design for a range of ownership and tenure, because this will increase choices and variety and also provides a framework for continuous change. When there are choices between ownership units, such as town homes and condos, and rental units, a more diverse development that expresses variable local interests is created. The foundations of mixed-use projects is the concept of agglomerating people and retail with different needs and allow them to create one project that connects with the lives of all people. Variety in units also allows for people of different incomes to move into a development, preventing the creation of ghettos of similar residents and boring shops.

There is also evidence in the East Hollywood case study that lack of ownership in housing causes economic disinvestment. When people do not feel a sense of ownership in a community, they are apt to be more psychologically detached from the physical form. For example, the Front Façade of the Western Carlton Mixed-use development, a place that has family rental units, was littered with stray paper and trash, even though there were nearby trash sites.

#### *Design and Development of the Building Context*

*The Human Scale.* Another important option in adopting the principles of mixed-use as a catalyst for regeneration is considering using and enhancing existing infrastructure. Scale is increasingly becoming an issue for mixed-use projects. By their nature, mixed-

use schemes are large and complex affairs and it is difficult to convert these types of places into friendly pedestrian, human scaled projects. The consequence then is the tendency to develop big monolithic buildings that cannot be broken down into varieties of scale and form. This type of development is symptomatic of the mid 1980’s and early 1990s (Anders 2004). Developers were keen to ensure their scheme had its own feel and architectural style but often did this without relating the building to the squares and streets that it spilled out onto and without consideration for the buildings next to it. Both Hollywest and Western Carlton are examples of such types of “Boxy” formulaic developments. Formulaic design without appropriate accommodation for proposed tenant needs, lack of attention to which uses will work for a particular location, and/or myopic focus on the residential portion of a development is often less successful. Any major development happens only through the combined efforts of many parties; developers, the community and public agencies. Spaces must be versatile and able to acquiesce to a changing market demand.

*The Building Footprint.* The building must be permeable and fluid with many entrances. This helps break down the shape of the building and helps to integrate the development with the context of the surrounding neighborhood. Much in the same form of city blocks interweave together at sporadic nodes of activities, mixed-use developments must allow for multiple entryways. Figure 8 and 9 explain this concept further.

Figure 10: Integrated Mixed-Use Building Foot Print

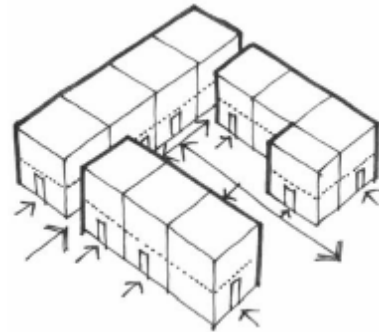


Figure 11: Sketch of Integrated Mixed-Use Building Foot Print



#### *Design of the Public Realm to Encourage Interaction*

*Public and Semi Public Spaces.* One of the issues of developing mixed-use projects is creating a sense of security or privacy between the public and private realm.

While people may enjoy living in cities, they still need a separation between their intimate private world and the bustling public world. The City Heights Urban Village concept protects the sanctity of the private having a small playground or open space surround each development. This is visible in the site plan in Figure 6. The senior housing has a semi-private encapsulated courtyard, and the La Maestra Building is surrounded in open space. While these places are still accessible to the public, they still relay a sense of privacy. Mark Anders claims that when dealing with public and private space, it is often best to take cues from Europe. In Easter Europe, great thought is put into how these private and semi private spaces are linked through city blocks. While areas in the front are very public and open, with easy access, the inner block is bisected by pedestrian routes connecting private and semi-private spaces thus providing a hierarchy of the built form. With less activity in the back, pocket parks, with soft landscaping, are provided where people can relax and recuperate. In other quieter areas, more serviced-type offers may also be established, such as cafes and smaller Kiosk units (street vendors). These spaces are used as secondary links from one main space to another (Anders 2004).

*Public/private interface.* From the point of view of mixed-use design, it is the manner in which private spaces link to the public realm that is critical in helping to influence urban vitality. The convergence of the private and public space creates an atmosphere that implies togetherness and unity. There are many ways that this can be achieved. One way is to allow uses to spill out from their assigned spaces and into the public street. Sidewalk cafés and open courtyard gardens are an inviting gesture encouraging retail traffic as well as elicit admiration followed by discussion of the public space. The intent of a mixed-use project is to marry the public and private space and create a new breed of developments that celebrates the diversity and unity between

the two realms.

In his expose on Everyday Urbanism, John Chase implies a connection between the public space and democracy by saying, "Individual garage sales might not in themselves generate a new urban politics, but the juxtapositions, combinations, and collisions of people, places, and activities create a new condition of social fluidity that begins to break down the separate, specialized, and hierarchical structures of everyday life" (Chase 1999). As spontaneous encounters become more frequent in the public realm, and activities that were once considered private, were enjoyed in the public realm with others, Chase argues that social boundaries of class and race will slowly disintegrate to reveal "hidden social possibilities that suggest how the trivial and marginal might be transformed into a kind of micropolitics" (Chase 1999). But how can a mixed-use project interweave the private realm and the public realm in a way that is consistent with the emotional breakage from restrictive social boundaries? This can be done by having a center piece building or architectural object placed in the public realm that attracts people to it, to discuss it, and to reveal their private thoughts about it.

*Streetscape.* Closer examination of the life of cities found that people thrive on spontaneous and circumstantial interaction. At the same time, the economic shifts of the last 40 years seemed to erase the need to separate work, shopping and home life. Complex, multifaceted urban spaces bring people together in different ways, creating the kind of interaction and synergy necessary to facilitate its success. Cities thrive on the need for people to come together in so many ways, which cannot be strictly planned. Street animation is one such way to cultivate the interactive synergy vital to urban life. In his book, Lawrence Halprin wrote, "events and activities that all could participate in: pa-

rades, music, dance, singing songs that tell of important events, in a sense theatre in the streets....evoke deep sentiments, link neighborhoods and people together, establish a focus for entire communities. They fulfill the important role of expressing people togetherness through common experience" (Bulani 2000). Street life is the essence of human experience, and it should be accounted for in all potential mixed-use projects. It, like the community-owned retail spaces, provides users with an emotional bond with the community, people and place. Street animation encourages people to leave their solitary residential spaces and go into the public realm and experience the joys, festivities, and lives of others in an exciting way.

Some unsuccessful mixed-use developments neglect the active streetscape as a resource of growth and activity and build projects that are inward. For example, the Western Carlton and Hollywest developments are all designed in such a way that the street is on the outside of the development. The Hollywest Development is even designed around a parking lot, where all retail and home entrances face the parking lot, glorifying it instead of the street. The Hollywest retail and housing is only available to pedestrians who walk through the parking lots, in the midst of cars. The Western Carlton development streetscape is neglected to the point that it has become a massive collection of trash. Consequently, these projects are failing to produce the synergy and interaction necessary to sustain itself in the urban market. This is apparent from the visually low number of customers in the stores and multiple vacant storefronts in both developments. These types of anonymity and ambiguity can be changed if the streetscape is animated and honored as a crucial part of the project.

Activating and utilizing the streetscape implies recognition of the cultural and symbolic value of the urban

public realm and the economic realm. It enforces people of the development to experience how the street life varies as times vary. This is an intellectual and cultural experience for those wishing to become more connected with their community. It also provides potential community owners with the experiential expertise in variable economic demands, pedestrian preferences, and shifts of economy.

*Street Furniture and Clutter.* It is very important for a mixed-use project to feel organic and natural. This design is reminiscent of cities that have evolved through time. Preserving this organic feel can be done with street furniture. According to what the literature says about mixed-use, space is only an envelope within which events happen. Mixed-use developments must utilize the space in an economic and social way, creating a place for shoppers, residents, pedestrians, and other users. Street furnishings may help places transform and look more organic and unpredictable, rather than formulaic and boring. Street furnishings, even inside a mixed-use development, allow people to enjoy the social and public realm of the development. Whether that means watching the “Pedestrian Ballet” described in the Calgary survey, or preserving the security of a development with Jacob’s concept of “eyes on the street,” street furniture is effective in creating public spaces. Street furniture also helps to preserve the human scale of the development.

*Centerpiece Structures.* The presence of a specific structure, statue or architectural design as the centerpiece of development provides a new sort of animation and interaction in the public realm. For example, in the City Heights Urban Village, the one of the parks contains a large boulder engraved with various names and designs that look hand-made. While this is simplistic, it

encourages agglomeration and thus facilitates discussion with neighbors and the public. The structure is also unique to the area which helps to encourage the sense of ownership in a community.

#### *Establishing Future Goals*

While a project may be physically complete, it must be permeable enough to absorb changes in market demand, consumer preferences, and residential needs. The nature of mixed-use developments can and should change as time, demographics, and culture change in order to integrate into the current street scene. Developers often miss this concept as they conceive their work on the parcel level catering to the immediate demands and current markets. Their returns are generated on a day-to-day basis. The community, however, reaps the benefits of a project’s longevity. If a project fits well into the urban fabric and is permeable to change, then the community will experience an ameliorated social landscape. This can not be measured in economic terms, but is definitely valuable to the surrounding community. Thus it is important for developers to approach a mixed-use project as a method of redevelopment of an area’s social make-up.

Mixed-use developments need not fit a specific mold or fit an ideal of development. However it is necessary that they transform, from time to time, in order to embrace varying social needs. The building and area is designed to support changes in business types, design, as well as ownership and tenure. After the construction is completed, the project goes through continual change in order to fit in with the surrounding neighborhood. The future goal is self sustainability for a group of people who currently employ illegal measures to gain an income. The goal is also to encourage the creation of a more unified and responsible citizenry that proudly takes measures to improve their quality of life and eco-

**Figure 12: Street Furniture and Clutter Attracts People**



conomic well-being.

*Active Management of “Completed” Mixed-Use Project*

Towns and cities are, by their very nature, always in a state of flux or change. They are dynamic, rather than static, constructs and the process of design and management must recognize this. Historically, mixed-use developments have grown and changed slowly and organically. The community should have the ability to monitor changes in the human environmental landscape and consequently initiate changes in the development and community. This type of community empowerment allows residents to integrate traditional top-down approaches with bottom-up, resident-driven initiatives to create a network of partnerships between residents, management, and community organizations. Through participation in setting goals and developing implementation strategies, residents assume ownerships of the process and the community. Residents involved in community spend their time jointly working on productive activities that address the problems they have identified. This collaborative involvement builds social capital –developing friendships and mutual trust, sharing and strengthening common values.

This heightened level of community participation does not mean an equal neglect by the public sector. The public sector plays a dramatic role in allowing for and preserving urban spaces such as mixed-use developments. There are several ways that the public sector can implement their control such as the design of Special Purpose Districts, Mixed Use Zoning and Transfer Development Rights.

One way to preserve community participation and encourage an adequate implementation strategy for controlling change is developing a homeowner’s asso-

ciation or board of directors. This group can ensure fairness and quality in the development and management of a mixed-use project. A sample Board may be comprised of board members from the residential component, commercial or retail component and members from the surrounding community. This group can be left in charge of making decisions that will affect the overall building.

## Endnotes

<sup>1</sup> A GIS program was used to map the home addresses of respondents and it identified a “primary trade area,” composed of people who lived close-by and visited the area one or more times a week (“locals”). A “secondary trade area” composed of people who lived further away and shopped there less frequently (“hinterlanders.”) A third group, from out-of-town, was identified as “tourists.” Paul Mass, “Understanding Urban Vitality,” **Prairie Urban Report**, Issue No 2, volume 1, December 1996

<sup>2</sup> “Schizophrenic Zoning” refers to Los Angeles’ neighborhoods where there are single family homes near busy retail or high density developments. This reflects the variations in market preferences through time.

<sup>3</sup> A feature in the public space that is interesting and unique to the neighborhood.

**APPENDIX I: Synopsis of the activities, events, interviews, and case studies**

**Conferences:**

**APA National Conference**, San Francisco, 3/19/05-3/23/05  
**2005 Focus on Commercial Real Estate**, Skirball Center, 4/28/05

**Interviews:**

**Gerald Schneiderman**, CEO, *Creative Environments of Hollywood*  
**Steven Flint**, Director of Acquisitions, *G.H. Palmer and Associates*  
**Richard Ackerman**, Principal, *Apollo Developers*  
**Steve Soboroff**, CEO, *Playa Vista*  
**Steven Dietrich**, CEO, *Financial Research Group*  
**Gray Davis**, Former CA Governor and Attorney at Law, *Loeb & Loeb*

**Site Visits:**

NE Corner of Hollywood and Van Ness Ave.  
NW Corner of Hollywood and Garfield  
NW Corner of Hollywood and Western  
SW Corner of Hollywood and Serrano  
Hollywest Apartments and Shopping center (Hollywood, CA)  
City Heights Urban Village (San Diego, CA)

**Case Studies:**

**PART I: Learning from Mixed-use cities/areas**  
Tribeca (New York, NY)  
East Hollywood (Hollywood, CA)

**PART II: Learning from Mixed-Use Projects**

Mandela Gateway Hope VI Project (Oakland, CA)  
City Heights Urban Village (San Diego, CA)



## Appendix II: Comparative Synopsis

### Tribeca, NY

<b>Goals</b>	Since Tribeca is a district, the planning department has played the most fundamental role in the in the design and development of the buildings, free space, and types of businesses. The goal of this district is to promote and protect public health, safety and general welfare of residents through time.	
<b>Phasing</b>	Organic, natural growth over 200+ years	
<b>Retail Environment</b>	The study area encompasses about 50 blocks (78 acres) of the city which includes portions of the Tribeca Washington Market neighborhood and the Civic Center area. Of this area, roughly 3% is dedicated to retail/commercial space and 5% to wholesale space.	
<b>Housing</b>	Residential uses are among the most common in Tribeca. It comprises roughly 33% of the land use for the 50 blocks. Most common are large artist lofts.	
<b>Design and Development</b>	<b>Scale:</b>	Most buildings are between 5-12 stories. There are also several mega-structures that are 50-80 stories.
	<b>Building Style:</b>	A Variety of uses exist horizontally and vertically. Buildings from different eras add a richness to the culture
<b>Public Realm</b>	<b>Public/private interface:</b>	Most street level spaces can only be used for pedestrian activities and uses. All entrances and balconies open out to street.
	<b>Streetscape:</b>	Most streets are bordered by building edges. Cafés open to street
<b>Active Management</b>	The planning department, The Conservation department, and the community track development and changes in Tribeca.	
<b>Future Goals</b>	City shall change as people and economic markets change because a city is driven by local residential needs.	

**Appendix II: Comparative Synopsis**

East Hollywood, CA

<b>Goals</b>	No specific goal or coordination between two developments...overall neighborhood goal to revitalize and empower a low-income, diverse community.	
<b>Phasing</b>	The buildings were designed in the 80s, and built in the late 90s.	
<b>Retail Environment</b>	Retail and Residential Uses are the primary uses. The stores ( <i>Jamba Juice, Quiznos, Sprint store</i> ) are relatively empty when compared to the crowds gathered around various street vendors and small businesses in the area.	
<b>Housing</b>	Very low income Senior Housing and very low income family housing.	
<b>Design and Development</b>	<p><b>Scale:</b></p> <p><b>Building Style:</b></p>	<p>81,848 residents live in East Hollywood, there are 160 units in both the Hollywest and Western Carlton developments.</p> <p>Buildings are designed as massive blocks hovering over the relatively small sidewalks.</p>
<b>Public Realm</b>	<p><b>Public/private interface:</b></p> <p><b>Streetscape:</b></p>	<p>The stores and homes are accessible only from parking lots built inside the building structure.</p> <p>There are many people in the streets: street vendors, people waiting for transportation, and pedestrians.</p>
<b>Active Management</b>	10-year plan to encourage more community participation.	
<b>Future Goals</b>	There are no specific future plans for the mixed-use projects on the Hollywood and Western intersection as the buildings are built to last, however, the East Hollywood area is working on a 10-year plan encourage more community participation in future projects in the neighborhood.	

## Appendix II: Comparative Synopsis

### City Heights Urban Village, San Diego, CA

<b>Goals</b>	Improve the quality and of life encourage self-sufficiency in San Diego's diverse, low-income community.	
<b>Phasing</b>	The village, plazas, town centers and public space are being built in phases, as market demand requires.	
<b>Retail Environment</b>	The land is used for residential, commercial, recreational and community space. Diverse resident owned retail spaces, plaza for approved street vending, community-orientated retail (ex. Los Hermanos, Grocery)	
<b>Housing</b>	116 Rent controlled apartments, 120 affordable condos, several single-family homes (homes are built as need demands)	
<b>Design and Development</b>	<b>Density or Population:</b>	72,900 residents living within one mile radius of the city center.
	<b>Building Style:</b>	Buildings are designed to fit in with the texture and scale of the existing neighborhood.
<b>Public Realm</b>	<b>Public/private interface:</b>	Pedestrian and resident activities are all located at street level.
	<b>Streetscape:</b>	Lively with pedestrians, street vendors, community service workers, security and shoppers.
<b>Planning and Development</b>	The City Heights Initiative employs holistic strategies to improve a densely populated, diverse community in need of infrastructural, social, and economic reconstruction.	
<b>Future Goals</b>	Housing is being built as market demands. Retail spaces are made to change as they are largely resident and community owned	

## Appendix II: Comparative Synopsis

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# 10. *Community Spaces in High Density Living: Fostering a Sense of Community*

**Paola J. Ruvalcaba**

## **Abstract**

*This chapter analyzes how community spaces provide an array of services to area residents, and most importantly, help foster a sense of community in high density living through joint-use programming, density bonus for community and open spaces, and transfer of development rights. Interviews with residents, Neighborhood Council meetings and information from community-based organizations within the comprehensive study site helped to understand issues and needs of our unique study area. In addition, I compiled an inventory of organizations and services in order to understand what services are utilized in the site. Case studies are presented to indicate how communities have implemented planning programs and tools to meet community needs. These are followed by three proposals to address community concerns and further develop a sense of urban vitality in a high density area.*





## Introduction

A review of the literature illustrates that community spaces in high density living enhance the quality of urban living and provide residents with a common ground for social interaction. The demographics of our comprehensive study site reveal a diversity of race, ethnicity and language, which are also reflected by interview responses, Thai Community Development Corporation's business survey, and other community based sources. Per the community's input, there are four important issues that are of great concern to residents: safety, open space, community interaction, and community identity. To an extent, these issues are addressed by the number of services provided by the organization in and around the comprehensive study site. An inventory of organization and services demonstrates a number of educational, cultural, and social programs for youth, elders, and families. I present several case studies from local, national and international areas where planning programs and tools are used to address the issue of community spaces. My research concludes with three recommendations, which include joint-use programming, high density bonus for open and community space, and the transfer of development rights. As I will show, these planning programs and tools can address community issues and help promote a sense of place for area residents.

## Literature Review

In *People, Parks, and Urban Green: A Study of Popular Meaning and Values of Open Spaces in the City*, the authors argue that green spaces contribute to the quality of urban life (Burgess et al. 1988). Participants surveyed in this study show a preference for urban spaces where the physical settings provide an array of activities. Such activities improve the social and cultural vitality of urban areas. Similarly, the Design Center for American Urban Landscape's project, Taking Notice: Green Spaces

in Urbanized Settings, examines the location and relationship between green open spaces and community residents in urban areas. Their findings indicate that green open spaces provide a comfortable outdoor environment for physical activity where temperature moderation, noise control, and air quality benefits are enjoyed by community residents (DCAUL 2003). Also noted in this study are the findings by Roger S. Ulrich's (1986) "Human Responses to Vegetation and Landscapes" and R. B. Hull's (1992) "Brief Encounters with Urban Forests Produce Moods that Matter" which argue that residents use parks as gateways to relieve daily stresses. These physiological benefits include cognitive functioning, the reduction of stress, and mental exhaustion (Hull 1992; Ulrich 1986). Such psychological benefits also depend on the location of green open spaces. According to the DCAUL's study, location is the most vital factor in determining its use and claim that "green spaces need to be distributed throughout the metropolitan area, although each one does not need to be extremely large." Like its location, open space uses are also important factors.

Open space uses are different among various groups of people. Teenagers, for example, prefer green open space that prompts activity while elders are more interested in the scenery of open space. According to the study, a survey of more than 3,000 elders over 70 living in high density areas in Tokyo found that pedestrian-friendly green public spaces were associated with increase survival over five years (Takano et al. 2002). Women partake in physical activities less often than their male counterparts. Both sexes enjoy jogging and walking, but women are more likely to sit and read than play sports due to safety concerns, and they are more likely to visit parks during day hours.

In terms of race and ethnicity, DCAUL found that African Americans are more likely to use urban open spaces

for recreational uses than whites, a pattern that is visible in center-city areas. Large multi-family Latino groups use urban park areas for multiple activities, such as birthday parties, soccer, and family gatherings and Asian American groups have a variety of uses depending on the ethnic Asian group (DCAUL 2003).

### Methodology

This chapter first begins with a brief literature review on open spaces and is followed by a demographic analysis of the comprehensive study site from the 2000 Census. (Using Neighborhood Knowledge California, NKCA, I created a neighborhood site for our comprehensive study area that included four census tracts, with an estimated population of 20,000). To best understand community issues and needs, I conducted interviews with community residents. Additional community input derived from Thai Community Development Corporation's business survey, Neighborhood Council meetings and site observations. I then produced an inventory of organizations to determine the type of services accessible to area residents. Next, I present local, national, and international case studies to demonstrate how planning programs and tools are used to address community concerns. The chapter concludes with three proposals specifically geared to meet the needs of residents in our study site.

### Interviews

The purpose of community interviews is to best understand the issues and needs of residents within our study site. I asked a total of twenty-six people to participate in the survey, with seventeen respondent and nine non-respondents. Census data indicate a racial, ethnic and language diversity within our comprehensive site and are illustrated in Figures 1 and 2.

Figure 1. Race, Ethnicity

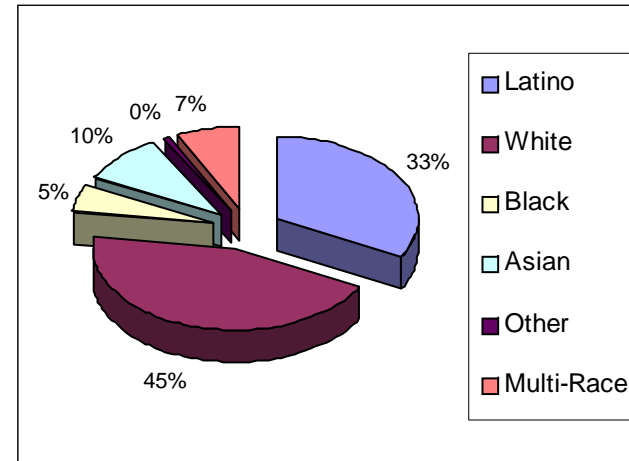
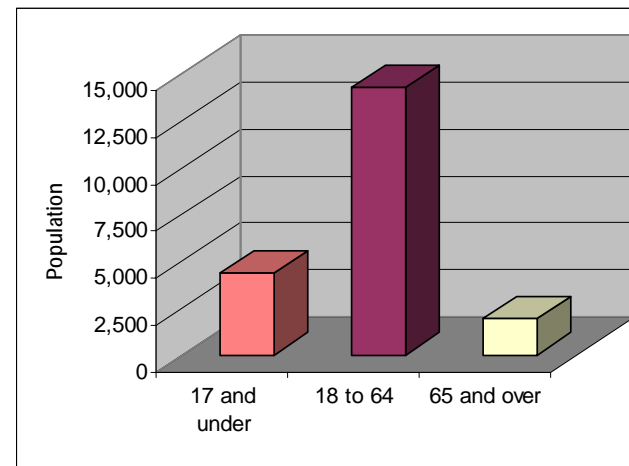
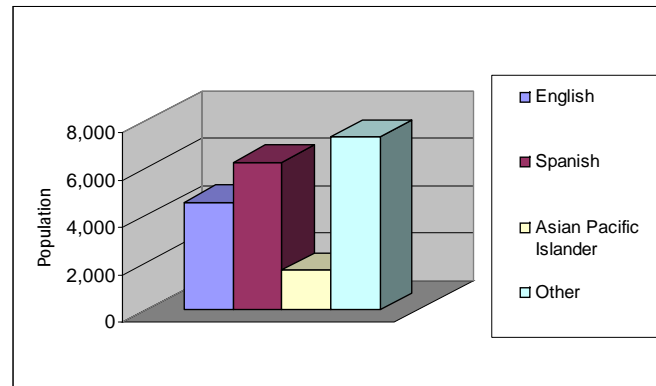


Figure 2. Age



There were two limitations in conducting the interviews. Based on 2000 census data, non-English languages are most commonly spoken in the area under study (see Figure 3). In an effort to encompass residents with diverse language skills, I created the short survey in both English and Spanish. However, using both languages still proved to be a barrier since other languages, such as Thai, were not used in the survey. Therefore, it is important to note that five out of the nine non-respondents were elders and did not speak English.

Figure 3. Language Spoken at Home

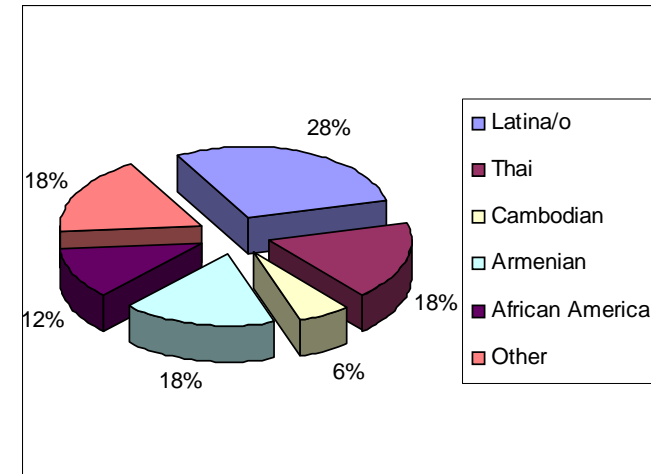


Second, participants were initially asked to fill out a short survey, but most declined to participate stating that they did not have time or were not interested. In response to the lack of participation, I then asked the survey questions in an interview format- a more personal way of acquiring community input that proved to be successful and informative (See Appendix I for interview questions).

### Findings

Demographics among interviewees are noted in Figures 4 and 5 and mirror the diversity of residents within the comprehensive study site. In terms of race and ethnicity, interviewees consisted of five Latinos, three Thais, three Armenians, two African Americans, and one Cambodian (three respondents fall under “Other” since they failed to make a selection). Based on my observations, there were more female pedestrians than males along the residential and transit corridors, and thus more women participated. Also, the hours in which I conducted the interviews were mainly during school

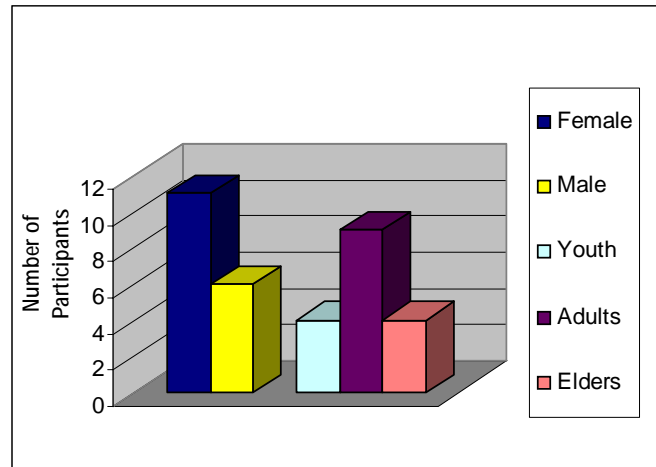
Figure 4. Interviews - Race, Ethnicity



hours, with the exception of one weekend day. This also explains why there were more adults than youth participants. Most respondents were brief and open to discuss issues they felt important. In addition to these interviews, I used secondary sources to further gather community input, which include Thai CDC’s business survey, Neighborhood Council meetings, and community-based organizations. Responses highlight four im-

portant issues to area residents: safety, open space, lack of interaction, and an identifiable character of the area.

**Figure 5. Interviews - Age, Gender**



### *Safety*

When asked about issues in their neighborhood, residents revealed parking, clean streets, housing costs, and safety as important factors. In terms of safety, ten respondents (59%) described the area as safe, but most expressed concerns over youth violence, particularly with gang activity, graffiti, and theft. One person indicated that “things were pretty bad around here...two years ago” but now feels safe enough to walk around her block at night with her family. This reflects findings from a study by Dowell Myers and Elizabeth Gearin that suggest a decline in crime in urban cities “may encourage people to move back toward denser, more urbanized locations” (Myers and Gearin 2001). Given that safety is a concern in urban living and among area respondents, this factor will be addressed in my pro-

posals for community development.

### *Open Space*

According to Thai CDC’s business survey, one major community development issue is open space in East Hollywood. Merchants expressed their concern over limited open green space and the condition of some streets. Interview participants supported this view by briefly mentioning how some streets were unclean. Merchants suggested several options to help create more green open space in East Hollywood. Such opportunities include the development of a “Green Team,” planting more trees, cleaning up streets, and the development of vacant sites into pocket parks and community gardens. In response, one of my proposals will look at an opportunity to provide open green space in the area of East Hollywood.

### *Lack of interaction*

Yet another important issue is the lack of interaction among residents. When asked to describe their neighborhood, most residents acknowledged the diversity in the area. Although diversity proves to be a great asset in this community, there is a lack of communication among residents. One female respondent noted that the only communication she has with her neighbors is when they greet each other, but nothing more. Parallels to these findings are also found in Thai Community Development Corporation’s business survey, *Surveying East Hollywood: A Profile and Needs Assessment of the Business Community* (2003). The focus group for the business survey consisted of Thai, Armenian, and other ethnic merchants, with each group expressing a strong desire for a pleasant, attractive and vibrant community that presents a “sense of place.” It is Thai CDC’s opinion that more outreach, community coordination and organization efforts are needed to promote more interaction among diverse

groups of people. The proposals I present will include strategies that foster cross-communication and interaction among area residents.

### *Identity*

The identity or character of the area is not as prominent as in other communities, such as Koreatown, Little Tokyo, or Leimert Park. From personal perspective, I have lived in Koreatown for the past thirteen years- about three miles away from our comprehensive study site- and although I have visited the Hollywood area several times in the past, prior to my first quarter in this program in fall 2003, I was never aware that a Thai or Armenian community existed prior to my first quarter in this program.

The reason for this is due in part because I did not expose myself to neighboring communities, but it also has to do with the fact that East Hollywood is not popularly known like other communities through out Los Angeles. The interviews I conducted provide insight into the lack of identity and character in the area. Participants were asked to describe or name the area in which they live in. Five respondents (29%) stated that they lived in Hollywood or Los Angeles, not East Hollywood. Two mentioned Thai Town, three mentioned Little Armenia, and others simply described their community was “like any other area.” Here lies the problem- the area’s diversity is not fully prominent, making the area less known. In fact, Thai CDC’s business survey indicates that the diversity and uniqueness of East Hollywood is a significant factor for potential economic development. I also argue that the diversity factor in the area can also help foster community development. Likewise, Eastwood Coalition and Hollywood United Council meetings also address the need to make East Hollywood prominent (EC 2004, HUNC 2004). The issue of identity, safety, open space, and lack of interaction are important com-

Figure 6. Little Armenia



Source:  
[www.fountaintheater.com/whatcoming.html](http://www.fountaintheater.com/whatcoming.html)

munity concerns and can be addressed through capacity-focused development.

In *Building Communities from the Inside Out: A Path Toward Finding and Mobilizing a Community’s Assets*, John P. Kretzmann and John McKnight identify capacity-focused development as a key for community development. By using this tool, one can learn to identify skills and assets of a set community. To discover the assets of our comprehensive study site, I produced an inventory of organizations and public services to utilize source

### **Inventory of organizations and public services**

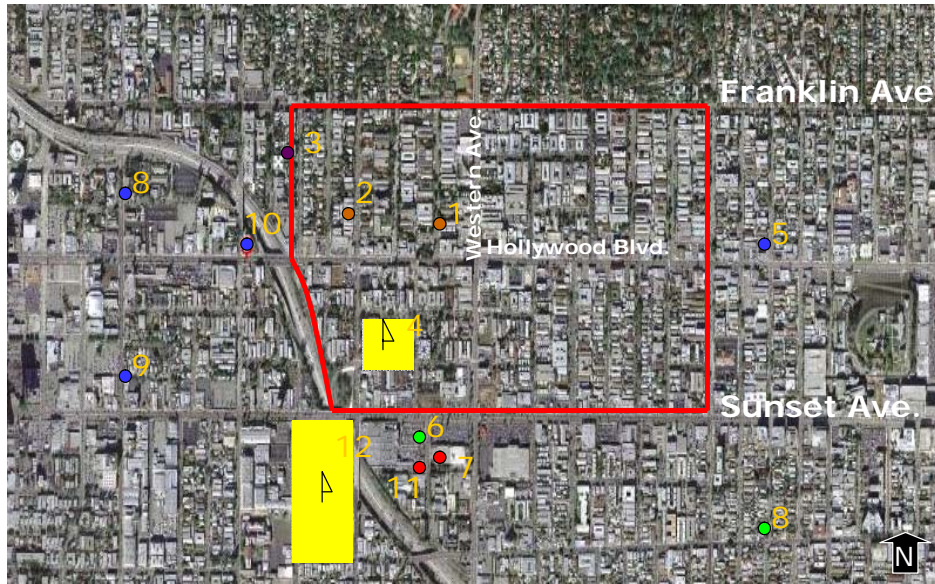
To asses the kind of services provided for area residents, I produced an inventory of organizations and public schools within and around the comprehensive study site. There are three non-profit organizations located within the study area (see Figure 8 for location of each organization); (1) Bethany Towers Disciples Homes, Inc.; (2) Option House of Hollywood, provide housing assistance for elderly and youth, respectively; (3) Saving and Preserving Arts and Cultural Environments, SPACES, is located on the border line of our study site on Van Ness Boulevard and holds the most extensive public, non-profit archives on contemporary folk art environments. (4) Grant Elementary School is also located within our site and provides after school tutoring and homework assistance to area students. A quarter mile radius around the intersection of Western Avenue and Hollywood Boulevard was used to further locate services to area residents. However, both Thai Community Development Corporation and First Presbyterian Church of Hollywood are important organizations that fall outside the area analyzed but are important contributors to residents.

Figure 7. Thai Town



Source: Thai Town: L.A.’s Best Kept Secret,  
[www.fiercyfoods.com/dave/thaitown.asp](http://www.fiercyfoods.com/dave/thaitown.asp). Photo by Robert Bowen

Figure 8. Site Map



- |                    |   |
|--------------------|---|
| ● Arts and Culture | ● Educational Youth Programs/Arts & Culture           |
| ● Elder Services   | ● Broad Range of Services to all ages                 |
| ● Youth Programs   | ▲ Grant Elementary and New High & Continuation School |

Source: Terraserver USA 2005, Neighborhood Knowledge Los Angeles, and site observations

Most services to area residents are channeled towards youth and families. Programming for youth includes education and outreach, such as after school tutoring, computer courses, and skills-building. Some organizations focus on culture and arts in an effort to build on children’s skills and enhance their community as a whole. For instance, (5) Barnsdall Arts/Friends of the Junior Arts Center’s mission is to “provide and support quality art programs that educate children and

enrich our community through the celebration of art.” (BAFJAC 2005). For more than thirty years, Barnsdall Arts/FOJAC has received high recognition from the California Arts Council and the Los Angeles County Arts Council for their services to more than 10,000 children annually. A similar organization is the (6) Boys and Girls Club of Hollywood Foundation, established in June 1937 by (7) Assistance League of Southern California member Mrs. Earl Gilmore and providing five youth programs.

Organization such as (8) Hollywood Urban Projects, (9) Los Angeles Youth Network, Option House of Hollywood (a division of LAYN), and (10) My Friend’s Place channel their services towards at-risk or homeless youth. Their services include housing, referral assistance, drug, alcohol, and sexual abuse prevention, as well as religious teachings, education and skills-building. Their mission is to provide an array of services to troubled youth to transition themselves into safe homes or independent living.

Although there are not as many services geared towards elders, there are still significant services for this population group. Housing, medical, and legal assistance and social programs are available to the elder population. There are, however, organizations that cater to area residents of all ages. The Assistance League of Southern California not only has a Children’s Club but also an Over 50 Club. Yet another age-inclusive organization is the National Assistance League (11) which provides youth programs and home, nursing, and group activities for elders. Other services among these organizations include legal and language services, reflecting the language, legalization, and other vital resources targeted towards minority residents. In fact, Thai Community Development Corporation’s services reflect the needs of area residents, providing family preservation, health education, housing and

economic development, among other programs. A promising site for additional community services includes the new (12) Central High and Continuation School on the intersection of Sunset Blvd and Wilton, where joint-use programming can be set in place for area residents. These community assets noted above are promising and serve as opportunities to further develop a sense of urban vitality in our comprehensive study site. I present a number of case studies to explore ways in which community preferences and needs are best addressed.

The case studies examine how planning programs and tools are used to develop smart growth in urban communities. The first analysis looks at international and national sites where density bonuses are given to developers in exchange for community amenities and open spaces. The sites chosen have proven success in using community assets and developing urban vitality. The second analysis looks at a national planning tool called transfer of development rights. The final case study looks at joint-use programming in public urban schools. The New Schools, Better Neighborhoods (NSBN) advocacy organization has successfully addressed community concerns and provided services to various sites throughout California. The Edison School/ Pacific Park Project the city of Glendale, for example, has provided a number of services to all area residents and fostered community development.

### **Case Study #1: Density Bonus for Community Spaces/Amenities**

As noted in chapter 7, a planning tool proven to be effective in smart growth development is density bonus. For instance, in the City of White Rock, Canada, developers are given a density bonus in exchange for providing affordable housing or community amenities (Density Bonus Policy 2004). Under this policy, there are

various amenities eligible, including:

- Improvements to Town Hall
- Land for Town Hall
- Space within a building (or a building itself) to accommodate a new public Town Center facility
- \*Provision and improvement of publicly accessible open space and/or pedestrian routes
- Underground parking accessible to the public
- \*Public outdoor art
- Street landscaping
- Road dedications
- \*Meeting or convention space
- Public observation deck
- Transportation/ bus station
- Road or lane dedication
- Special needs or affordable housing

\* An asterisk denotes services that address community amenities for proposal.

Similarly, the City of Victoria considers bonus density in developments where the provision will allow affordable housing, special needs, and community amenities. Under the density bonus policy, community amenities are viewed as a key source to provide social interaction among residents and foster community development. In this manner, residents will feel a sense of place, “promote opportunities to live, work and play and accommodate a population diverse in age, culture, income, ability and family status” (City of Victoria Density Bonus Policy 1991).

One example of how the bonus density fosters social interaction and promotes a sense of place is in the City of Burnaby. In 2003, Embassy Development Corporation proposed two 27-story residential towers, which included mixed-use commercial, residential, and live-work town homes (MacLellan 2003). According to

**Figure 9. City of Burnaby**



Source: Terraserver USA 2005, Neighborhood Knowledge Los Angeles, and site observations

Burnaby NOW reporter Julie MacLellan, the developer proposed 10,000 square feet in a two-story pavilion next to the SkyTrain station, with the upper floors designed for recreational facilities and the ground floor designated for community space. This open space would then be used by the city or a non-profit organization (depending on the services provided for area residents). In order to accommodate a population changes over time, the building is designed in a flexible manner to reconfigure its uses.

#### *The Alan Emmott Centre*

The Alan Emmott Centre was once home to the former 1914 Burnaby South secondary school in the City of Burnaby, Canada. Using the density bonus provision, the Alan Emmott Centre has now become a social hub for community residents. The main hall is available to the public for events, such as weddings, marshal arts training, square dancing, meetings, and other recreational activities. The ground floor is leased to a community-based non-profit organization, the Community-Centered College for the Retired (CCCR), providing services to elderly residents in the area.

#### *New York Plazas*

Similar to the Alan Emmott Centre, developers in New York have used a density bonus to provide public open plazas. Under its Unified Bulk Program, the New York City's Planning Department offers developers a density bonus for public spaces (UBP 2005). The zoning resolution's goal is to provide public open space in a high density area.

In fact, the density bonus has provided successful residential plazas and other public spaces within the city's core, allowing for residents and workers in the area open public spaces in which they can rest, have lunch, interact, and enhance the urban feel of New York life.

#### **Case Study#2: Transfer of Development Rights**

Transfer of development rights is a planning tool used to protect land by transferring the rights (TDR) of a development from one site to another. Currently, there are twenty states that have enacted planning policies to accommodate TDR. In the past, transfer of development rights have been used to preserve and protect open space, natural resources, farmland, and historic sites in urban areas (Lawrence 2005). In urban areas, TDR is used to reduce the development in a certain site and increase the density of development where appropriate.

Nationwide communities have successfully used TDR programs to preserve certain locations and help develop smart growth where needed. Areas like Boulder, Colorado, Pinelands, New Jersey, Montgomery County, Maryland, and King County, Washington preserve and protect large green open spaces while accommodating the residential developments in the urban centers.

#### *Pinelands National Reserve*

According to Executive Director Terrence D. Moore of the New Jersey Pinelands Commission, the Pinelands National Reserve was started in 1978 and comprised of 1.1 million acres. Later in 1983, the region was designated as a US Biosphere Reserve in 1983 because it holds international significant ecological resources. As an important natural source, the New Jersey Pinelands Commission implemented a Comprehensive Management plan for the area where all counties and municipalities had to incorporate into their local master plans and zoning ordinances in 1980. Together with the Comprehensive Management plan, a TDR program was adopted, known as the Pinelands Development Credit Program (PDCs) not only to preserve ecological and agricultural land but to also develop smart growth

Figure 10. Plaza 1



Source: [www.thecityreview.com/plazas.html](http://www.thecityreview.com/plazas.html)

Figure 11. Plaza 2



Source: [www.thecityreview.com/plazas.html](http://www.thecityreview.com/plazas.html)



in areas it is needed. The plan provides for TDR across municipality and county boundaries, designates separate sections of the region, and prescribes the types of growth and intensities in each. Bonus density, residential densities and receiving areas, and by-right bases are specified in twenty-three municipalities designated by the Comprehensive Management plan as growth areas. According to Moore, PDCs has proven successful for the state of New Jersey since its implementation in 1981. Approximately 16,000 acres of agricultural and ecological lands have been protected, while developing urban vitality in specific growth areas (Moore 2005).

### Case Study #3: Community Development through Joint-Use

According to Renata Simril's New School, Better Neighborhoods (2002) report to the Los Angeles Community Redevelopment Agency, the NSBN advocacy organization has focused on building livable urban communities throughout California since its inception in 1999. As seen in the photograph, with the help of committed civic leaders, voter-approved measures, community residents and stakeholders, new urban facilities have become community-centered sites serving "as anchors to neighborhoods by providing a range of services that can be assessed and utilized" by community members (Simril 2002). This is accomplished by designing accessible facilities that build upon existing community assets and neighboring facilities in an effort to maximize results with limited money, land, time, and other resources. Most importantly, the collaboration between different entities "can also strengthen a community's sense of identity, unity and consensus," as well as serve as a catalyst for revitalization, and a place for community engagement (Simril 2002).

#### *A Lesson from the Westlake Community*

The area of Westlake provides a basis of comparison and

contrast with our comprehensive study site. It is not as diverse since it is home to an estimated 91% Latino population. Income levels differ as well, with low- and very-low income families. However, both communities are dense and in need of various services. As a part of the New Schools, Better Neighborhood program, the Westlake community had the opportunity to build and provide services to area residents. However, as indicated by A New Strategy for Building Better Neighborhood Report, "the projects are being planned by the various agencies and organizations... with little regard for addressing the greater needs of the community through a collaborative and holistic approach" (Simril 2002). This disunity brought about competition instead of coordination and interaction among agencies and organization. In response, the report dictates a need for an established organization that can spear-head community projects, as well as organize every entity involved.

#### *The Edison School/Pacific Park Project*

The City of Glendale and the Glendale Unified School district collaborated to successfully develop shared/mixed-used facilities in an effort to maximize limited resources and provide community engagement. With the partnership of Siegal Diamond Architecture and M.I.G. Landscape Architects, the Edison School/Pacific Park Project offers student access to a community library, a gym, indoor and outdoor stages, athletic areas, and green space through park expansion. The costs for this project totaled about \$17.9 million with a reduction in initial construction, operating and land cost. An additional \$5 million would have been added to this total had the facilities been built separate. As noted by City and school officials, the Edison School/Pacific Park Project not only benefits children, teenagers, adults and elders in the area, but the surrounding neighborhoods as well. In fact, Glendale School Board President Chuck

Figure 12. Edison School/ Park Project



Source: [www.nsbns.org](http://www.nsbns.org)

Figure 13. Glendale, Edison School



Source: www.nsb.org

Sambar concurs that the Edison School/ Pacific Park Project's benefits "relieve overcrowding on other campuses in the community" and serve as an exemplary project for other communities (Simril 2002).

### Analysis of Case Studies

The planning policies and tools used in the case studies presented above exemplify how community needs are addressed and further develop a sense of urban vitality for specific sites. In the first case study, both developers and community members benefit from density bonus- developers are able to built-up while residents are given a communal space to address community needs. Both the Allan Emmott Centre and New York plazas provide a common ground that enhances urban life. The second case study explores smart growth planning in the state of New Jersey, where transfer of development rights preserve the use of a specific site and develop growth where needed. In this manner, community development is encouraged in residential communities and at the same time preserves natural green spaces. The final cases study looks at a dense area where available land is limited. However, the city of Glendale maximized limited space by implementing joint-use programming in a public school. Not only were residents of all ages provided with an array of services, Edison School/ Pacific Park Project also serves as a focal point for community engagement, an issue addressed by residents. The sites analyzed illustrate planning methods that can be implemented within our comprehensive study site.

### Recommendations

The planning policies presented in the case studies above offer key methods to address the issue of safety,

open space, community interaction, and identity. As noted above, through the use of density bonus for public spaces, transfer of development rights and joint-use programming, community needs can be addressed and foster a sense of place for area residents.

#### *Proposal #1: Density Bonus for Public Spaces*

A provision to allow density bonuses for the community spaces/amenities is a key planning tool to provide community open spaces in high density living. Once the density bonus is given and a site is chosen, collaboration with developers, civic leaders, community organizations and residents is important in order to best address community needs. Once the multipurpose center/space is established, local non-profit organizations will spear-head programming. Initial programming for the multipurpose center/space will be funded through various foundation grants geared towards community development, some of which include seed money, matching grants, programming support, and the like. Like the Alan Emmott Centre, space from the multipurpose center will be rented out at a low cost to area residents. In this manner, revenue will be generated to further provide services. Most importantly, this multipurpose center/space will be a focal point for community interaction and foster a sense of pride and identity to the area.

#### *Proposal #2: An Opportunity for Open Space*

Residents in our study site voice their support to transform vacant sites into green open spaces. There are numerous vacant sites within the study site and they serve as opportunities to meet the residents' needs. In particular, one of the sites is located on the southwest corner of Hollywood Boulevard and Andrew Place. With a size of 9,496.1 square feet and an assessed land value of \$151,146, the site is not large enough to build a housing complex. (Further information and oppor-

Figure 14. Central High School



Source: Terraserver USA  
2005

tunities for this site are explored in chapter 4). However, the site is large enough to build a pocket park that will enhance the urban esthetic. This will be made possible by the use of transfer development rights. A receiving location will be identified to transfer development rights, depending on the zoning regulation that allow for more development. If the TDR is made possible, the city can work with community members to provide a green open space since this is one of the needs addressed by residents.

#### *Proposal #3: Joint-Use Facilities*

As noted in Figure 3, there are two public schools that can help serve as focal points for community development. Although Grant Elementary is a small school site, it nevertheless provides after-school programs for area students. As a vital resource to the area, I propose that Grant Elementary be a part of the joint-use programming. Also, initial construction for a new Los Angeles Central High and Continuation School along Sunset Boulevard is currently underway. This site is large enough (approximately 320,166.0 square feet) to provide joint-use facilities for future population increases (Zimas 2005). An agreement with the Los Angeles Unified School District to provide joint-use programming is essential to address community needs, especially among youth. For instance, graffiti is an issue that can be addressed through art programs provided by a local non-profit organization. In addition, working together with an established organization can help reduce the costs of programming. Finally, through collaborative planning, organizations like the Assistance League of Southern California or the National Assistance League can spearhead community outreach, promote civic and cross-community interactions, and help foster a sense of community in the area.

#### **Conclusion**

According to findings from the literature review, community spaces in high density living enhance urban vitality and foster social interaction among residents. Demographics in our comprehensive study site indicate diversity of race, ethnicity and language. The diversity of the area is reflected by in the responses of interview participants, Thai CDC's business survey, and other community based sources. Per the input of these stakeholders, safety, open space, community interaction, and community identity are four pressing issues of our comprehensive study site. An inventory of organization and services demonstrate a number of educational, cultural, and social programs for youth, elders, and families, and most importantly, signifies the community's assets. After gathering community input and the type of sources available to residents, I present case studies where planning programs and tools area used to address the issue of community spaces and development. My research concludes with three planning recommendations, including joint-use programming, high density bonus for open and community space, and transfer of development rights. As shown, these planning tools can address community issues and help promote a sense of place for urban residents.

**Appendix I**

**English Survey**

<u><b>Comprehensive Project - Community Survey</b></u>	
1. What are some of the issues your neighborhood is currently facing?	<ul style="list-style-type: none"><li>• _____</li><li>• _____</li><li>• _____</li><li>• _____</li></ul>
2. What service do you feel are needed in your community?	<ul style="list-style-type: none"><li>• _____</li><li>• _____</li><li>• _____</li><li>• _____</li></ul>
3. How would you describe your community to people not familiar to the area?	<ul style="list-style-type: none"><li>• _____</li><li>• _____</li><li>• _____</li><li>• _____</li></ul>
<u><b>OPTIONAL</b></u>	
Race/Ethnicity: _____ Age: _____	

Appendix I continued

Spanish Survey

<u>Proyecto Compresivo – Encuesta de la Comunidad</u>	
1. ¿Cuales son unos de los problemas en el área donde usted vive?	<ul style="list-style-type: none"><li>• _____</li><li>• _____</li><li>• _____</li><li>• _____</li></ul>
2. ¿Que servicios usted quisiera tener en su comunidad?	<ul style="list-style-type: none"><li>• _____</li><li>• _____</li><li>• _____</li><li>• _____</li></ul>
3. ¿Cómo describiera su comunidad a personas no familiar con la área?	<ul style="list-style-type: none"><li>• _____</li><li>• _____</li><li>• _____</li><li>• _____</li></ul>
<b><u>OPCIONAL</u></b>	
Nacionalidad : _____	Edad: _____

## Appendix II

Non-Profit Organization	Service	History/Established	Additional Info
<p>Bethany Towers Disciple Homes, Inc.</p> <p>1745 N. Gramercy Hollywood, CA 90028 (323)467-3121 ph. (323)469-0627 fax</p>	<p>Senior Housing and Care - 87 Independent Units</p> <p>TRev: \$768,044 TExp \$809,257 1994 Net Assets: \$262,026</p>	<p>Late 50s early 60s Cal. Christian Home Board loaned \$250,000 of its building reserve to Disciple Homes Corp. to build Bethany Towers adjacent to Hollywood-Beverly Christian Church.</p> <p>Began under the National Benevolent Association (founded in March 10, 1887 in St. Louis, Missouri). Mission: to provide social and health service to meet the physical, emotional, mental, and spiritual needs of persons in the loving and caring spirit of Christ.</p>	<p>NBA is a non-profit org. Focus on touching lives of people in need, helping each individual to achieve independence with dignity.</p>
<p>Option House of Hollywood</p> <p>1754 N. Taft Avenue Hollywood, CA 90028-5705 (323)467-8466 ph.</p>	<p>Runaway Shelter</p> <p>TRev \$596,116 TExp \$598,948 1994 Net Assets: \$405,442</p>	<p>A division of Los Angeles Youth Network (see LAYN below)</p>	
<p>Saving and Preserving Arts and Cultural Environments</p> <p>1804 N. Van Ness Ave Los Angeles, CA 90028 (323)463-1629 ph.</p>		<p>SPACES, a national 23-year-old preservation and advocacy organization headquartered in Los Angeles, holds the largest and most extensive public, non-profit archives relating to contemporary folk or “outsider” art environments in all fifty states. Funds provided a short intense period for an outside consultant to review the physical and database archives, discuss priorities and analyze options to develop a plan for long-term protection, conservation, and management of the SPACES archives.</p>	<p>Alliance of California for Traditional Arts works to “ensure that California’s future holds California’s past” by providing programs and services to support the state’s diverse living cultural heritage. ACTA cultivates the growth of traditional arts and culture through Stewardship in tending and nurturing California’s unique cultural landscape; Services to Artists; and Connecting people, resources and information.</p>

Appendix II continued

Non-Profit Organization	Service	History/Established	Additional Info
<p>Hollywood Urban Projects</p> <p>1760 N. Gower St. Hollywood, CA 90028-5422 (323)463-9555 Ph. (323)463-8127 fax (South Los Angeles Community)</p>	<p>Bible study, after school and tutoring prog.s, computer classes, and other programs for the neighborhood. TRev \$128,264 TExp \$94,900 1994 Net Assets: \$51,518</p>	<p>At Hollywood Urban Project, we believe strongly that programs facilitate relationships and should never take their place. We hope and pray that HUP will be a place that inspires a mutual transformation between both the people of the community and with those that are volunteering and supporting HUP. Formally established as a non-profit in 1988; the 'City Dweller' program was born where 19-30 aged adults live and minister in the community.</p>	<p>With the help of Habitat for Humanity, Paramount Studios and other individuals, two apartments were built in 1994 to house the City Dwellers, giving HUP the capacity to invite up to 8 interns each year.</p>
<p>L.A. Youth Network</p> <p>1550 Gower St. Los Angeles, CA 90028-6425 (323) 467-4915 ph. (32#)464-4357 fax</p>	<p>See next column &gt;</p> <p>TRev \$1,254,482 TExp \$1,146,854 1994 Net Assets: \$1,077,914</p>	<p>Emergency night shelter, case management, HIV/AIDS edu. And risk reduction, street outreach, counseling, meals, substance abuse prevention &amp; intervention, counseling, referrals for medical, educational, vocational, legal and placement services, recreational events, tutoring, independent living, and job training, arts empowerment activities. Targets runaway, homeless, and system youth, ages 12-17, in Los Angeles County.</p>	<p>Since 1983, the Los Angeles Youth Network, a 501C-3 not-for-profit organization has been providing services to runaway, homeless, high-risk and system youth. Our program stabilizes youth and transitions them to safer places. by facilitating their return home, assisting with placing them in foster/group homes, or teaching the skills and providing the resources needed to live independently.</p>
<p>National Charity League Los Angeles Chapter</p> <p>5000 Hollywood Blvd Los Angeles, CA 90027-6104</p>	<p>A six-year program of philanthropic work, educational activities, and cultural events. TRev \$248,646 TExp \$251,492 1994 Net Assets: \$1,081,346</p>	<p>MISSION: foster mother-daughter relationships in a philanthropic organization committed to community service, leadership development and cultural experiences. NCL, Inc. is a non-profit national organization of mothers and daughters who join together in community involvement within local chapters throughout the United States. Its goal is to foster a sense of community responsibility in the girls as well as to strengthen the mother-daughter relationship. NCL was reorganized and incorporated as National Charity League, Inc. in 1958.</p>	<p>Founded in L.A. (1925) by a small group of women who involved their daughters in Red Cross work, making layettes and assembling and delivering baskets of food to the hungry. By 1938, many daughters had become involved and formed their own group, the Ticktockers. In 1947, these groups united to become the first mother-daughter charity naming themselves, National Charity League. At that time, the mothers also took their name, Patronesses. The newly formed group decided to expand its program beyond philanthropic work to include educational and cultural activities.</p>

Appendix II continued

Non-Profit Organization	Service	History/Established	Additional Info
<p>Barnsdall Arts/Friends of the Junior Arts Center</p> <p>4814 Hollywood Blvd Los Angeles, CA 90027-5302 (323)276-6209 <a href="mailto:barnsdallarts@aol.com">barnsdallarts@aol.com</a></p>	<p>Child development and community enrichment through art programs.</p> <p>Services: Artist-In-Residence, International Child Art Collection, Ragan Art Academy, Sunday Open Sunday, The Cotsen Artist Fellowship, Kids for Peace Workshop</p> <p>TRev \$283,888 TExp \$256,164 1994 Net Assets: \$491,703</p>	<p>To provide and support quality art programs that educate children and enrich our community through the celebration of art.</p> <p>Barnsdall Arts' mission is based on the importance of creative expression in every child's development and quality of life. Barnsdall Arts fulfills its mission by:</p> <ol style="list-style-type: none"> <li>1) Offering free and low-cost programs throughout the community;</li> <li>2) Advocating equal access to art experiences regardless of ethnicity, economic status, geography or physical or developmental ability;</li> <li>3) Promoting parent involvement in schools and family-based cultural activities;</li> <li>4) Collaborating with other educational, cultural, and civic institutions to incorporate the arts into the life of the community.</li> </ol>	<p>For more than three decades, Barnsdall Arts/FOJAC has been committed to providing outstanding, affordable arts education programs to young people both on site at Barnsdall Art Park and in extensive outreach. Provides scholarships and supplies for the Junior Arts Center at Barnsdall Art Park, and co-produce arts festivals throughout the city.</p> <p>We seek to collaborate innovatively with educational, cultural and civic institutions to incorporate the arts into the life of our community. The quality of our work has received the highest praise and recognition from the California Arts Council, the Los Angeles County Arts Commission, and the City of Los Angeles. We currently reach over 10,000 children annually with our art programs.</p>
<p>Boys Club of Hollywood Foundation</p> <p>5619 De Longpre Ave Hollywood, CA 90028-5505 (323)464-7325 ph (323)464-7310 fax <a href="http://www.bgchhollywood.com">www.bgchhollywood.com</a></p>	<p>See next column &gt;</p> <p>Currently serve 1,900 children ages 6-18.</p> <p>TRev \$89,363 TExp \$123,018 1994 Net Assets: \$1,864,642</p>	<p>5 Programs: Education and Career Development, Arts, Character and Leadership Development, Sports, Social Recreation and Fitness, and Health and Life Skills.</p> <p>The Boys &amp; Girls Club of Hollywood strives to improve each child's life by implementing self-esteem, courage, and positive values through all for the educational programs. Our youth come to The Club to receive tutoring, homework assistance, computer training sports, social recreation, education, mentoring, arts &amp; crafts and so much more.</p>	<p>The Boys Club of Hollywood became a reality in June 1937, when Mrs. Earl Gilmore, of the Assistance League of Southern California, organized the Club in two rooms above a garage on DeLongpre Avenue in Hollywood. Originally expected to attract 10 – 15 boys, Mrs. Gilmore was happily surprised with the arrival of 60 members during the first month.</p>



Appendix II continued

Non-Profit Organization	Service	History/Established	Additional Info
<p>Assistance League of Southern California</p> <p>1370 N St. Andrews Pl Los Angeles, CA 90028-5529 (323)469-1973 ph (323)469-3533 fax <a href="mailto:info@assistanceleague.net">info@assistanceleague.net</a></p>	<p>Broad range of human services to underserved residents of all ages</p> <p>TRev \$7,152,389 TExp \$6,027,283 1994 Net Assets: \$11,252,035</p>	<p><b>Children Services:</b> Learning Center, Children's Club, Operation School Bell, Foster Children's Resource Center, Theater for Children <b>Services for Families:</b> Family Service Agency Individual Services: Volunteer Center of L.A. ALSC <b>Senior Services:</b> Hollywood Senior Multipurpose Center, Over 50 Club</p> <p>Assistance League of Southern California, a nonprofit organization established in 1919, provides a broad range of essential human services to people in need within the greater Los Angeles area through a partnership of dedicated volunteers and staff.</p>	<p>Assistance League of Southern California, a nonprofit organization established in 1919, provides a broad range of essential human services to people in need within the greater Los Angeles area through a partnership of dedicated volunteers and staff.</p>
<p>National Assistance League</p> <p>5627 Fernwood Ave Los Angeles, CA 90028 (323)469-5897</p>	<p>Services target both youth and older adult needs</p> <p>TRev \$536,441 TExp \$536,396 1994 Net Assets: \$1,465,485</p>	<p><b>Children Services:</b> Reading Enrichment, Scholarship and Campership, summer schools, substance abuse prevention, self-care education, college entrance exam reviews, services for youth with special needs, education for the prevention of physical assault and abuse, youth clubs. <b>Older Adult:</b> Home, nursing, home and hospital visits, group activities, and income supplementation through retail outlets for hand crafter items</p>	<p>Assistance League is a national nonprofit organization that puts caring and commitment into action through community-based philanthropic projects. Effective community service is the focus of Assistance League's mission. Each chapter is guided in the process of reviewing its respective local needs and developing community projects targeted to those needs.</p>

Appendix II continued

Non-Profit Organization	Service	History/Established	Additional Info
<p>Thai Community Development Corporation                      6376 Yucca St., Suite #B                      Los Angeles CA 900028                      (323)468-2555 ph.                      (323)461-4488 fax</p>	<p>Promoting the rights of Thai Americans as well as advocating for more humane labor and immigration policies. Providing and ensuring access to culturally sensitive human and social services. Developing leadership among Thai Americans through community service.</p>	<p>Family Preservation Program, Information &amp; Referrals, Language Instruction, Legal Consultation, Housing / Job Search Assistance, Health Education, Family-Based Advocacy, Immigrant Families Matter Project, Parent Education Program, Parent Education, Community Development Activities, Housing &amp; Community Economic Development Programs, Affordable Housing Development, A.P.I. Small Business Program, Thai Town Community Development, Services for Youth, Youth Programs, Summer Activist Training.</p> <p>Empowering and improving working conditions for low-income Thais and other exploited workers, especially those working in sweatshops and other inhumane conditions.</p>	<p>Founded in April 1994 Thai and in other disadvantaged communities, people are living in substandard housing and lack access to basic health services, education and quality employment. Although the history of Thai immigration in the United States only spans thirty years compared to the immigration history of other Asian Pacific ethnic groups, it is considered a rapidly growing community with unmet needs. Fairly dispersed throughout Los Angeles County, there are high concentrations of Thais in Hollywood and parts of the San Fernando Valley. With the proliferation of Thai-owned businesses and shops, these areas have become Thai ethnic enclaves for newly arrived Thai immigrants. Reports estimate that up to 50,000 Thai Americans make their home in Southern California, the majority of these are new immigrants who have arrived from Thailand within the last ten years.</p>

**Appendix II continued**

<b>Community Based Organizations</b>	<b>Contact Person</b>	<b>Mission</b>	<b>Background</b>
Eastwood Coalition First Tuesday Seventh Day Adventist Church 1711 Van Ness Street	KC		
H-CAN Hollywood Community Action Network Every other Sunday 4:15 - 6:00pm First Presbyterian Church			
Argyle Civic Association	Cathryn Cotter		
Hollywoodland & It's Legacy	Joel Schiller, Walter Blackman		
The Oaks H.O.A.	Gerry Hans, Susan Swan		
Upper Eastside N.W.	Katie LaMont, Kathryn Zarate, Fran Reichenbach		
Hollywoodland H.O.A.	Robin Riker-Nesbitt, Molly Miles, Kristal Moffett, David Jefferson, Joyce Hagen, Margo Baxter, Brian Burchfield, Kris Sullivan		
Lake Hollywood H.O.A.	John Balaz, Andrew Ettinger		

**Appendix II continued**

<b>Neighborhood Councils</b>		<b>Contact</b>	
Hollywood United (Certified)		Hollywood United Neighborhood Council P.O.Box 3272 Los Angeles, CA 90078 Voicemail 323-769-6424 E Mail: Info@HollywoodUnitedNC.org Website: <a href="http://www.HollywoodUnitedNC.org">http://www.HollywoodUnitedNC.org</a>	
Greater Griffith Park (Certified)		Greater Griffith Park Neighborhood Council P.O. Box 27003, CA 900027 Voicemail 323-908-6054 Email:ggpnc@ggpnc.org	
Hollywood Together (Proposed)			
East Hollywood (Proposed)			

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# 11. *Densities and Transit*

**Hsin-Hsin (Diana) Chang**

## **Abstract**

*Residential and employment densities are two factors that are important in making transit viable. Higher residential density creates a bigger potential rider base in the immediate areas of transit facilities, while high employment density near transit stations generate more potential trip destinations for transit riders. In this study I examine and attempt to identify what should happen to the residential and employment densities of an area in Hollywood that has Hollywood/Western Red Line rapid transit station located in the center. To identify what should happen to densities on a more regional scale, I compare the densities of the study area with those of other station areas of the Red Line and the Gold Line. I conclude that for the study area, employment density, rather than residential density, should be given higher priority. On a more regional scale, residential density of the study area is of lower priority when comparing to other station areas of the Red Line and the Gold Line. Priority should be placed on increasing the employment density of the study area as well as the residential and employment densities of other station areas of the Red Line and the Gold Line in effort to sustain transit and generate greater mobility.*





## **Introduction and Overview**

Much discussion about density today focuses on housing density. Indeed, higher density residential developments have the advantage of increasing the overall stock of housing, which has been in shortage in California. From the transit standpoint, higher residential density signals the need for more public transit investments in areas with less extensive public transit network and creates a bigger potential rider base in areas surrounding transit facilities. In this study I initially start out examining the impacts of residential density from the transit standpoint for an area in Hollywood with goals to determine whether the current density should be increased and to recommend appropriate locations for density increase. However, I find employment density to be another important factor that influences transit usage. High employment density near transit stations means more concentrated work locations and commercial activities that create more potential trip destinations for transit riders. There are in fact many factors influencing the use of transits, and it is difficult to disentangle the effect of one from another. However, many studies have shown the importance of both residential and employment densities on transit usage. This study therefore focuses on the impact of residential and employment densities on transit for a four-census-tract area in Hollywood. I attempt to identify whether densities have reached transit-supportive thresholds and what should happen to these densities. Furthermore, I attempt to identify what should happen to densities on a more regional scale by comparing densities of the study area with those of other station areas of Metro Red Line and Gold Line.

I first summarize related findings from literature review on the impacts of residential and employment densities on transit usage. I choose two sets of transit-supportive residential density thresholds and two sets of transit-supportive employment density thresholds from other

studies for the density analyses. To examine densities, I use Geographic Information Systems (GIS) software to conduct a series of analyses on the study area and station areas along Metro Red Line and Gold Line using these thresholds. I subsequently attempt to identify from the findings what should happen to densities of the study area and on a more regional scale.

Quite contrary to my preliminary assumption from my site visits that the study area needs to have a much higher residential density in order to support existing transit, I found that increase in the study area's residential density is not a priority. Rather, increase in employment density is a top priority. Note that these density thresholds only serve as rules of thumb and are not necessarily relevant to the specific site. In addition, the analyses use census tracts as the geographic scale and for that reason does not show concentration patterns of densities within the study area. These analyses hence assume that densities tend to concentrate around transit stations and ignore the possibility that actual densities around transit station areas might be higher or lower than indicated.

This study points out that in addition to efforts to increase residential densities, city government should also aim at increasing employment densities in transit station areas. Even though higher residential density and employment density do not need to go hand in hand in order to be transit-supportive, with the decentralization of businesses and job markets, higher employment and residential densities combined possess great potentials in increasing transit usage and generate the full benefit of public transit: mobility.

## The Impact of Residential Density on Transit Usage

### *Literature Review*

In the literature that discusses the relationship between land use and transit usage, there is a general agreement that higher density (especially higher density around transit stations) correlates to higher transit use. There are two aspects of density: residential density and employment density. In a transit-oriented development workbook created by Puget Sound Regional Council (1999, 26), it is found that “transit adjacent to higher density residential and employment locations will have a significant impact on transit use, holding constant other factors that influence ridership.” In their study on public transportation and land use policy, Pushkarev and Zupan (1977, 24) state that “in general, transit use can be seen to rise with urbanized area density.” Similarly, Cervero (1994) finds that residential density and the proximity of housing to rail stations were related to rail usage. The presence of more population in an area creates a bigger market of potential transit users. “In cities where the spatial distribution of population is more compact and where public transit is more available (as measured by the instrumented distance to the nearest transit stop), households are less likely to own a car” (Bento et al. 2003). Higher residential density tends to cut auto ownership because “at higher densities, auto storage and use are less convenient and more costly, and alternative means of travel – including walking – are available” (Pushkarev and Zupan 1977, 173). Pushkarev and Zupan (1977, 30) further find that “densities of 7 to 30 dwellings per acre were necessary to sustain significant transit use – in the range of 5 to 40 percent of all trips. Moreover, an increase in density from about 7 to 30 dwellings per acre produced not only a very dramatic increase in transit use, but also a sharp reduction in auto travel.”

Employment density exerts great impact on transit usage. In a study on the impact of transit-based housing on transit ridership in Northern California, Cervero (1994) concludes that “for transit-based housing to reap mobility and environmental dividends, there must be transit-based employment centers - both the origin and destination ends of commute trips need to be in reasonably close proximity to rail stations for there to be high levels of rail travel. Transit-based housing will not draw many people to transit if workplace destinations are scattered throughout a metropolitan area.” Pushkarev and Zupan (1977, 174) finds that the density of the nonresidential concentration is most important to transit use “because of its multiple effect of reducing auto ownership of habitual travelers there, restraining auto use by auto owners, and providing conditions for convenient transit service in two ways: by high frequency of service that is necessary to serve large numbers of riders, and by short access walks made possible by compact land use arrangement. The distance from the nonresidential concentration is second in importance. High residential density by itself does little for transit if there is no dominant place to go.” Furthermore, “a major reason for increased transit use and reduced auto use at higher densities is not the residential density per se, but rather the greater orientation of trips at higher densities toward larger and denser nonresidential concentrations of activity” (Pushkarev and Zupan 1977, 23). “The public transportation payoff from increased residential densities will be the greatest in the immediate vicinity of a downtown or another nonresidential cluster” (Pushkarev and Zupan 1977, 60). In a report prepared by Edward Beimborn and Harvey Rabinowitz in 1991 on transit sensitive suburban land use design for the United States Department of Transportation, the authors stress the importance of the need to have concentration of trip ends along transit lines. They state that concentrated activities near transit stops create high

volume destinations that are needed to support a high level of transit service.

It is important to note, however, that density alone does not have direct influence on transit usage. Kockelman's study (1995) on factors influencing mode choice shows that "higher existing densities are often accompanied by other transit-promoting factors (such as commercial uses, higher parking costs, greater transit frequencies, and lower automobile ownership) that are difficult to separate from the effect of density alone." Higher density, residential or nonresidential, needs to be accompanied by appropriate public transits and public policies that make the price of driving more expensive (thereby making public transit more competitive) in order to increase transit usage. In a study on ridership impacts of existing large-scale housing projects near stations of five rail systems in California, Cervero (1994, 177-178) finds that

"The strongest predictor of rail usage was whether station-area residents had free parking at their workplace. Several transportation policies at the workplace also had a strong influence on the commuting choices of station-area residents. Most notable was the effect of parking prices - 42 per cent of station-area residents who paid for parking commuted by rail, compared to only 4.5 per cent who received free parking. Also, around one-third of station-area residents who received employer-paid transit passes commuted by rail, compared to 12.5 per cent of those who received no direct assistance. Two workplace policy variables that emerged as statistically significant predictors were the availability of a transit allowance and access to a company car (such as for midday trip-making), both of which increased the odds of rail commuting."

However, high parking costs are not sufficient when taken alone. Charging for parking increases transit use by making transit relatively cheaper (and therefore more competitive) compared with driving, but this effect can not take place unless there is appropriate transit service available in the first place. "Attempting to impose parking costs on a sprawling suburban job center where there is little transit service available, would be politically a very hard sell" (Barnes 2003, 10).

In sum, for higher density to yield significant impact over transit usage, it needs to be accompanied by land-use measures that encourage concentrations of housing and offices within walking distance of stations as well as transportation demand management programs, such as mandatory parking charges, that pass on true costs of driving to motorists (Cervero 1994).

#### **Residential and employment densities thresholds that support different public transits**

To evaluate the necessity of transit investments, some jurisdictions, based on related studies, have adopted minimum density thresholds that are required to support public transits. For the purpose of this analysis, two sets of residential density thresholds and two sets of employment density thresholds from transit and land use studies are used.

##### *Residential Density Thresholds*

The Institute of Transportation Engineers published a report called *A Toolbox for Alleviating Traffic Congestions* in 1989. The purpose of the report, as its name suggests, is to present options available for reducing traffic congestion and improving mobility. In the report, the authors provided a list of residential density thresholds that are required for different transit services to be cost-effective, and these thresholds are summarized below:

**Table 1. Transit-Supportive Residential Density Thresholds 1.**

<b>Type of Transit Service</b>	<b>Residential Density Threshold (Dwelling Unit / Acre)</b>
Local bus (1 bus per hour)	4 - 5
Intermediate bus (1 bus every 30 minutes)	7
Frequent level bus (1 bus every 10 minutes)	15
Light rail (5-min headways or better during peak hour)	9
Rapid Transit (5-min headways or better during peak hour)	12
Commuter Rail (20 trains a day)	1 - 2

Source: Institute of Transportation Engineers 1989

In a report published by the Transportation Research Board (TRB) in 2004 that focuses on transit-oriented developments in the United States, the authors cite the rules of thumb on residential densities concluded by Reid Ewing in his review of 11 TOD design guidelines across the United States. The rules of thumb on residential densities that are found to be transit-supportive are as followed:

**Table 2. Transit-Supportive Residential Density Thresholds 2.**

<b>Type of Transit Service</b>	<b>Residential Density Threshold (Dwelling Units / Acre)</b>
Basic Bus Services	7
Premium Bus Service	15
Rail Services	20 - 30

Source: Ewing 1996

The density thresholds for bus services in Table 2 are similar to those in Table 1. However, the threshold for rail services in Table 2 is much higher (20-30 dwelling units per acre) than the thresholds for rail services (9 dwelling units per acre for light rail and 12 dwelling units per acre for rapid transit) in Table 1.

*Employment Density Thresholds*

A workbook on transit-oriented development published by Puget Sound Regional Council (1999) in Seattle presents a research finding that employment densities of 25 jobs per gross acre will support frequent high-capacity transit service if employment is clustered close to the facility and that density of 50 jobs per acre is a preferred target for higher frequency and high-volume service provided by light rail (23-24).

**Table 3. Transit-Supportive Employment Density Thresholds 1.**

<b>Type of Transit</b>	<b>Minimum Employment Density (Jobs / Acre)</b>
Frequent, High Capacity Transit Service	25 (clustered near transit station)
Light Rail	50 (preferred target)

Source: Puget Sound Regional Council 1999

In “A Guide to Land Use and Public Transportation,” the local bus service threshold for business is approximately 50 to 60 employees per acre in most areas (Snohomish Transportation Authority 1989). Assuming that rapid transit service requires more employment density, I create a rough table of employment density thresholds:

Table 4. Transit-Supportive Employment Density Thresholds 2.

Type of Transit	Employment Density Threshold (Employees / Acre)
Bus	50-60
Bus / Rail Transits	above 60

### Density Analysis

In this study I focus on an area (Figure 1) near West Hollywood adjacent to Hollywood Freeway (101 Freeway). This four-census-tract area is currently served by several medium to high frequency bus lines and the Metro Red Line, with the Hollywood/Western Metro Station located in the center (intersection of Hollywood Boulevard and Western Avenue). The analyses focus on densities near Metro Red Line and Gold Line transit stations. From research and studies cited above, it is established that higher residential and employment densities are desirable for supporting public transit. Using threshold densities identified from other studies, I first conduct a series of GIS analysis to determine if residential and employment densities of the study area have reached the thresholds for supporting the rail transit in the area. In addition, I look at densities on a more regional scale by comparing study area densities with densities of Metro Red Line station areas. To further examine the priority to increase densities on a more regional scale, I compare densities of Red Line station areas with those of Gold Line station areas. In attempt to determine whether the study area contains enough non-residential floor space to support the needed employment density, I also create a GIS map to look at the locations and available space of non-residential floor space vacancies listed between the months of April and May,

2005, on LoopNet, a commercial vacancy multiple listing service. The purpose of these analyses is to determine the priority to increase densities at the study area and on a more regional level. Because of the availability of employment data, geographic scale is set at census tract level. The analyses therefore only look at densities in general and does not show detailed variations of densities within the quarter-mile radius of transit sta-

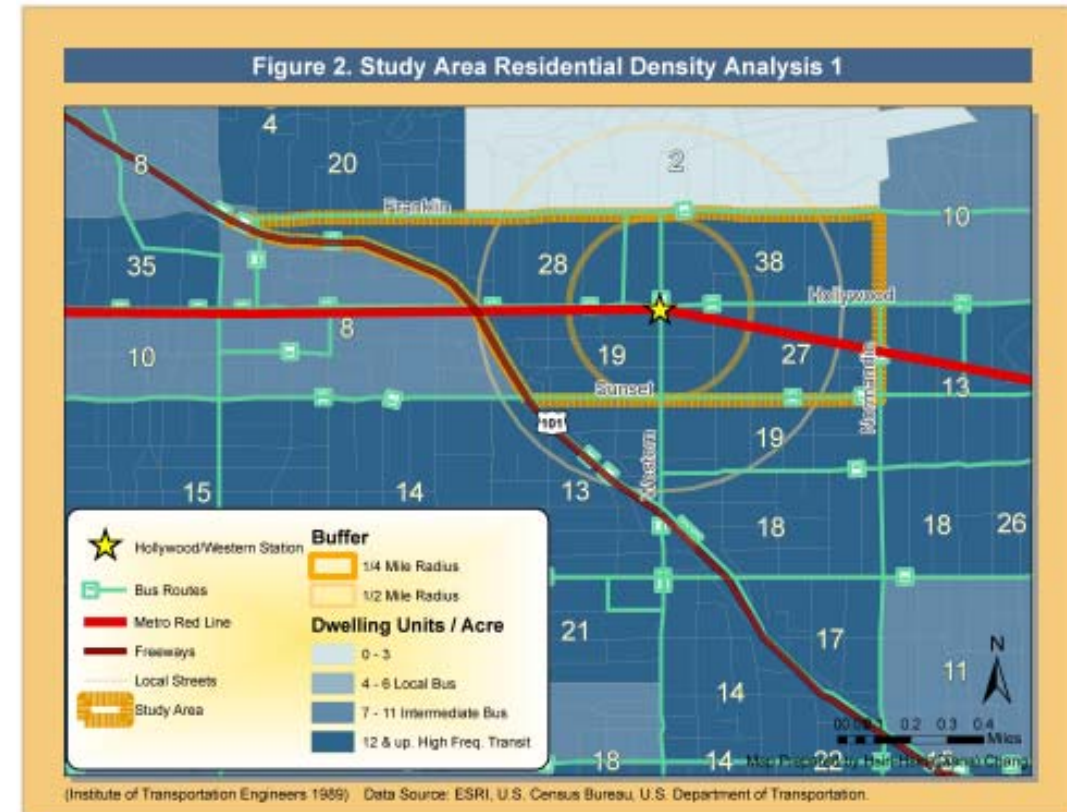


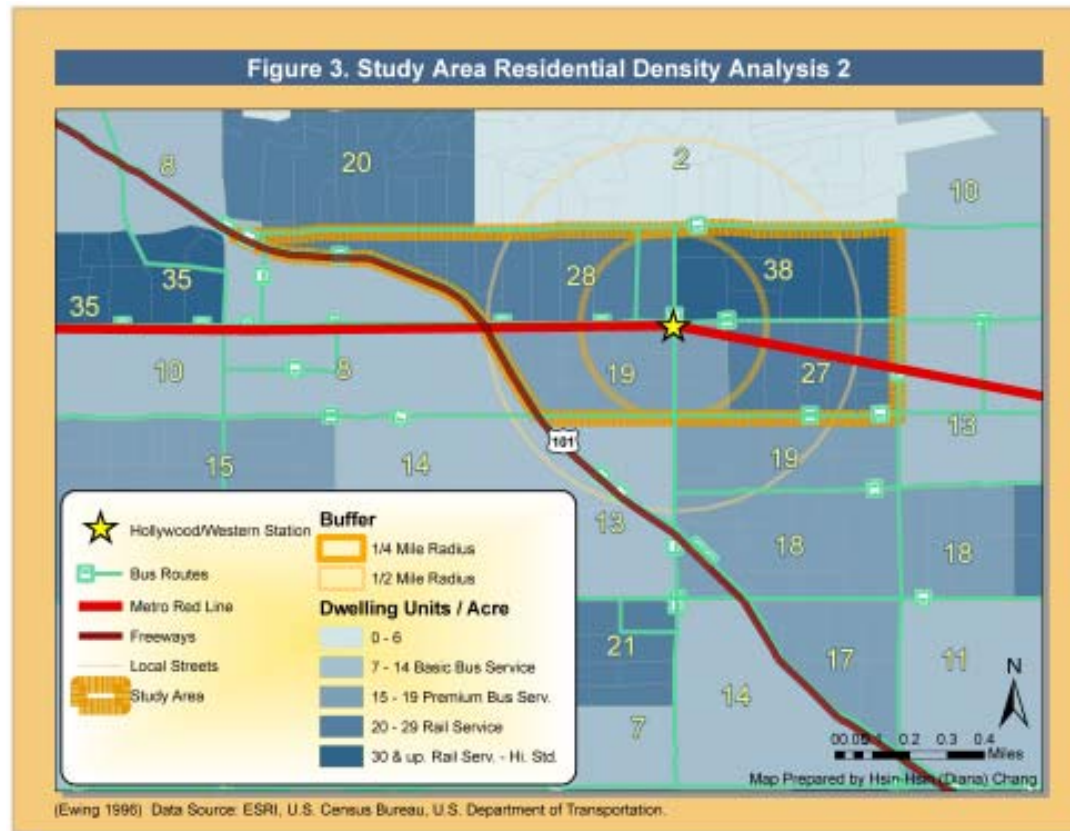
tions.

*Study Area (Hollywood/Western Station)*

*Residential Density Analyses.* Using residential density thresholds from Table 1 (Institute of Transportation Engineers 1989), I find that the study area contains residential densities that exceed the minimum required to support transits (Figure 2). The lowest density (19 dwelling units per acre) among the four census tracts is well above the 12 dwelling units per acre required for rapid transit service. Other census tracts adjacent to the study area also show consistently high residential densities to support the rapid transit service.

I find a similar result (Figure 3) when I apply more stringent residential density thresholds from Table 2 (Ewing 1996) to the study area. The study area has enough residential density to support the rapid transit service. Except for one census tract in the study area that has residential density (19 dwelling units per acre) that is just one dwelling unit below the recommended residential density (20 dwelling units per acre) for rail services, the residential densities of the other three census tracts have reached the minimum residential density threshold. However, using the higher end (30 dwelling units per acre) of the minimum required density threshold to analysis study area densities, I find that only one census tract contains residential density that exceeds the threshold, with two other census tracts several dwelling units below the threshold and one census tract way below the threshold. This implies that that, within the study area, efforts to increase residential density should concentrate primarily on the southwest section and secondarily on the southeast and northwest sections.

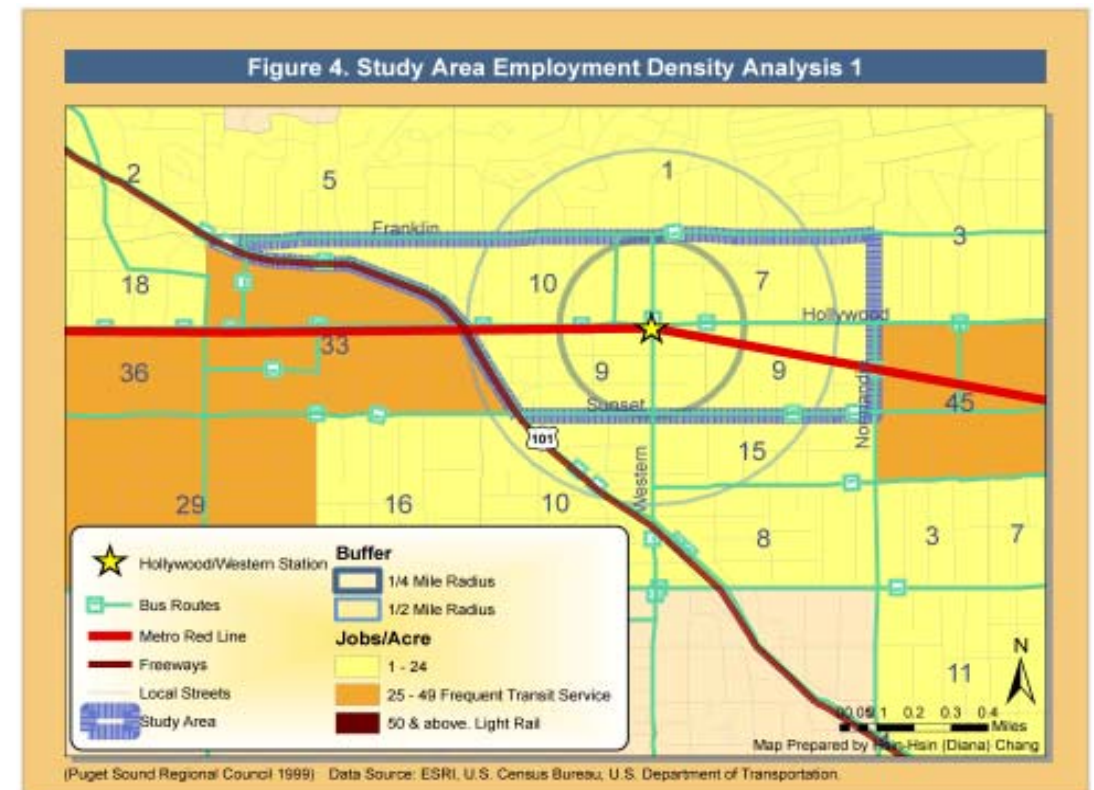


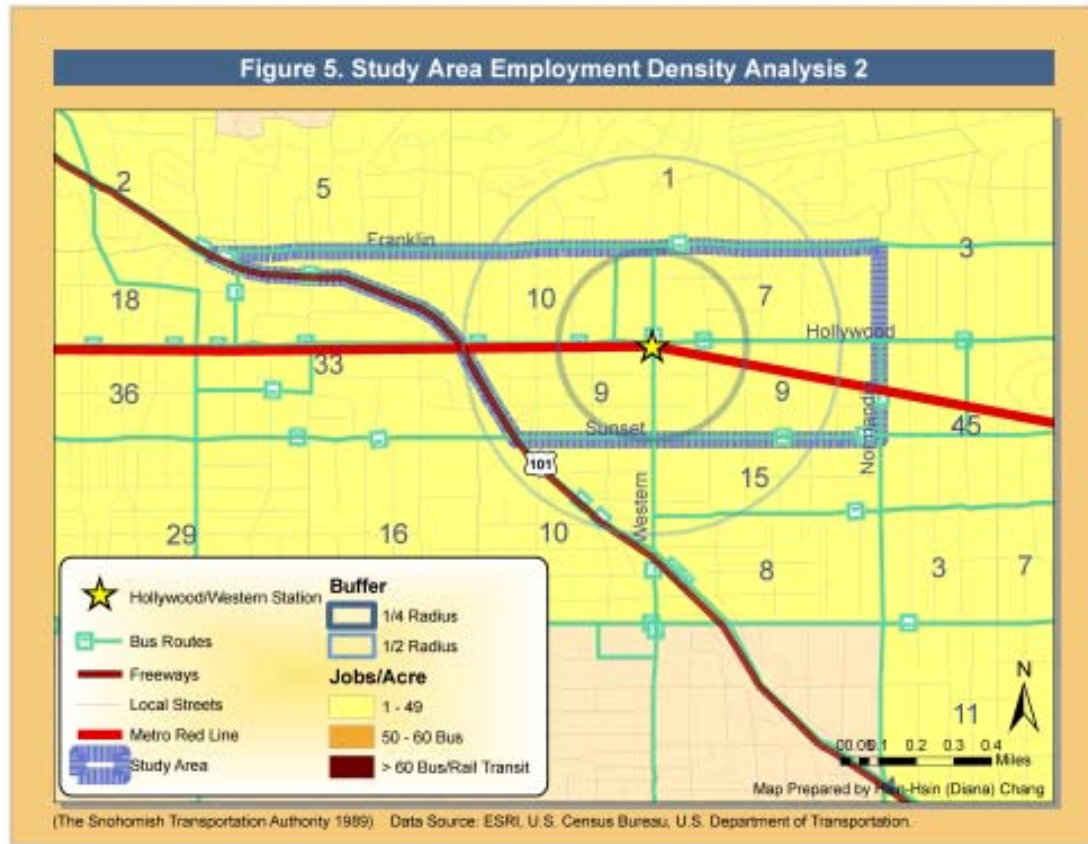


*Employment Density Analyses.* Using recommended employment density thresholds from Table 3 (Puget Sound Regional Council 1999), I find that study area's employment densities are way below the recommended threshold for frequent transit service (Figure 4). It is interesting to note that census tracts along Metro Red Line and to the east and west of the study area's census tracts have much higher employment densities than the study area, although these densities are still below the

preferred threshold (50 jobs per acre) for rail service. This suggests that there might be a lack of non-residential floorspace in the study area or that the study area does not have a concentration of businesses.

Applying higher employment density thresholds from Table 4 (Snohomish Transportation Authority 1989) returns an even more dramatic picture of how low the employment density for the study area and its surrounding area is (Figure 5). The employment densities of the study area are below the threshold recommended for local bus service. It is apparent that the study area does





not contain enough employment density that would generate trip destinations for transit riders.

#### *Non-Residential Floorspace Vacancy Analysis*

Two reasons might explain the existing low employment density of the study area. One is that the study area does not contain enough non-residential floor space to accommodate businesses, and the other is that businesses do not consider the study area an attractive locational choice given that the study area contains enough non-residential floor space to accommo-

date more businesses to locate there. To identify whether the study area has enough non-residential floor space to accommodate higher employment density, I create a map (Figure 8) that contains the locations of all commercial vacancies listed during April and the first half of May on a commercial vacancy multiple listing service called LoopNet. I find that there is a dearth of non-residential floorspace vacancy in study area and within a quarter mile of the Hollywood/Western metro station. During the month of April and the first half month of May, there are only two vacancies within a quarter mile of the study area. One vacancy is located in a mixed-use building (Figure 6) right above the metro station, and it contains 1,700 square feet of retail/commercial floorspace. The other vacancy is located in a building (Figure 7) across from the metro station, with 2,300 square feet of floorspace intended for medical use. In addition, there is a vacancy of 19500 square feet located just outside of the quarter-mile buffer zone, and this vacancy is a shopping center building that was used as a supermarket. As the Figure indicates, most vacancies fall outside of the half-mile buffer zone of the Hollywood/Western metro station. The majority of vacancies concentrate in the area outside of the one-mile buffer zone. These findings imply that the lack of non-residential floor space might be the main reason why the study area currently has very low employment density.

#### *Metro Red Line Station Areas*

To examine densities of the study area on a more regional scale, I further compare them with densities of other Red Line station areas.

*Residential Density Analyses.* Looking at residential densities along the Metro Red Line using residential density thresholds from table 1 (Institute of Transportation Engineers 1989), I find that most census

Figure 6. Hollywest



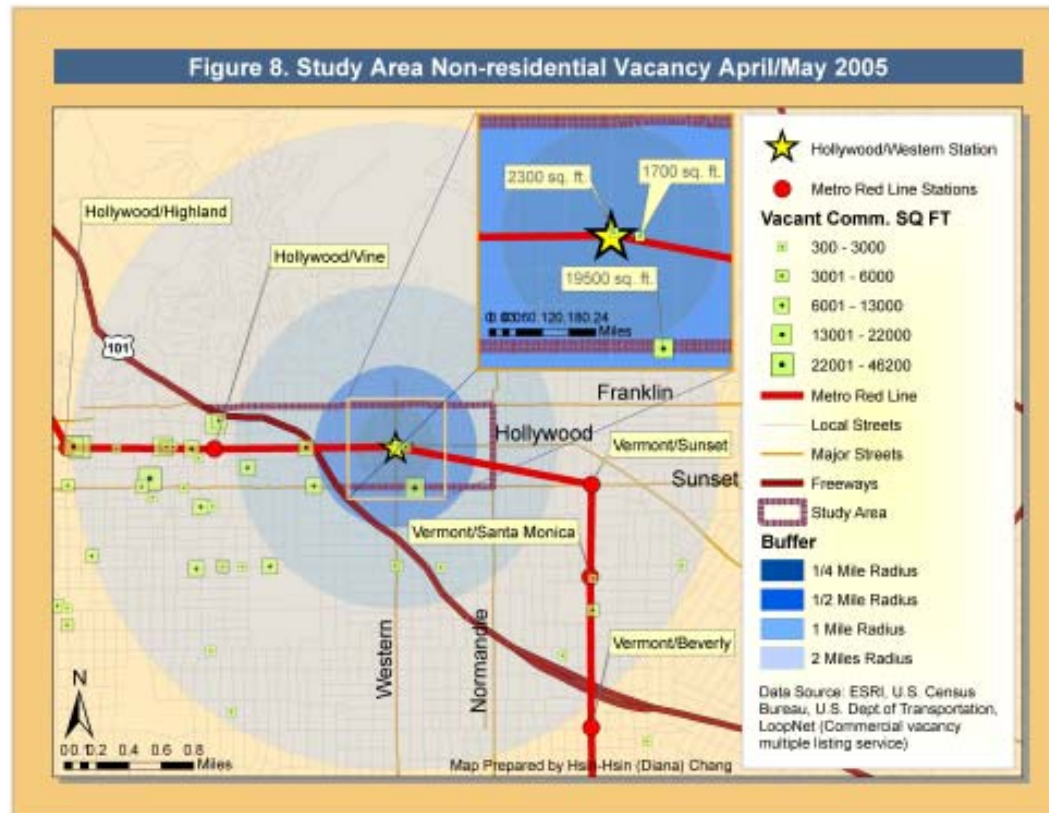
Source: Alan A. Loomis, [www.deliriousla.com](http://www.deliriousla.com)

Figure 7. Hollywood/ Western Red Line Station



Source: [www.mta.net](http://www.mta.net)

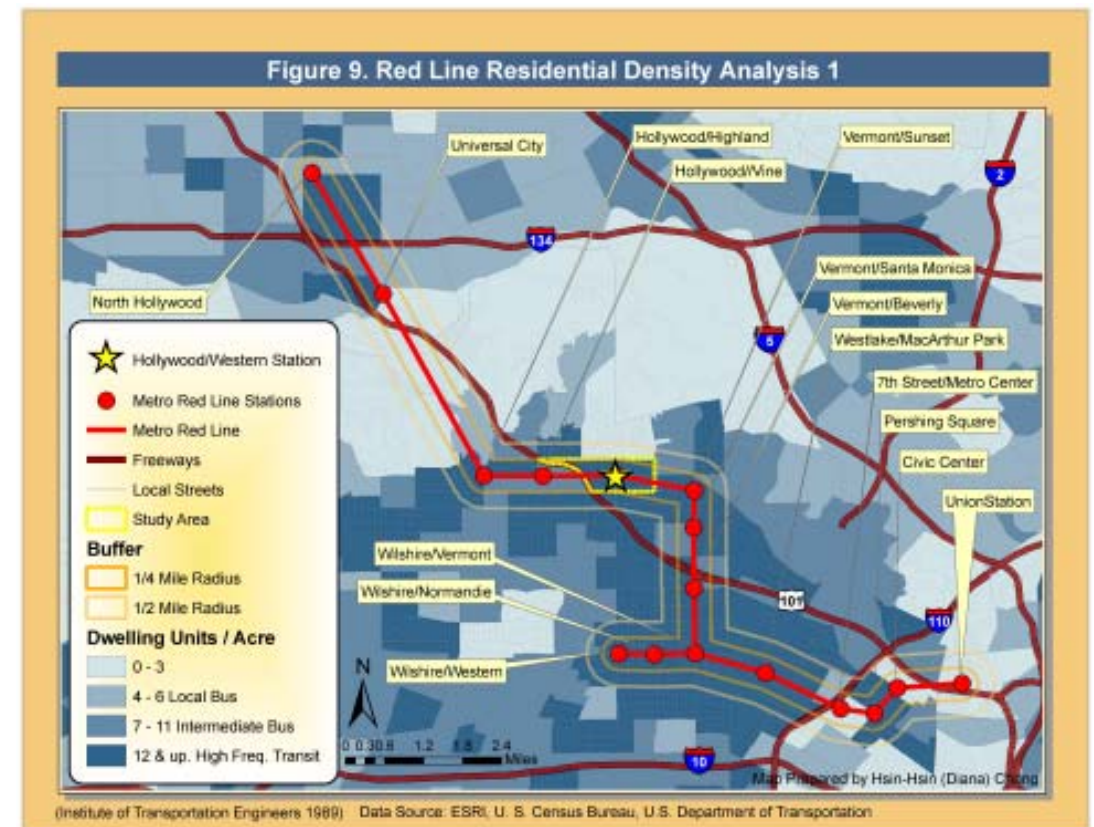


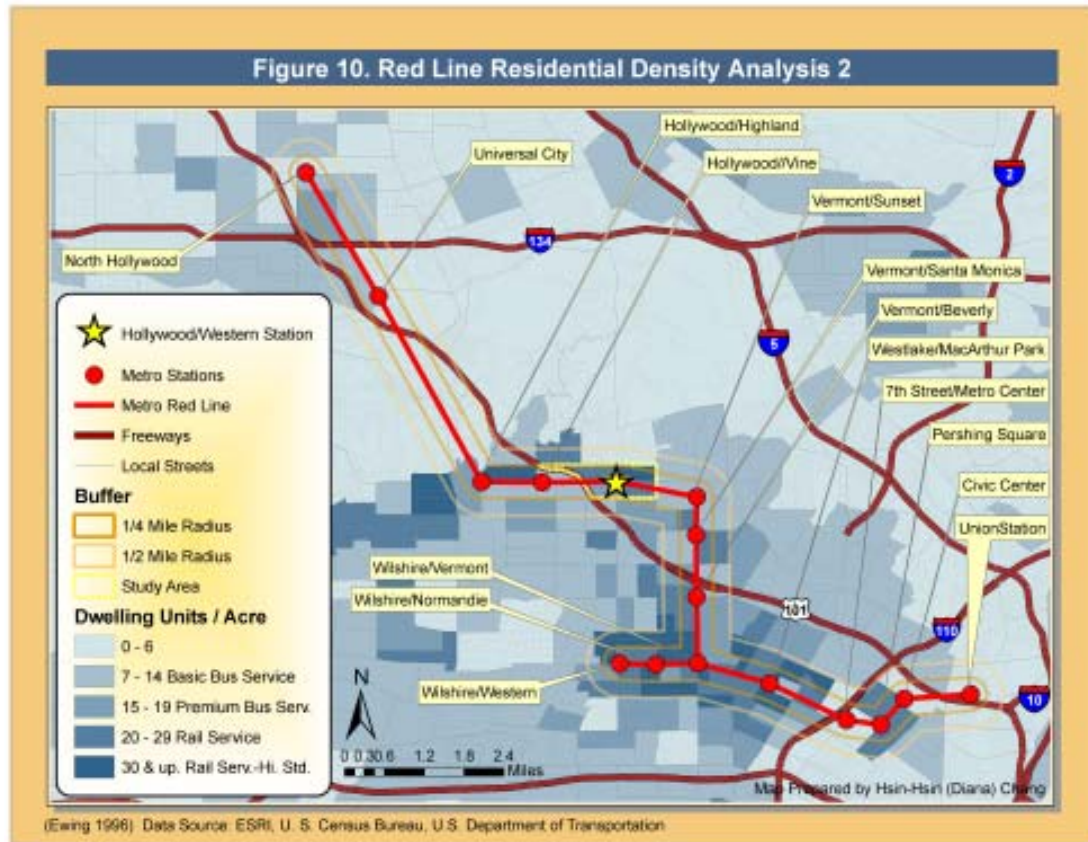


tracts (except for those located on the east and west ends of the metro line) surrounding Red Line stations have reached the density threshold to support rapid transit service (Figure 9). Census tracts with especially low residential densities (zero to six dwelling units per acre) are located at 7<sup>th</sup> Street/Metro Center, Civic Center, and Union Station metro station, while census tracts with densities supportive of only intermediate bus are located near North Hollywood and Universal City stations.

Residential density thresholds from Table 2 (Ewing 1996) return more varied patterns on the classifications of densities among census tracts along Red Line (Figure 10).

The study area census tracts are among some of the census tracts along the line that have met the threshold for rail services. Some station areas have lower densities that only justify for premium bus services, while others have even lower residential densities that either only justify for basic bus services or does not justify for basic bus service at all. Figure 10 pinpoints areas along Red Line that have potentials to achieve higher residential density. These findings suggest that on a more regional scale, it is not the priority to increase the residential density of the study area but to increase the resi-

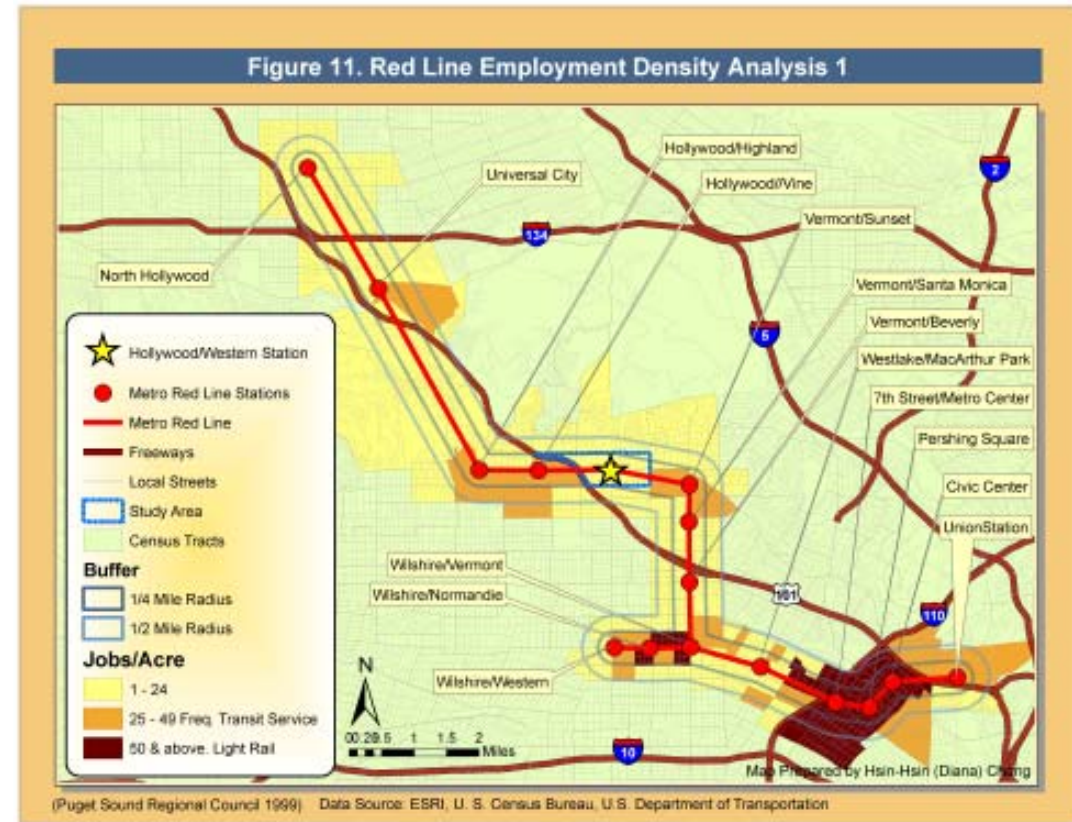




dential densities of other Red Line station areas.

*Employment Density Analyses.* On the other hand, the employment density analysis of the Metro Red Line area returns a more consistent finding: there is a need to increase the overall employment density along Metro Red Line. Using thresholds from Table 3 (Puget Sound Regional Council 1999) to compare employment density of the study area with station areas along Red Line, I find that census tracts of the study area are among the census tracts along Metro Red Line that

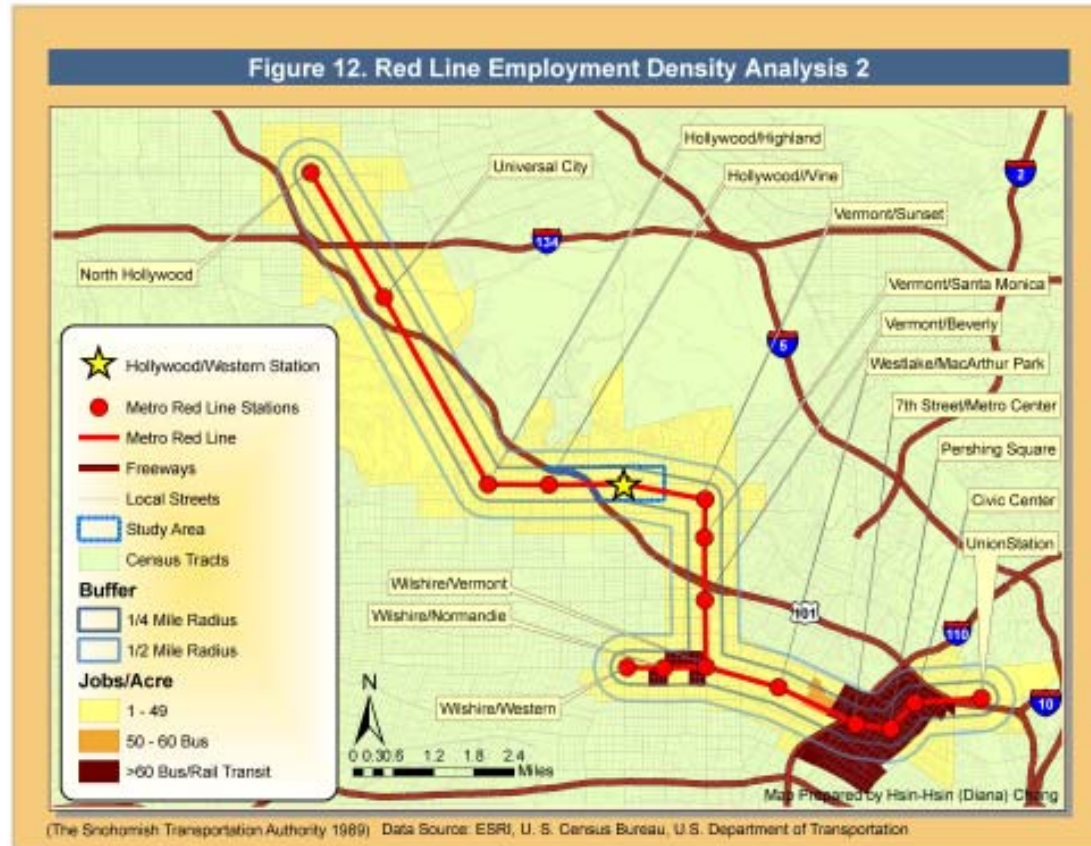
contain the lowest jobs per acre (Figure 11). Several census tracts near Red Line stations do contain enough employment densities to support frequent transit service such as bus and light rail, but these densities have not reached the ideal threshold for rail services. Furthermore, it is not surprising to find that the employment density increased dramatically in downtown area



census tracts, especially around 7<sup>th</sup> Street/Metro Center, Pershing Square, and Civic Center stations.

The employment density thresholds from Table 4 (Snohomish Transportation Authority 1989) contrib-

ute to more rigorous classifications that drastically put the employment densities in the study area and most other station areas into the lowest category of thresh-

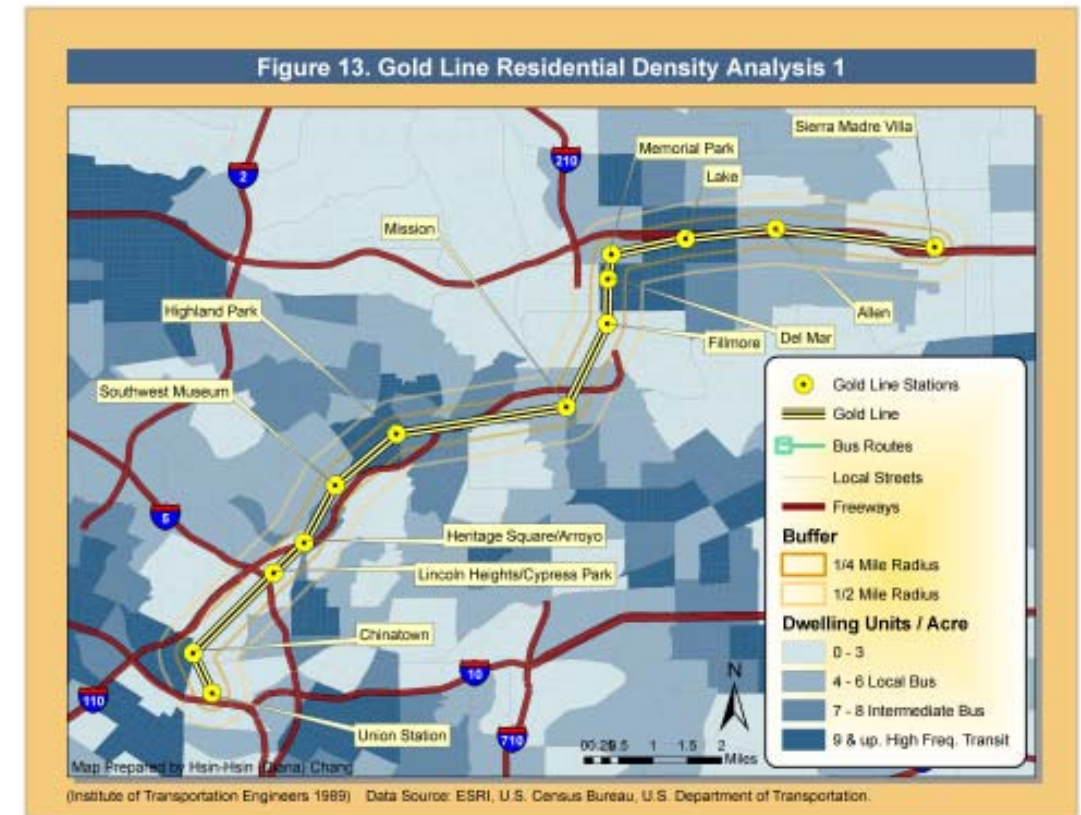


olds (Figure 12). Except for the downtown area stations, most of the census tracts along the Red Line do not contain enough employment density to support rail service. These findings suggest that efforts to increase employment density should concentrate on the study area as well as other Red Line station areas.

### Gold Line Station Areas

To further examine densities of the study area and to identify the priority to increase densities on a more regional scale, I compare densities of Red Line station areas with those of Gold Line station areas.

*Residential Density Analyses.* Using density thresholds from Table 1 (Institute of Transportation Engineers 1989) in my analysis, I find that residential densities of most of the census tracts along the Gold Line fall below the residential density threshold (9 dwelling units per

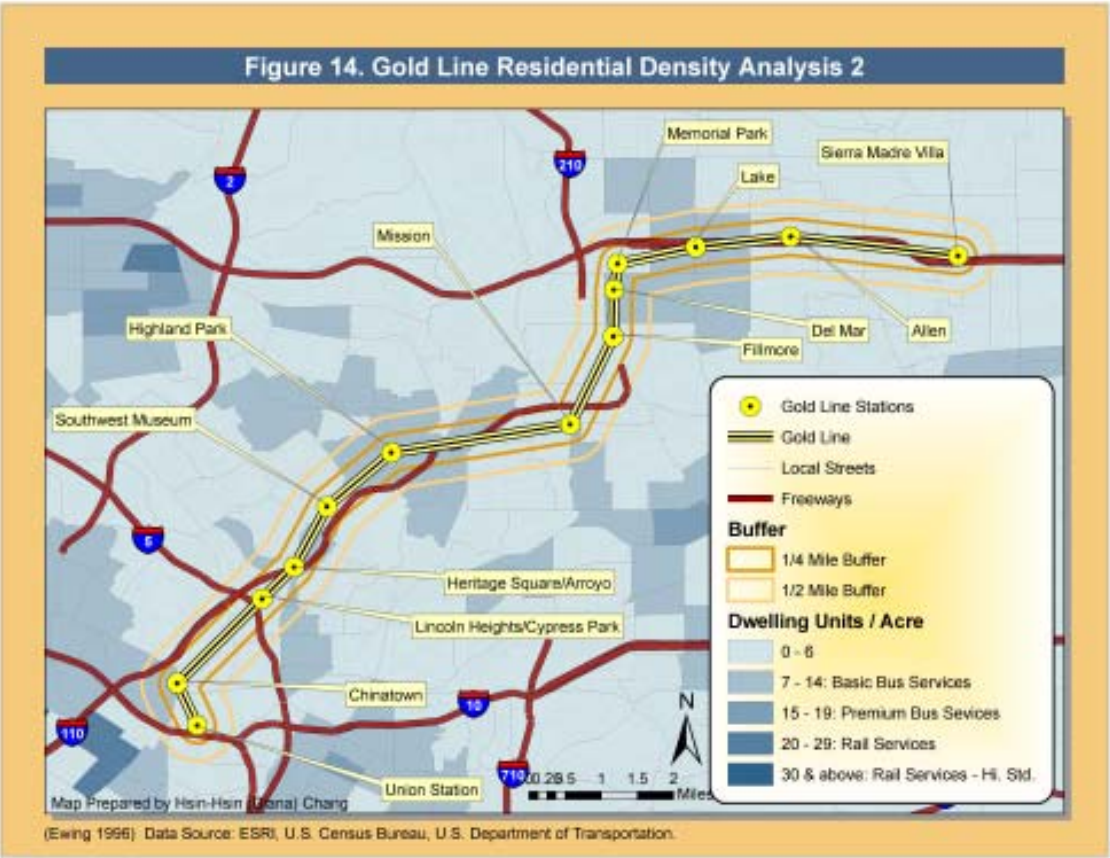


acre) recommended for light rail (Figure 13). Some of these census tracts even fall below the 4 dwelling units per acre threshold recommended for basic local bus (with one hour headway).

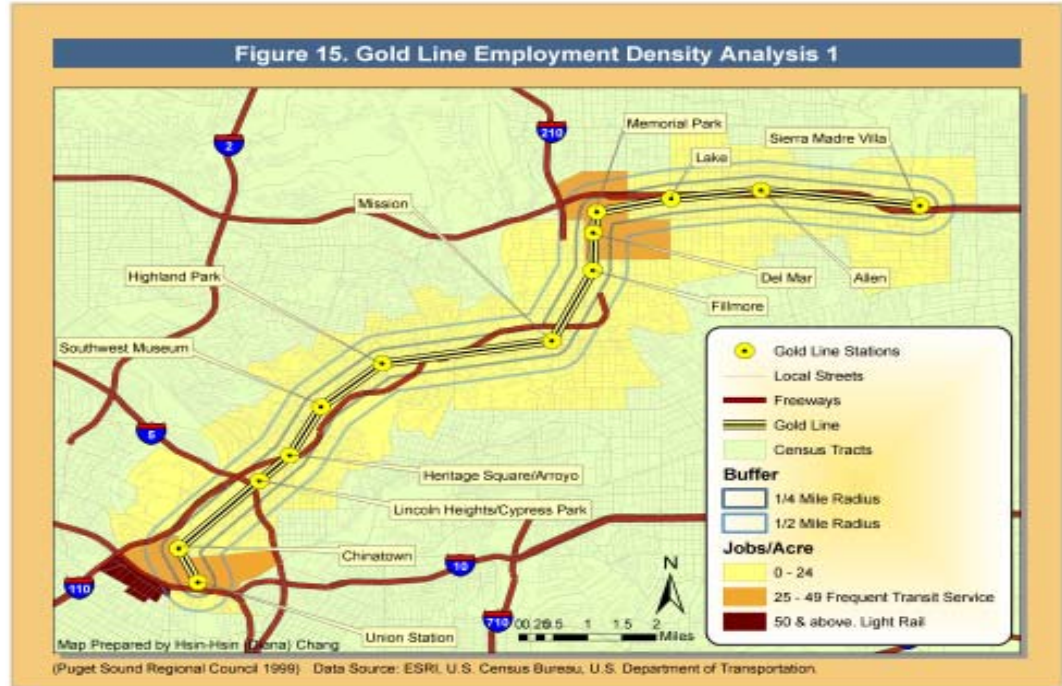
Classifying the densities of census tracts along the Gold

Some census tracts do have residential densities that can support basic bus services, but none of the census tracts have densities that can support rail services. Comparing with Red Line station areas, Gold Line station areas have relatively lower residential densities. This finding suggests that on a more regional scale, Gold Line station areas have relatively greater need than the study area and other Red Line station areas to increase residential densities in order to make transit viable.

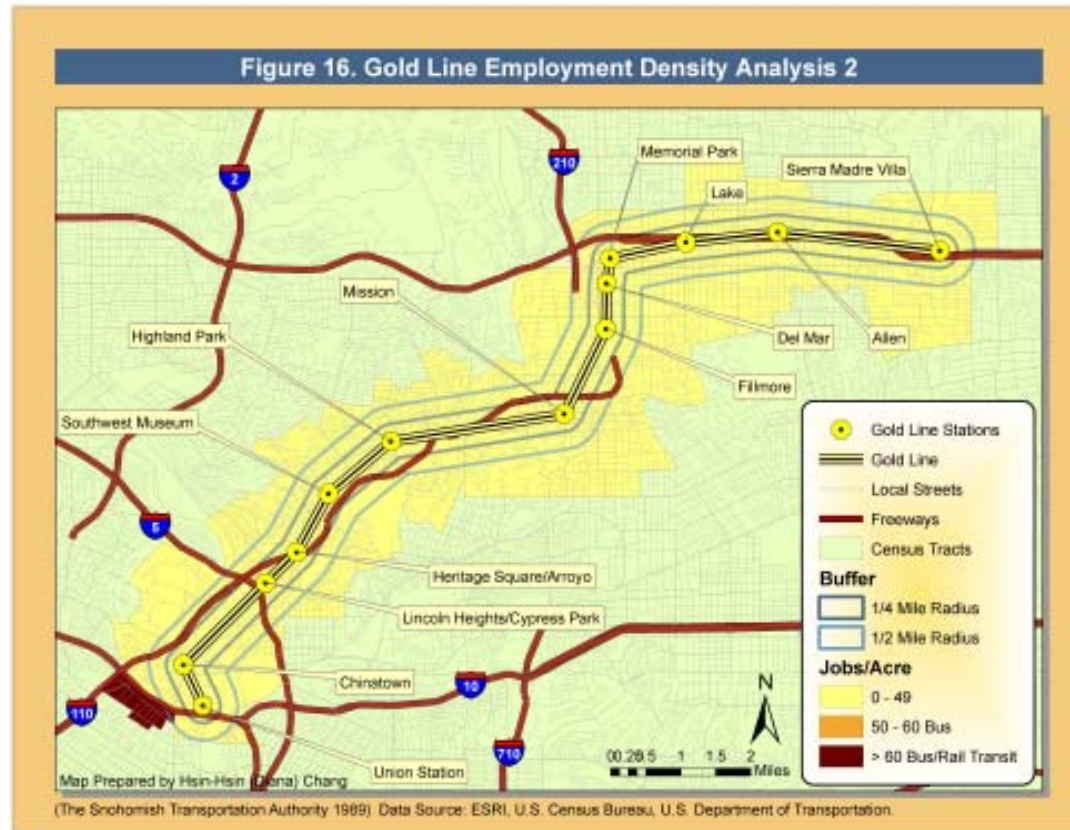
Employment Density Analyses. GIS analysis (Figure



Line using recommended residential thresholds from Table 2 (Ewing 1996), I find that residential densities of even more census tracts along the Gold Line fall below the threshold for basic bus services (Figure 14).



15) on employment densities along the Gold Line using employment density thresholds from Table 3 (Puget Sound Regional Council 1999) returns a similar



result as the Red Line that areas along the Gold Line do not have enough employment densities to support light rail service. Most of the census tracts fall below the threshold required to support frequent transit service. Comparing with census tracts of the Red Line, Gold Line has more census tracts that are below the threshold (25 jobs per acre) for frequent transit service.

An even more dramatic picture (Figure 16) results from using the recommended thresholds from Table 4 (Snohomish Transportation Authority 1989) to analyze

employment densities along the Gold Line. Figure 14 shows that almost all census tracts along the Gold Line fall below the threshold for bus service. This finding is consistent with that of the Red Line analyzed using the same thresholds. These findings suggest that on a more regional scale, effort to increase employment density should concentrate on the study area as well as the majority of other Red Line and Gold Line station areas.

### Interpretation of Analysis Findings

This study sets out to examine residential and employment densities of the study area and on a more regional scale. Overall, the findings show that the study area has enough residential densities, but not employment densities, to support rapid transit service. This might either indicate a lack of non-residential floor space within the study area, or the lack of attractiveness for businesses to locate there. Analysis on non-residential floor space vacancies shows that there is currently a lack of non-residential vacancies in the study area to accommodate higher employment density. City government should therefore encourage or attract non-residential floorspace developments to the study area. These findings imply that, in addition to residential density, emphasis should also be placed on encouraging greater employment density in the study area. Efforts to increase residential density should concentrate primarily on the southwest section of the study area that has residential density lower than the minimum transit-supportive threshold and secondarily on the southeast and northwest sections. On the other hand, efforts to increase employment density should concentrate on all census tracts of the study area.

On a more regional scale, the study area, compared with other areas along the Red Line, is relatively high in residential densities, and there are potentials in other Red

Line station areas for much higher residential densities to support transit. In addition, the majority of census tracts along the Red Line, including that of study area, have very low employment densities that do not support rail transit service. These findings imply that the study area is not the primary area that efforts to increase both residential and employment densities should concentrate on, and efforts to increase densities should also include other Red Line station areas.

Further more, on a more regional scale, residential densities of the study area and of other Red Line station areas, when compared with residential densities of census tracts along the Gold Line, are relatively higher. This implies that the study area and the Red Line station areas are of lower priority to increase residential densities than Gold Line station areas. Although the Red Line has more census tracts that have higher employment densities than the Gold Line, most of the census tracts along these two transit lines fall below the transit-supportive threshold of rail services. This indicates that there is a strong need to encourage either more non-residential floorspace developments or attract more businesses to locate near Red Line and Gold Line transit stations. This finding also implies that priority to increase employment density should be placed on the study area as well as station areas of the Red Line and the Gold Line.

It is not the purpose of this study to conclude that residential density at the study area does not need to be increased but rather to point out the lack of higher employment density that is critical to the success of transit, both on the local and regional scale. Within the study area, employment density has higher priority than residential density. On a more regional scale, the study area is denser in residential density than other station areas of the Red Line and the Gold Line. Local government should give equal emphasis on increasing

the residential and employment densities of other station areas of the Red Line and the Gold Line.

### **Conclusion**

Residential density and employment density, when combined with other transit-sensitive land use policies, are strong factors that influence transit usage. However, high residential density alone has little effect on transit usage if there is a lack of destinations for transit riders. This study finds that for the study area, employment density, rather than residential density, should be given higher priority. On a more regional scale, increase in residential density of the study area is not a priority, and it is important to consider increasing densities of other station areas of the Red Line and the Gold Line in order to obtain greater effects on transit use. While it is important to increase residential densities in some station areas along the Red Line and in most station areas of the Gold Line, it is imperative to place equal emphasis on increasing employment densities along these two transit lines. By encouraging job growth and commercial activities near transit stations, whether by modifying land use regulations to attract more non-residential floorspace developments near stations that do not have a ready supply of nonresidential floor space, or by providing tax incentives to attract businesses to locate or develop at station areas, city government can increase the stock of trip destinations that can generate greater transit usage throughout the day to support public transit.

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## 12. *Designing the Public Realm: A Los Angeles Approach to Urban Design*

**Stephanie Cheng, John Kamp, Steven Patton**

### **Abstract**

*This chapter contends that some key problems of housing density and livability can be tackled through urban design. However, our particular approach to urban design strays from one narrowly focused on architecture and individual parcel development. Regulating architectural styles in Los Angeles is difficult if not impossible, and to focus on individual parcels alone is to effectively ignore the most neglected and overlooked aspect of the city: the public realm. This realm simultaneously comprises landscape, the built forms that frame this landscape, and the uses and users that occupy these spaces. In essence, these spaces comprise the public living environment or landscape of dense urban neighborhoods. We argue that a poor public landscape—particularly one whose forms and uses ignore the pedestrian and favor the automobile—corresponds to poor livability in dense neighborhoods, no matter how pleasant one’s private apartment may be. Unfortunately, it is this public landscape that the city has largely ignored, allowing it to fall victim to the whims of private developers and the physical needs of the automobile. Through an analysis of landscape elements, built form, and uses and users, this chapter identifies key problem areas within the public realm, offers up specific design solutions, and argues for the development of corresponding design standards the city should implement in order to rejuvenate the public landscape.*



Los Angeles River, circa 1880



Hollywood Boulevard, circa 1880



Vermont Avenue, circa 2005



## Introduction

Ask any Angeleno, or American for that matter, to describe what best characterizes Los Angeles, and they will most likely describe (often subconsciously) a landscape: the visual clutter of the commercial strip; the sprawl and traffic of the freeway; snow-capped peaks looming behind palm-lined boulevards; the grey-blue ocean dotted by brave surfers and hesitant bathers. In contrast, ask someone to name an architectural landmark that best characterizes Los Angeles, and they are hard-pressed to do so. To experience Los Angeles is to experience a distinct landscape.

Of course, the Los Angeles landscape one experiences today is not what one experienced 200 or even 75 years ago. The landscape of yesteryear was characterized by lush agricultural, residential and public environments, fed by the then-plentiful waters of the Los Angeles River, and graced by a beautifully mild climate.<sup>1</sup> The landscape of today is quite different.

With the arrival of the Southern Pacific Railroad in the 1870s, the essence of the Los Angeles landscape shifted away from the agricultural and public realm and towards the private suburban spaces that now characterize much of the city today. The very landscape that made the city so attractive for living was the first to suffer the axe of unfettered, rampant development. Subdivisions replaced orange groves; strip-malls replaced walkable commercial centers.<sup>2</sup>

Throughout this evolution, or perhaps devolution, it is not simply the original landscape that has suffered, but rather the *public* one—the parks, the open space, the sidewalks, the boulevards, and all the other myriad spaces urban dwellers inhabit. The open spaces are few and far between, the sidewalks and boulevards tattered, monotonous, excessively wide, flanked by low-rise

buildings that are extremely set back, whose façades offer little interest for those who would stroll by them.

This devolution is of critical relevance now, as the city densifies exponentially leaving residents with little to offset their invariably shrinking private living environments and all the side-effects of living cheek by jowl with strangers: noise, garbage, traffic. We see a quality public landscape – viable, usable, and plentiful open space; walkable, comfortable, well-defined streets, and myriad amenities (not just “boutique” destinations) accessible on foot—as the keystone to livable density in Los Angeles. At present, this keystone is sorely missing.

## A Public Landscape Approach to Urban Design

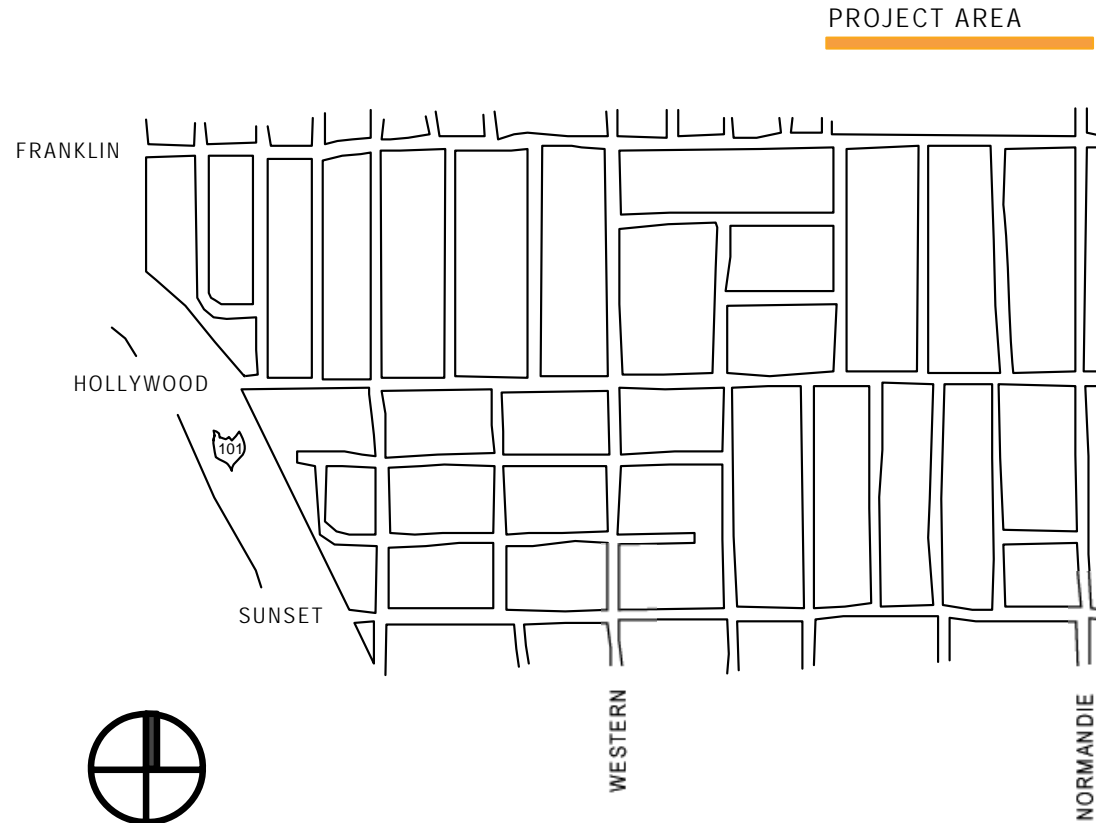
Conventional approaches to urban design tend to focus almost entirely on architecture at an individual parcel level. The design and quality of the public realm is treated largely as an afterthought. We contend that urban design in Los Angeles must view the public landscape as its central object. This chapter closely examines the interplay among built form, sidewalks and streets and particular landscape elements (i.e. street trees, lighting, signage), and the uses and users that inhabit these spaces. In practical terms, our concern is two-fold: 1. How, through design interventions, public space is defined and enhanced for these particular users; 2. How the City might play a more active role in defining and enhancing the public realm.

## Examining the Public Landscape and Site Analysis

Our project area is bounded by the Hollywood 101 freeway to the west, Franklin Avenue to the north, Normandie Boulevard to the east, and Sunset Boulevard to the south. We chose the sample area due to the large numbers of vacant lots, an overwhelmingly auto-oriented landscape but with decent levels of pedestrian

activity, dense residential neighborhoods, and the existence of a sufficient transit infrastructure (both bus and subway).

scape that seemed to ignore their very existence. Not coincidentally, pedestrian activity tends to concentrate around the numerous transit stops at the intersections of Hollywood and Western, and Sunset and Western.



To make our analysis more robust, we considered not simply the physical quality of the project area, but also the various social elements that define a particular place. Thus we examined *who* residents and visitors might interact with, *where* they might go, *what* they might do, and *when* and *how* they carry out such activities. We juxtaposed these social considerations with an analysis of the physical form to see how the physical nature of a space might enhance or constrain the daily activity of the users within this space.

While the layout of buildings and street networks physically define where people may go, the existing social networks within the physical realm play a significant role in the behavior of groups in public spaces. Human activities are therefore bound not only by the limits of land uses and accessibility, but also by the social and cultural implications of what behaviors and activities are publicly acceptable.

Our analysis comprised the following levels of observation:

- a. zoning, land use, and physical form;
- b. additional zoning and the Station Neighborhood Area Plan;
- c. accessibility and pedestrian volumes;
- d. cultural landmarks;
- e. council districts;
- f. social districts.

We began by conducting a comprehensive site analysis that moved from the general to the specific. We were most interested in seeing how the current public landscape enhanced or detracted from the user's experience. We came to focus largely on spaces in which pedestrian activity already existed but within a land-



## ZONING MAP

### A. Zoning, Land Use, and Physical Form.

Our field observations on zoning, land use, and physical form highlighted the need to walk and experience a place to understand its particular nuances. We often observed great differences in physical form and character between streets within the same zone. Thus, while much of Hollywood Boulevard and all of Sunset are zoned commercial, their land uses and physical characteristics tend to

be quite different. Buildings on Sunset tend to be lower but of a greater mass than on Hollywood, even though Sunset is a wider Boulevard. The tallest buildings in the project area are found within the residential zones. Moreover, the residential zone along Hollywood Boulevard bears little resemblance to its adjacent residential streets; rather, it shares more in common with the

strip-commercial character of Sunset Boulevard. These are the kinds of fine-grained details one must consider when crafting design guidelines to enhance the public realm of specific streets.

The project area contains three main commercial arterials—Sunset and Hollywood Boulevards, and Western Avenue—interspersed with multi-family residential zones. Additionally, the city has zoned one stretch of Hollywood Boulevard between Western and Bronson Avenues as multi-family residential. None of the project area has been zoned for public open space. The nearest

parks are more than one mile away from the project area. Finally, while much of the project area is built-out, we noted the presence of several vacant lots, particularly along Hollywood Boulevard.

*Hollywood Boulevard.* Hollywood Boulevard is 65 feet wide, with 20-foot-wide sidewalks, and generally a low-rise but consistent built form that tends to hug the sidewalk.

The Boulevard can be characterized by a diverse array of land uses housed within one- and two-story

Massing diagram of project area, looking east down Hollywood Boulevard.

Hollywood Boulevard section: existing

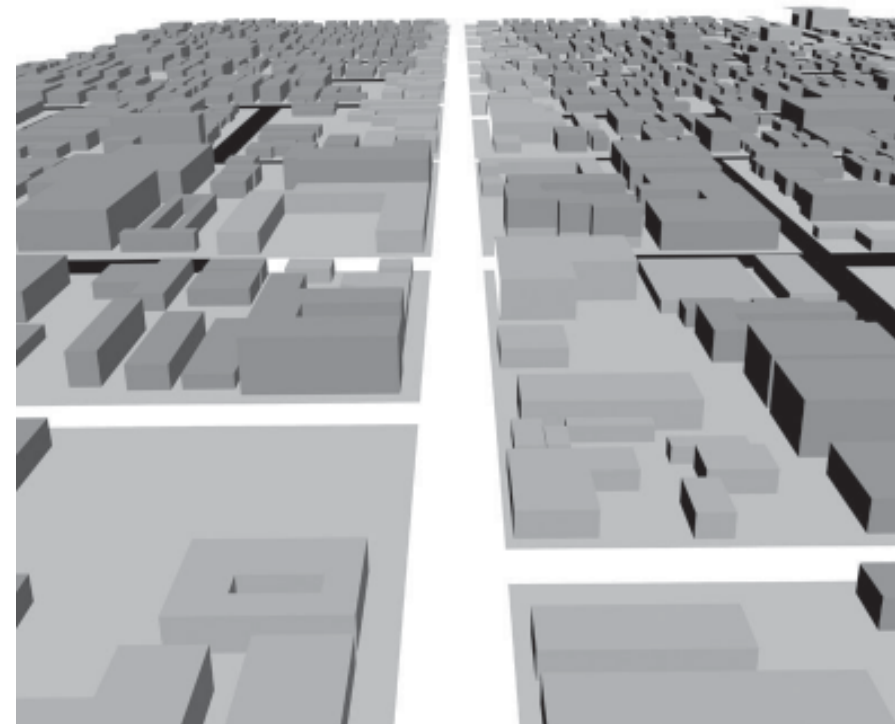
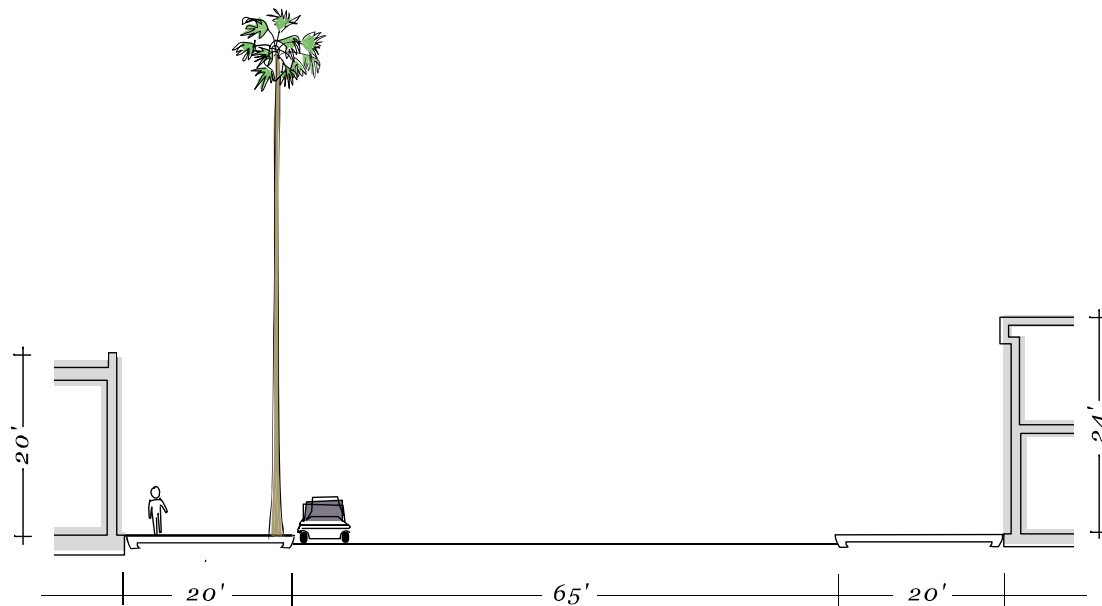
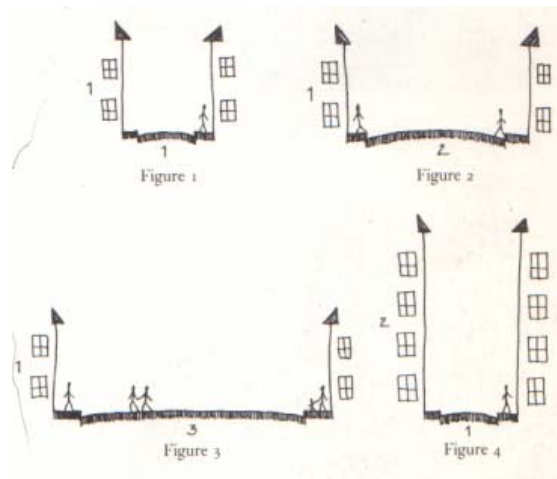


Illustration shows four building-height-to-street-width ratios: (clockwise from top left) 1:1, 1:2, 3:1, and 1:4, respectively



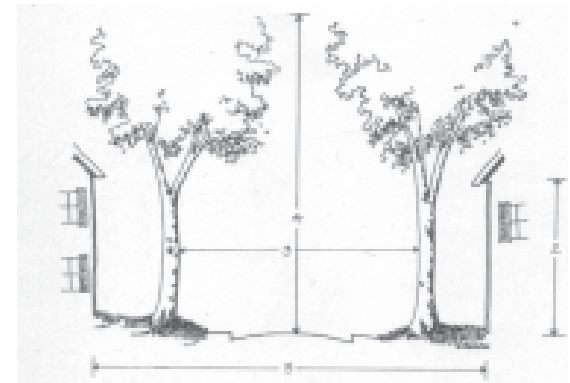
### Adding definition to the public realm: horizontal and vertical interplay

*Urban design is not a science; however, one can speak of general rules of thumb when figuring out how to add definition to the public landscape. Understanding the relationship between vertical and horizontal elements is crucial to adding this definition. Humans tend to enjoy walking through outdoor spaces that feel like outdoor rooms. The most ideal outdoor rooms offer its occupants a sense of enclosure without inducing claustrophobia. While there is no magic number, the said “walls,” or building heights, of a space should extend upwards at least one-quarter the width of the said “floor,” or street + sidewalk width. Heights exceeding twice the width tend to create the sense of walking at the bottom of a canyon; while widths exceeding four times the height of buildings tend to eliminate any sense of enclosure for the pedestrian.<sup>3</sup>*

*Increasing building heights and decreasing setbacks is but one piece of a larger puzzle of adding definition to outdoor spaces. Street trees, particularly mature street trees, can add another dimension to the interplay between vertical and horizontal elements. A consistent canopy juxtaposed next to buildings that front the sidewalk can create more clearly defined, shady spaces where pedestrians can feel pleasantly removed from the traffic along the street. Additionally, street trees’ structure helps to create discrete spaces along the street: those between the trees and the buildings, those that span the width of the street between street trees, and the vertical spaces between the street and the canopy and between the sidewalk and the canopy. The addition of these elements adds a complex interplay of dimensions that can greatly enhance the experience within the public landscape.*

*One can increase definition and complexity further with the addition of awnings, street-level plantings, street furniture such as outdoor seating, and signage that is visible from the sidewalk.*

Illustration shows interplay between vertical and horizontal elements, particularly with the presence of mature shade trees



structures, many of which date back to the era of the streetcar. Storefronts and entrances are frequent, and the buildings tend to form a consistent but articulated vertical plane along the sidewalk. Within this space is a hodgepodge of landscape elements: a street tree here or there, a single lamp-post, a tattered bus stop.

As one moves closer to the Hollywood Freeway, the number of land uses and the consistent built form tends

to break down. The landscape becomes dominated by parking lots, curb cuts, and buildings set back over 30 feet from the sidewalk. Any shade trees disappear and are replaced by mature fan palms, which tower above the street at 60 feet or more. Land uses are dominated by more chain stores and light industrial uses.

Closer to Western Avenue, building height and massing increase, while the street widens to 70+ feet on





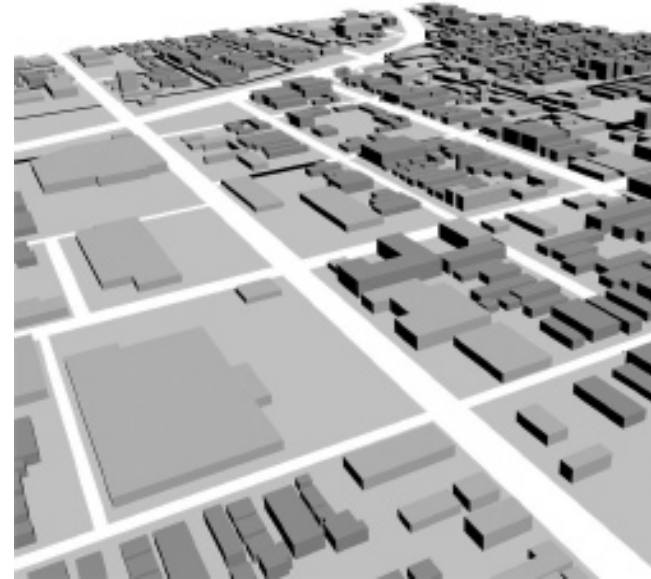
Intersection of Hollywood Boulevard and Western Avenue, looking northeast



Hollywood and near 90 feet on Western. Landscape elements are spare: a few shade trees and a few fan palms awkwardly placed at seemingly undesigned intervals.

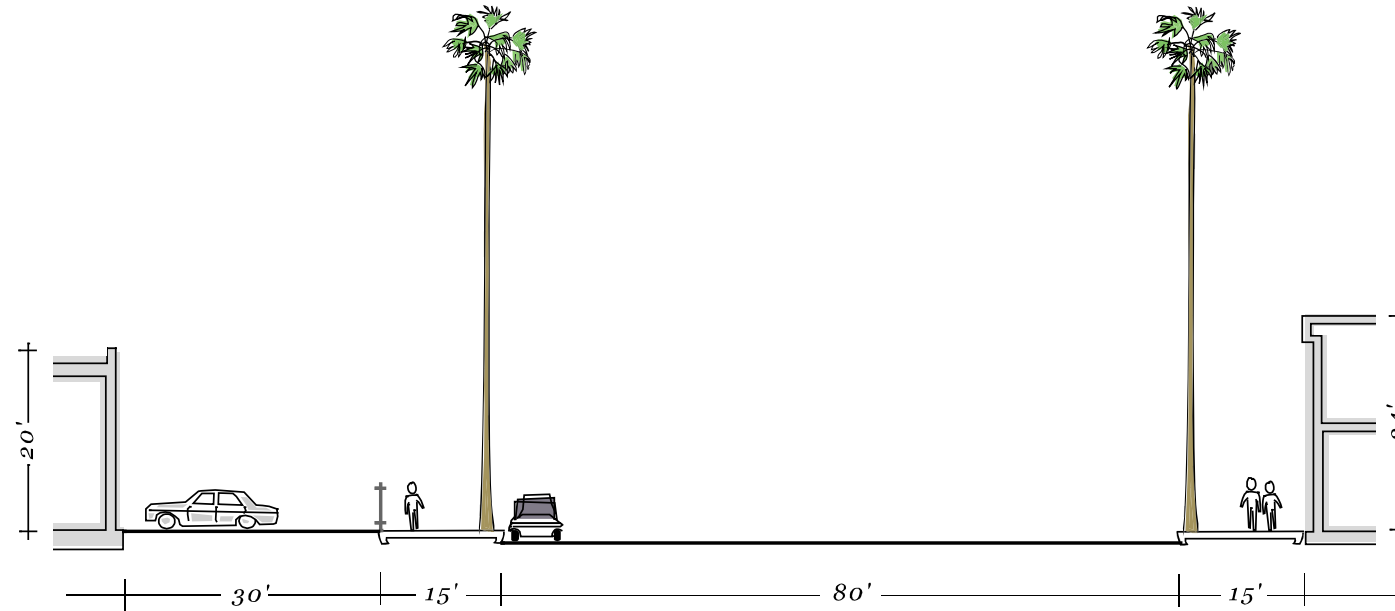
*Sunset Boulevard.* The tattered physical landscape and form of Sunset Boulevard reflects years upon years of auto-oriented development. The street is particularly wide—80 feet—with sidewalks ranging between 10 and 15 feet. Heavily massed buildings are typically set back from the sidewalk behind large parking lots.

The Boulevard is zoned for commercial and retail use. With the notable exception of a few blocks here and there (i.e. between Hobart and Serrano, south side) lot sizes are for the most part very large and are typically occupied by strip malls and big box chain stores such as Home Depot and Orchard Supply Hardware. Whereas one can access many businesses along Hollywood Boulevard through street-fronted doorways, one typically accesses Sunset



Spatial diagram of project area, looking west down Sunset Boulevard (indicated by white line extending across drawing)

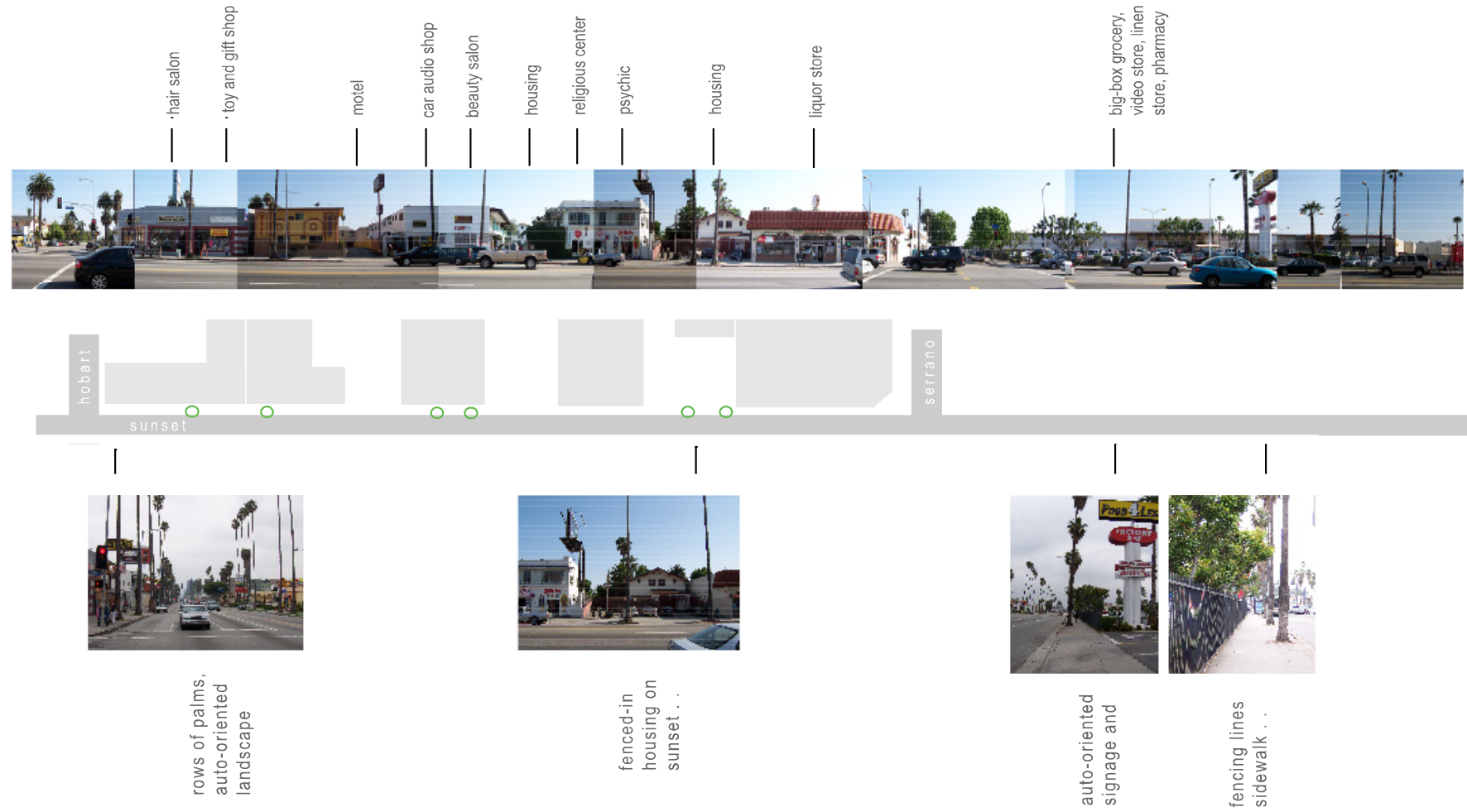
Sunset Boulevard section: existing



businesses via a driveway (regardless of whether one comes on foot or by car). Thus curb cuts are frequent. At some points buildings are set back from the sidewalk 100+ feet. Street trees and other landscape elements offer little to add definition to an already compromised pedestrian realm. One

finds very few shade trees along Sunset; towering fan palms dominate planting palette and create zero canopy for shade. The landscape and built fabric completely break down at the intersection of Sunset Boulevard and Western Avenue.

**Sunset Boulevard between Hobart and Western Avenues: Land Uses, Built Form, and Landscape Elements**



**Intersection of Sunset Boulevard and Western Avenue, looking east**



One massive big-box retail store occupies each corner, and each building (except the new Walgreen's Pharmacy on the northeast corner), is set back 100+ feet from the street. Fences line expansive parking lots and limit access to the properties. Incidentally, this intersection serves as a key transfer point for several bus routes, and pedestrian traffic is high at most times of the day and into the evening hours.

*Residential streets.* Adjacent residential streets are zoned multi-family and most contain a mixture of one-to four-story buildings. However, some streets contain older apartment buildings exceeding seven stories. Buildings follow no consistent architectural style and are set back at varying distances from the sidewalk, although residential streets south of Hollywood tend to have smaller setbacks than those to the north. Streets average around 50 feet in width and contain a smattering of street tree varieties, unevenly spaced and maintained at varying degrees of care.

The transition between the commercially zoned boulevards and adjacent residential streets is typically abrupt and usually takes the form of a parking lot.

*B. Additional zoning: the Station Neighborhood Area Plan (SNAP)*

**Gramercy Place: Panorama of built form**



The SNAP serves as a specific plan overlay atop pre-existing zoning in our project area. The city crafted the plan to encourage high-density development (and ideally increased transit ridership) along and near the Metro Red Line. The SNAP divides the Red Line corridor into four different sub-areas, each of which has a corresponding set of design guidelines. The plan pays particular attention to building heights, attempting to encourage taller buildings along major corridors. Additionally, the guidelines regulate building step backs, façade materials, set backs, private open space, and parking. (refer to Chapter 6, Appendix 2, for map of the SNAP project area)

While well-intentioned, the SNAP largely overlooks the fine grained details that contribute to the overall quality, walkability, and vibrancy of the public landscape. If every transit trip requires a walking trip, then walkability should be central to the plan's goals. Unfortunately, its design guidelines are overly general where they should be specific, and too specific where specificity may be unnecessary. At street level, the guidelines make no mention of how one might articulate a building's façade and signage to create interest

and transparency for the pedestrian. Instead, the guidelines focus on odd step back requirements above the first floor—a minimum 10-foot step back beginning at the second floor, and an additional step back required above 30 feet—and outline appropriate building materials for the façade (i.e. adobe, brick, stone, tile). These guidelines translate into awkwardly broken, wedding-cake-like façades, superficially decorated by Spanish Colonial-tinged surface materials.

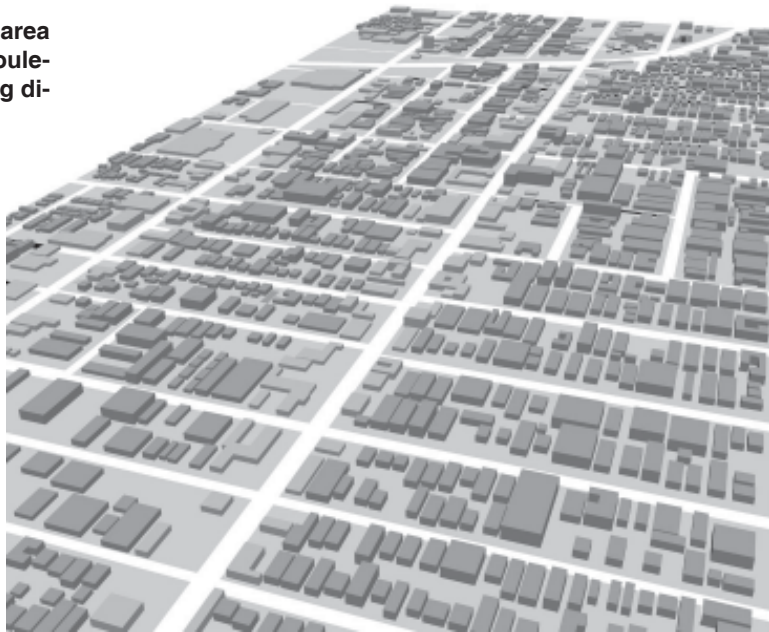
How the plan then regulates the heights of those buildings is equally awkward. The plan limits heights to 75 feet along Hollywood, Sunset, Santa Monica and Vermont Boulevards, regardless of the different widths and characters of each street. Even though Hollywood Boulevard is 65 feet wide with 20-foot-wide sidewalks, and

Sunset is 80 feet wide with 15-foot-wide sidewalks, the SNAP proscribes the same building heights and the same step back requirements. In addition, even though Sunset is primarily a corridor for vehicular traffic, whereas Hollywood contains a sort of hybrid auto- and pedestrian-oriented landscape, the design and height requirements are the same. Complicating height regulation further is the plan's attempt to create transitional heights between preexisting low-rise buildings in Sub Area A with new high rise buildings in Sub Area C. The plan assumes existing height uniformity within delineated residential and commercial zones. However, we observed buildings as high as eight stories and as low as one story in residential zones. The commercial boulevards also contain a range of heights, particularly along Hollywood Boulevard. In short, the project area is spatially heterogeneous.

In practical terms, this spatial heterogeneity poses serious problems for regulating heights of new buildings. For example, the plan imposes height restrictions for any building within Sub Area C that is directly adjacent to Sub Area A. Sub-area C normally allows a maximum building height of 75 feet. Yet the maximum height for a Sub-area C building that falls within 49 feet of a building in Sub Area A is 25 feet. If the building falls within 100 feet, the maximum allowable height is 33 feet. And if the building falls within 200 feet, the maximum height is 61 feet. Yet if there are buildings in Sub Area A that are 45 feet and taller, placing a height restriction on buildings along the major commercial corridors serves no apparent purpose.

If the purpose of the SNAP is to encourage transit ridership, and if every transit trip requires a walking trip through the public landscape, then why does the plan pay little attention to this landscape? If the public landscape is poor, and fragmented, it discourages the very activity necessary for transit ridership: walking.

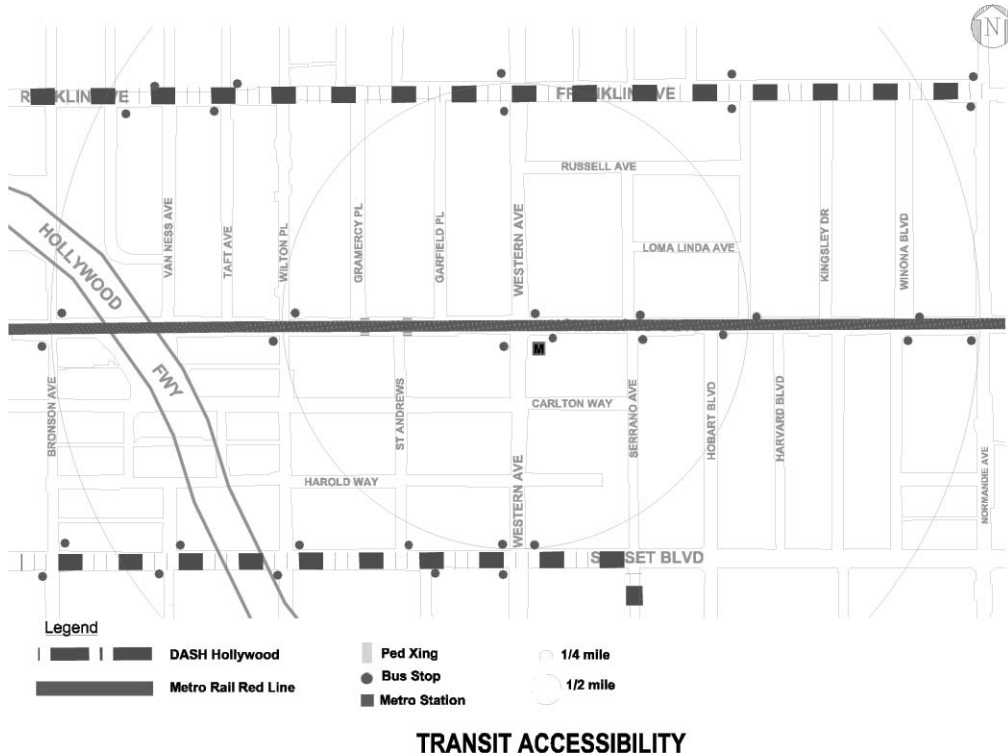
**Spatial diagram of project area looking west (Hollywood Boulevard is center stripe running diagonally from bottom left)**



**Older strip mall near Hollywood Boulevard and Normandie Avenue**

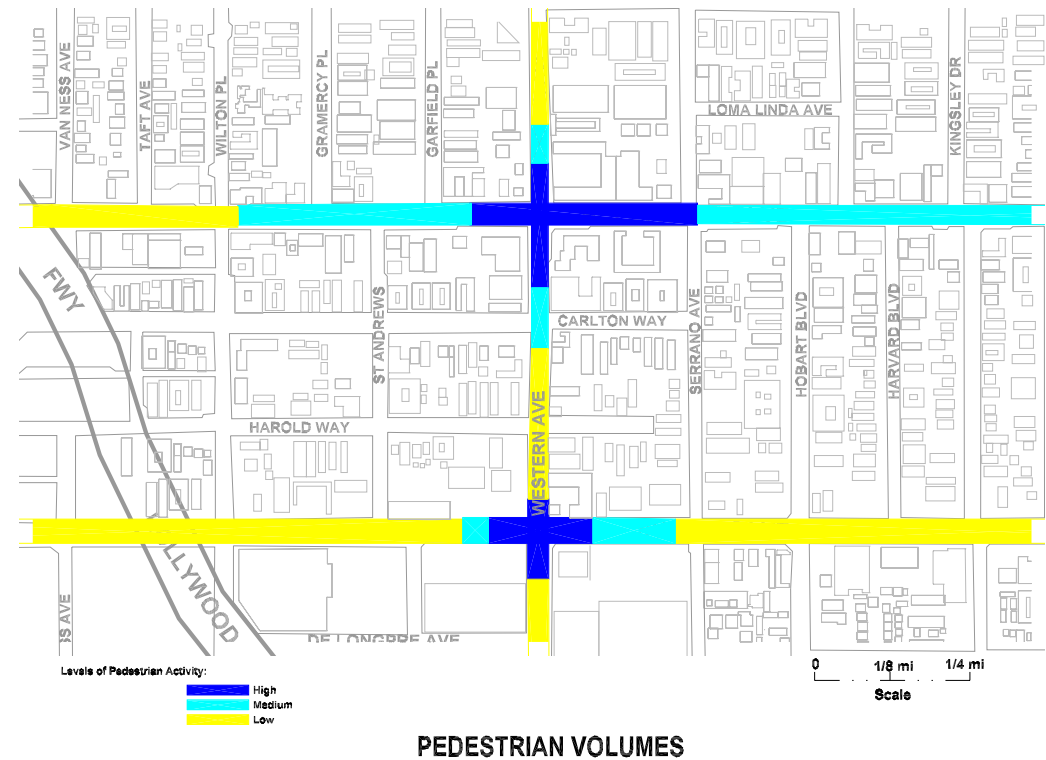


The SNAP needs to delve more deeply into the mechanics of urban design for the public realm. It should generate specific guidelines for specific streets, based on the form, functions, and character of each street. Otherwise the guidelines approach a level of generality that renders them superficial.



*C. Accessibility and Pedestrian Volumes*  
The project area benefits from a high level of accessibility for motorists (benefiting from the Hollywood Freeway and inner-city arterials such as Western Avenue and Sunset Boulevard), but particularly for those who

take transit. All residents in the project area are within one quarter mile from transit and several bus lines run down the major boulevards, whose intersections serve as key transfer points. The Metro Red Line also has a station at Hollywood Boulevard and Western Avenue. Incidentally, we observed the heaviest levels of pedes-



trian activity closest to project area transit stops, particularly at the intersections of Sunset and Western, and Hollywood and Western. There is a constant level of pedestrian activity created by people arriving, departing, and transferring at these points. We also observed

that transit riders would often use transfer points as opportunities to walk to nearby retail spaces to do some shopping.

Pedestrian traffic tends to taper off quickly as one ventures away from Western, particularly on Sunset. However, there is increasing pedestrian activity on Hollywood near Normandie and Thai Town, which contains a concentration of Thai restaurants, small businesses, and older buildings interspersed among small strip malls.

The unattractiveness of the public landscape is evident through observations of high levels of accessibility paired with decreasing levels of pedestrian activity from transit stops. Our observations show the majority of pedestrians only walk to get to and from transit, with few other options of things to do or see.

We were also interested in particular physical elements that may cause disruptions within the pedestrian realm. (See “Pedestrian Activities” map). This includes drive-

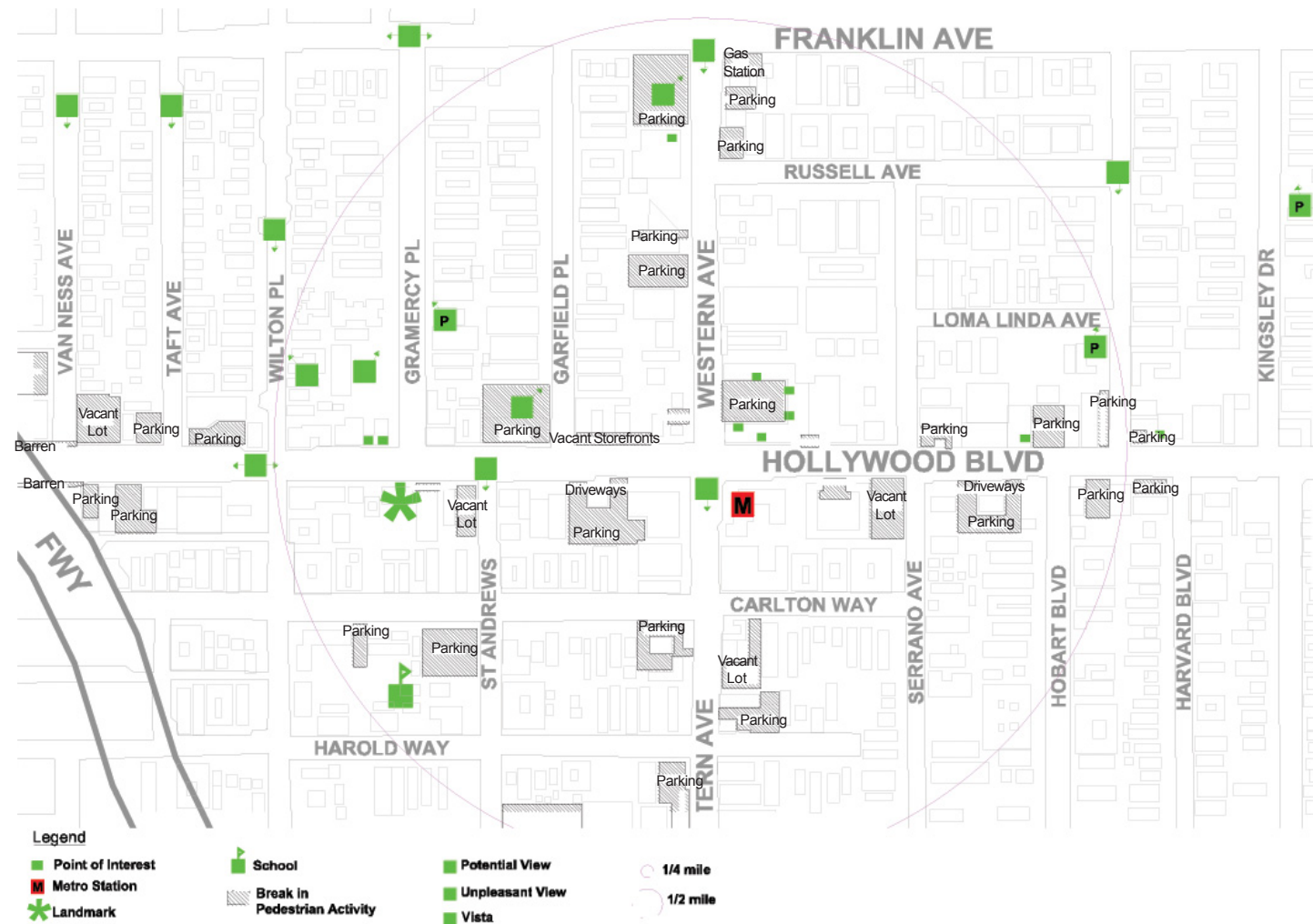
ways, parking lots, vacant lots, and barren paths. When several disruptions are interconnected, which we observed in several different locations along both Hollywood and Sunset, these disruptions degrade the public environment and discourage pedestrian activity. Many of the physical disruptions in the community were concentrated along corner properties – parcels which typically anchor pedestrian activity through busy intersections and help sustain the flow between streets.

Finally, the presence of the Hollywood Freeway causes a further disruption, particularly in the connectivity between the central Hollywood district to the west and our project area. Land uses near the freeway tend to cater to the automobile, and pedestrian crossings at the highway overpasses are poorly defined and hazardous. Not surprisingly, pedestrian traffic is lowest in these zones.

*D. Cultural Landmarks*

Landmarks may be defined as buildings or other built





### PEDESTRIAN ACTIVITY Hollywood Blvd & Western Ave

artifacts with cultural or architectural significance. They can serve as visual indicators of location, destinations along corridors, and are often focal points for activity within the public landscape. For instance, the US Bank building and Staples Center can indicate to motorists on

the Santa Monica Freeway that they are south of downtown.

In our project area, the HOLLYWOOD sign, the Griffith Observatory, and Griffith Park clearly serve as markers

Monotonous view down Sunset Boulevard



### PEDESTRIAN ACTIVITY

for residents and visitors to orient themselves, and can communicate a strong sense of local identity.

We observed several locations within the project area where one may catch a glimpse of these particular landmarks. Due to the project area's sloping topography, as one travels south and looks north, s/he can often

spot the Hollywood Hills and the Griffith Observatory rising up behind the dense urban neighborhood below. Also, other spots in the project area looking below have glimpses of the south-lying cityscape. We have indicated these viewpoints with a "V" on the pedestrian activities map.



We were equally interested in those views partially obstructed by current built and landscape forms. We have indicated such spots in the “Pedestrian Activities” map with a ‘P’, representing a location with a potential view. Modifications to the public landscape could enhance these particular views so that they are more evident within the project area.

On the other hand, there are many points throughout the project area which have very unpleasant views (marked with a ‘U’) at the pedestrian scale. These views generally exude a sense of endlessness and thus fail to provide any incentive to walk further. The public landscape of Sunset Boulevard is a case in point. The endless lines of palms, the tattered sidewalks, flat topography, low-rise structures, and auto-oriented signage, offer little visual interest to engage the pedestrian. The end result is a pedestrian experience that is boring, uncomfortable, and seemingly extended (re: the blocks feel much longer than they really are).

In thinking about landmarks, one should also consider the presence of particular ethnic groups and their particular conceptions of key landmarks. How could design guidelines enhance existing cultural landmarks within the public realm? How would new cultural landmarks serve as an asset both to ethnic communities and all pedestrians within the public landscape? For example, the Thailand Plaza in Thai Town is an important landmark for the Thai Community. Thailand Plaza’s market and culturally symbolic exterior cater specifically to the Los Angeles Thai community. Are there ways in which this kind of landmark could also enhance the public realm?

#### *E. Council Districts*

Hollywood has a unique representation of public officials because it is split in half. The southeastern section of the community falls within Council District 13, and

the northwestern section falls within Council District 4. In practical terms, this poses logistical problems when coordinating comprehensive modifications to the public landscape.

#### *F. Social Districts*

Like many other Los Angeles neighborhoods, the project area is culturally diverse and mixed-income. However, this local diversity is segregated into block-level communities of different ethnicities and socio-economic levels. Often one can hear people speaking Armenian on one block, only to turn the corner and find people speaking Spanish on another.

There are two designated cultural districts within the project area: Thai Town to the east, and Little Armenia to the south. Thai Town extends from Western to Normandie on Hollywood Boulevard and is predominantly a commercial designation. This part of Hollywood Boulevard is a historic entry point for Thai immigrants entering the United States. Many Thai immigrants have established restaurants and other businesses along Hollywood Boulevard. Little Armenia, on the other hand, is more of a residential designation. While there are not as many Armenian businesses in the area, there is a visible presence of Armenians who live in the community.

In addition to Thais and Armenians, the project area contains large Mexican and Salvadoran populations.

Just to the west of the Hollywood freeway is bustling Hollywood entertainment district. The district comprises notable historic landmarks such as Mann’s Chinese Theater as well as the Walk of Fame, most popular amongst tourists.

Our project area lies at the convergence of these districts yet has no distinct identity of its own. No cultural

influence is dominant, nor is there a distinctive public landscape form. Such factors designate a prime opportunity for the city to view the project area as a transitional or bridge zone located among these converging districts.

### **Problem Identification**

Our project area generally suffers from a classic Los Angeles problem: poor definition—both physically within the public landscape, and socially, in terms of district identity. While the project area benefits from a significant transit network, hubs of pedestrian activity, and pockets of pedestrian-oriented built form, it contains an inconsistent public landscape that leaves great room for improvement.

At this point in our analysis, we needed to zoom in to the block level, to identify some of the more fine grained problems within the public landscape. We used the following criteria to identify those streets: 1. with at least some level of pedestrian activity; 2. that converge with another type of street (i.e. high-density residential with low-density commercial); 3. whose public landscape was considerably compromised; 4. adjacent to or containing key transit stops. We also wanted to examine streets whose specific design interventions could help to remedy identified area-wide problems of:

- Lack of open space for passive or active recreation
- Lack of public spaces for casual social interaction
- Vacant and underutilized sites
- Poor neighborhood identity
- Ignored and overlooked views and landmarks

Utilizing these criteria, we pinpointed two sets of blocks: Sunset Boulevard between Western and Hobart

Avenues, and Hollywood Boulevard between Western Avenue and Gramercy Place. Not only did each set of blocks satisfy our criteria, but each represents a distinctly different space in terms of landscape and movement, and thus requires different design interventions. Sunset Boulevard is plagued by high traffic speeds and a correspondingly monotonous landscape designed for the quick processing of information from one's vehicle; Hollywood Boulevard also contains high traffic volumes, but at slower speeds, and within a landscape that at one time catered to pedestrians coming from the Hollywood streetcar.

The relationship we observed between speed and complexity corroborates what Amos Rapoport found in his research on pedestrian activity, culture and perception. "Generally, then, as speed increases, the number of noticeable differences in the environment should decrease and set backs should increase. As traffic intensity increases, the perceptual complexity of the environment should be reduced."<sup>4</sup> We approached this design observation with a question: How do you shape a public landscape that allows for both complexity at the pedestrian level and simplicity for motorists, without drowning out the space for either?

### *Specific Problem Definition on Sunset*

Sunset Boulevard has traditionally been a boulevard for motorists and a corridor for movement. Little has changed, except that the street has become wider over time and the sidewalks narrower; the businesses more big-boxy; the strip malls deeper; the palm trees taller; the curb cuts more frequent, and the pedestrian more imperiled. Were it not for the large concentration of pedestrians around the intersection of Sunset and Western (where three of the four corners are occupied by big-box retail development) we would be less interested in changing the current landscape of Sunset Boulevard. The presence of pedestrians – almost all coming from

the bus stops at this intersection – both concerns and gives us hope: there is a serious mismatch between the landscape and volume of pedestrian activity, but design interventions could potentially carve out usable and viable space for existing pedestrians, and ideally draw in additional pedestrian activity.

*Key Problems on Sunset between Hobart and Western.* 1. The building height to street width ratio is particularly skewed, well below 1:1. With excessive setbacks, this problem is compounded. Current SNAP plan guidelines only allow for building heights of 75 feet, even though the total width of the street + sidewalk + setbacks often exceeds 130 feet.

2. Sidewalks contain little if any shade, lack definition from surrounding buildings, and do not attract the pedestrian's eye and interest. Additionally, they are frequently broken by curb-cuts and lined with steel fencing (oftentimes 5 feet tall or more).

3. Storefronts and sidewalk-accessible entrances are infrequent; one must access most businesses via a driveway.

3. Traffic speeds and noise are intense and give one the sense of walking down an inner-city highway.

4. Linear views down the boulevard extend endlessly, and are broken to the west only by a few high-rises at Sunset and Vine (many blocks from our project area); and to the east by the Silverlake Hills (at least two miles from our project area). To the north one can occasionally (such as at the intersection with Hobart) catch a glimpse of Griffith Park and the Observatory; however, the current landscape and built form does nothing to enhance or encourage such views.

5. Existing bus stops sit at the edge of the sidewalk abut-

ting roaring traffic, with zero shade, as if they are punishing their patrons.

6. The boulevard becomes altogether too wide between Western and Serrano, where the road was widened for a Food 4 Less supermarket.

*Specific Problem Definition on Hollywood*

Unlike Sunset Boulevard, Hollywood Boulevard cannot be characterized as a motorist thoroughfare. It has historically never catered strictly to motorists or pedestrians. This is due to the recent construction of the Metro Red Line station at Hollywood and Western, as well as two mixed-use affordable housing projects at this intersection. Moreover, Hollywood Boulevard in our project area represents the space where transit, motorists, pedestrians, and the remnants of a streetcar suburb collide.

*Key problems on Hollywood between Western and Gramercy.* 1. The pedestrian landscape, while better defined than on Sunset, remains largely barren and unbalanced. Street trees and furniture are rare and inconsistent, vacant lots appear at frequent intervals, as do vacant storefronts.

2. The building height-to-street width ratio is again skewed, often times less than 1:1, (although, the Boulevard does benefit from some taller buildings, such as the Gershwin Hotel at Garfield Place).

3. In recent years, Western Boulevard has become inappropriately wide (due to recent road widenings), making it perilous to cross the street, and giving the intersection poor definition.

4. Existing bus stops sit at the edge of the sidewalk, with zero shade, as if they are punishing their patrons.

**Station Neighborhood Area Plan: Building Envelope and Density Study**

*In order to analyze current measures that are being taken to plan for increased density, we did an analysis of the Vermont Western Station Neighborhood Plan. Our primary intent for doing this analysis was to investigate the extent to which the SNAP supports the increased densification of the East Hollywood planning area. This is an important consideration, because the allowable level of density helps determine the extent to which the SNAP supports transit-oriented development in the vicinity. We contend that the increase in density can also enhance the public realm within an urban neighborhood, but putting more people on the street .*

*We chose two existing parcels in our East Hollywood study area, and then designed buildings on these sites at the maximum level of density that the SNAP allows. Both of the proposed sites fall under Subarea C--a high-density, mixed-use zone that allows new developments to achieve a maximum FAR of 3.0 and a maximum height of 75'. As we previously noted, the SNAP imposes a transitional height requirement for all parcels in Subarea C that abut parcels in Subarea A, a low-density zone comprised of apartment buildings and single family homes. The transitional height restrictions are as follows:*

**Transitional height:**

- 0-49' from property*
- 50'-99' from property*
- 100-200' from property*

**Building height:**

- 25' maximum building height*
- 33' maximum building height*
- 51' maximum building height*

**Hollywood Boulevard**

*The first site we analyzed was the vacant lot on the corner of Hollywood Boulevard and Garfield. The property has a parcel area of 27,987 square feet. The major limiting factors for this parcel were the transitional height requirements and the FAR. First, the entire portion of this site falls within the transitional height district imposed when a parcel from Subarea C abuts a parcel from Subarea C. This means that the maximum height at which a developer can build is not 75', but 61'. However, the entire building cannot be built to this height due to the maximum FAR restriction. As a result of the 3.0 FAR requirements, the building reaches a maximum height of 51'. However, only a small portion of the building is 51'. Large portions of the building have to be built at the 25' and 33' height requirements. The end result is a building with three terraces, one for each transitional height restriction.*

**Summary**

Property Area:	27,987 sq. feet	Maximum allowable through SNAP	Proposed
Building			
Floor to Area Ratio (FAR)	3:1		3:1
Gross Buildable Area (GBA)	83,961 sq. feet		83,961 sq. feet
Maximum Building Height	75 feet		51 feet

**Sunset Boulevard**

*The next property we analyzed is located on Sunset Boulevard, between Western and Serrano. This portion of the SNAP planning area also falls under Sub Area C: Community Center. Buildings in this zone are restricted by a maximum building height of 75 feet and FAR of 3.0. Parcels in Sub Area C that are adjacent to Sub Area A are subjected to the aforementioned transitional height requirement. The property we selected has a parcel area of 31,513 square feet. The major limiting factors on this particular site, like the Hollywood property, were the transitional height requirements and the FAR. Because the site falls within the transitional height district, the maximum building height is 61 feet. However, because of the maximum FAR requirement, the maximum building height for the proposed building is 42 feet. Like the Hollywood site, the building takes on a terraced appearance as a result of the transitional height requirements and the need to build to the maximum allowable density. In addition, large portions of the site have to be built at the 25 feet and 33 feet height requirements.*

**Summary**

Property Area:	31,513 sq. feet	Maximum allowable through SNAP	
Proposed Building			
Floor to Area Ratio (FAR)	3:1		3:1
Gross Buildable Area (GBA)	94,539 sq. feet		94,539 sq. feet
Maximum Building Height	75 feet		42 feet

*In summary, in complying with the regulations of the SNAP plan, it is difficult for developers to build high-density buildings that ostensibly support transit and the creation of pedestrian-friendly communities. The height and FAR restrictions work together to impose significant restrictions on the types of buildings that developers can build within the SNAP planning area. In some cases, the maximum FAR simply cannot be reached because the existing height restriction will not allow it. In*

*other cases, the maximum FAR does not allow a developer to build to the maximum height. In both cases, it is apparent that these existing regulations impose unnecessary restrictions on the growth of the community.*

*Because the developer, under these circumstances, is not allowed to build to the maximum height and FAR that the SNAP allows, there is no further incentive to develop affordable housing in order to achieve a 35% density bonus. The City therefore has a dilemma: the SNAP plan in Sub Area C does not support an increased level of density, nor can it encourage the development of affordable housing, because developers will find it difficult to meet the transitional and maximum height requirements of the project. Another negative outcome of the SNAP is that, while the plan does provide provisions for the development of neighborhood open space, developers will actually have difficulties when trying to integrate usable open space into new projects. Because developers will be limited in their ability to build to the maximum allowable height and density that the FAR allows, it will therefore be more difficult for them to make projects financially solvent. So one way of making projects profitable is to cut out project amenities, such as private open space.*

*The building design regulations outlined in the SNAP Specific Plan are further restricted by step back and roofline regulations. The SNAP stipulates that building façades must be stepped back (second floor stepped back at least 10 feet; the building stepped back an additional 10 feet above 30 feet), and that the roofline be broken up by gables or some other form of articulation. While we did not incorporate these additional guidelines into our building envelope study, they provide further evidence that there are considerable restrictions to building for increased density in the SNAP planning area.*

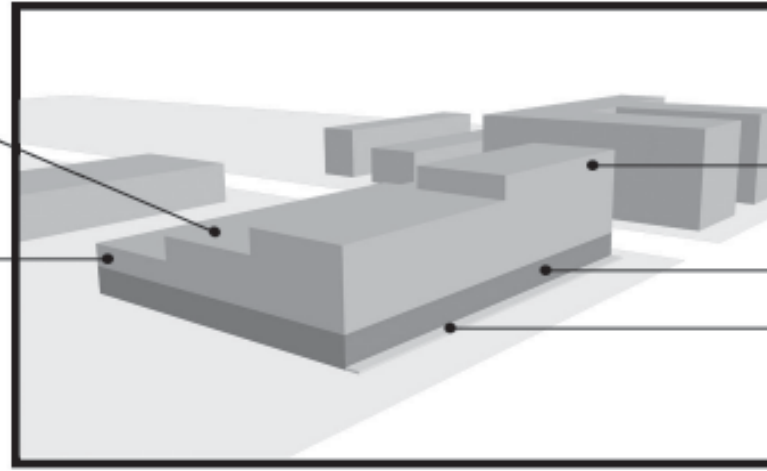
*From this analysis, we contend that the SNAP is too specific about building heights and architectural styles, which limits economic growth and housing availability by imposing overly stringent restrictions on what developers can build. Meanwhile, the SNAP doesn't effectively regulate the public realm, where a variety of provisions could be made to establish a greater sense of connectivity in the urban environment, as well as create a safer and more enjoyable walking experience for pedestrians.*

A summary of the Vermont Western SNAP plan, showing two sites that were analyzed within the project area. The transitional height requirements of the plan make it difficult to build at the maximum densities allowed by the SNAP.

### Hollywood SNAP Analysis

Middle of building restricted to 33'-0" maximum height in accordance with SNAP transitional height requirement

Back of building restricted to 25'-0" maximum height in accordance with SNAP transitional height requirement



FAR imposes maximum building height of 51'-0"

Ground floor retail

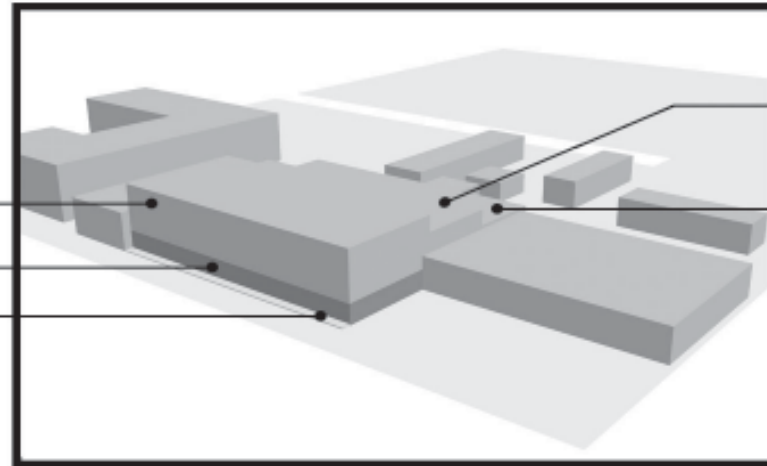
25% of open space requirement assigned to front of building

### Sunset SNAP Analysis

FAR imposes maximum building height of 42'-0"

Ground floor retail

25% of open space requirement assigned to front of building



Middle of building restricted to 33'-0" maximum height in accordance with SNAP transitional height requirement

Back of building restricted to 25'-0" maximum height in accordance with SNAP transitional height requirement

## Proposals/Design Interventions

### *Project Area-Specific*

Recent decades of growth and change in the public landscape of Los Angeles have skewed the lines between the city and the suburb and have consequently produced negative ramifications for those who must walk through this landscape on a daily basis. The City's neglect of the public landscape and its misplaced concentrations on private real estate development, architectural schemes, and automobile accommodations have ignored the needs of pedestrians. The following are general considerations for formulating design guidelines and interventions for the public realm.

*Connect Social Districts.* The pedestrian activities and social districts within the project area are currently highly segregated by ethnic enclaves and tourist attractions. Unlike adjacent areas, the project area lacks a sense of place or community identity. Since the project area lies in the middle of cultural diversity and an entertainment district, the city should concentrate on making the project area a transitional public space to connect the different neighborhoods. Connecting the existing east and west flows of pedestrian activity by filling in the cracks will better integrate the communities by encouraging interaction amongst people. Plus, engaging the community in pedestrian activities is more likely to occur in the project area where an abundance of accessibility to transit is already intact.

*Provide open space.* Another recommendation is to supply more open spaces within walking distance from the project area. Although available land is limited, the city may adopt more creative ways to incorporate open space such as green roofs. Green roof development involves the creation of enclosed green space on top of a human-made structure, such as an apartment or office building. The prime objectives in creating green roofs is

that the established planted roof will be aesthetically pleasing, environmentally beneficial and will not compromise the essential function of the roof, that is, to prevent water entering the building. Like typical gardens, green roofs provide space for people. Moreover, as future growth patterns demand higher-density or taller buildings, green roofs in the project area would simultaneously add open space and take advantage of potential cityscape views to the south and Griffith Park and the HOLLYWOOD sign to the north.

However, green roofs do not suffice as substitution for large open spaces in support active recreation, as they only provide space for passive recreation. Therefore, it is recommended the city work with developers, land owners, and the community to develop plans for more open space.

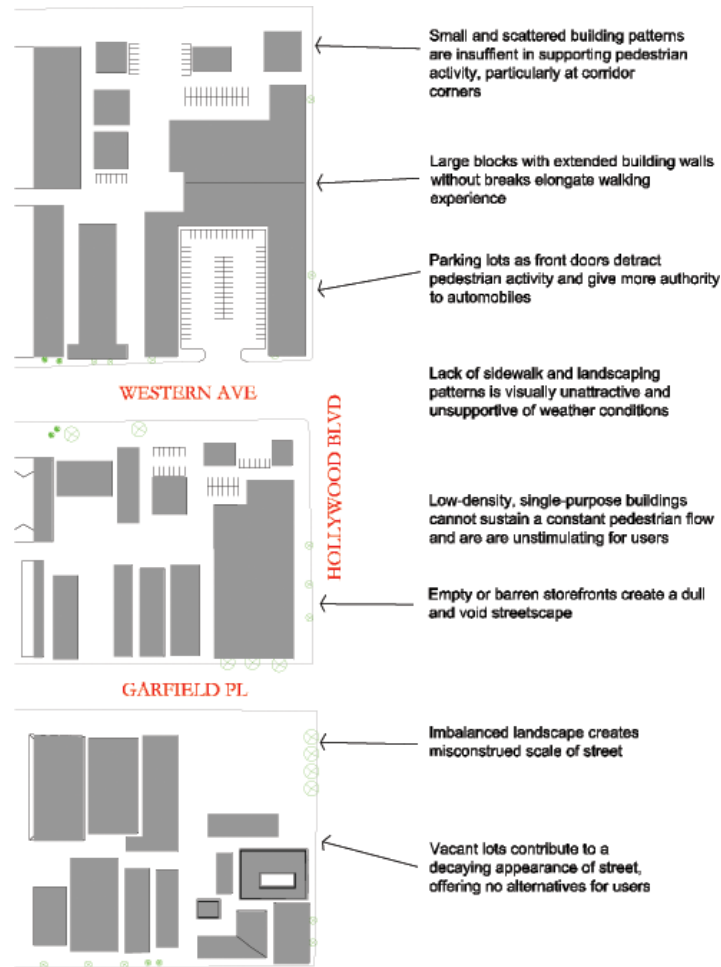
*Accommodate All Users.* Another significant way in which to improve the public landscape is to accommodate all users and uses. For instance, Sunset Boulevard primarily supports vehicular activity. Consequently, few other modes of transportation are adopted in the area. Our recommendation is to reconfigure the streetscape into three separate corridors for movement for pedestrians, bicyclists, and motorists. Reconfiguring the streets to accommodate pedestrians and bicyclists alongside motorists requires providing convenient paths for all modes, such as increased sidewalk widths, increased pedestrian crossings, decreased frequency of curb cuts, and an extended bike lane to various destinations.

*Insert amenities at the appropriate scale.* Appropriately scaled amenities are an important aspect of providing visual coherence for users. The existing palm trees along Sunset and Hollywood Boulevards, for example, are too tall and provide no shade for passers-by and there is no space for individuals to sit in this area.

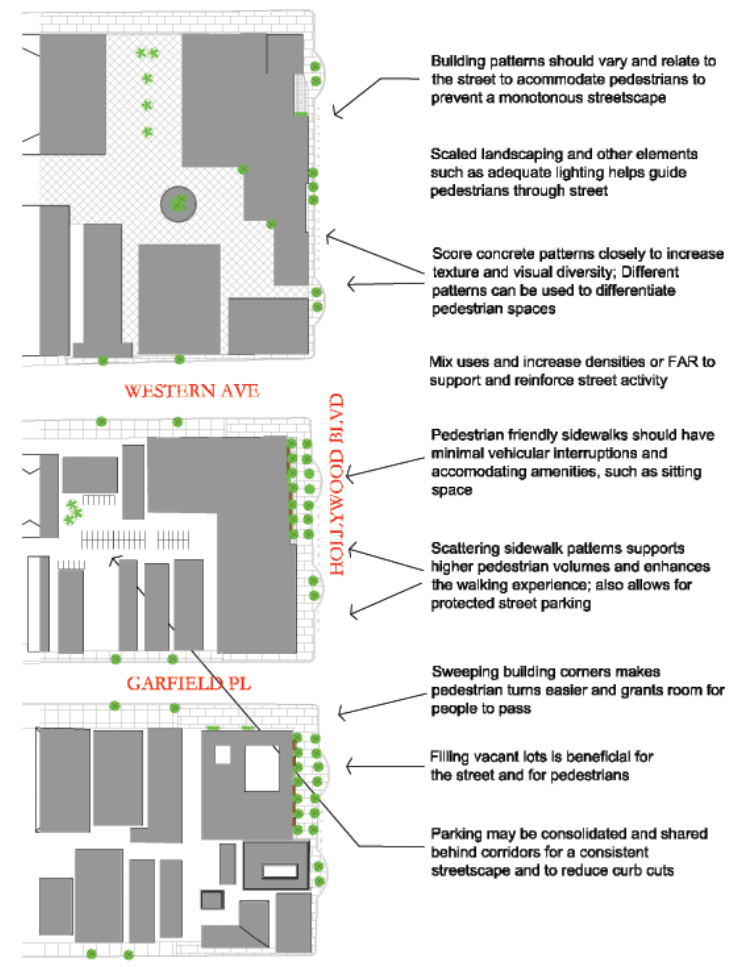


Amenities must properly serve pedestrians in order to be fully utilized. We recommend adding more appropriate street trees for shade and visual appeal as well as benches to supply sitting space. In addition,

concrete lines should be scored closely to create texture and visual diversity on the sidewalks, thereby decreasing the existing non-scored, elongated perception of the boulevards. Another design measure to



Existing Street



Proposed Street

support pedestrian activity are sidewalk bump-outs, which variably increase the width of the sidewalk to allow for stopping or passing without inconveniencing other pedestrians and provide the street with greater aesthetic diversity.

*Increase Floor Area Ratios.* Increasing the existing FAR regulations would allow for taller buildings and create a better street-to-building ratio than what currently exists. Taller buildings along corridors provide a sense of enclosure, which enhances the pedestrian experience. Increasing allowable FAR supports better use of land, encourages smart growth measures, and decreases sprawling development.

## Proposals/Design Interventions

### *Street-Specific: Sunset*

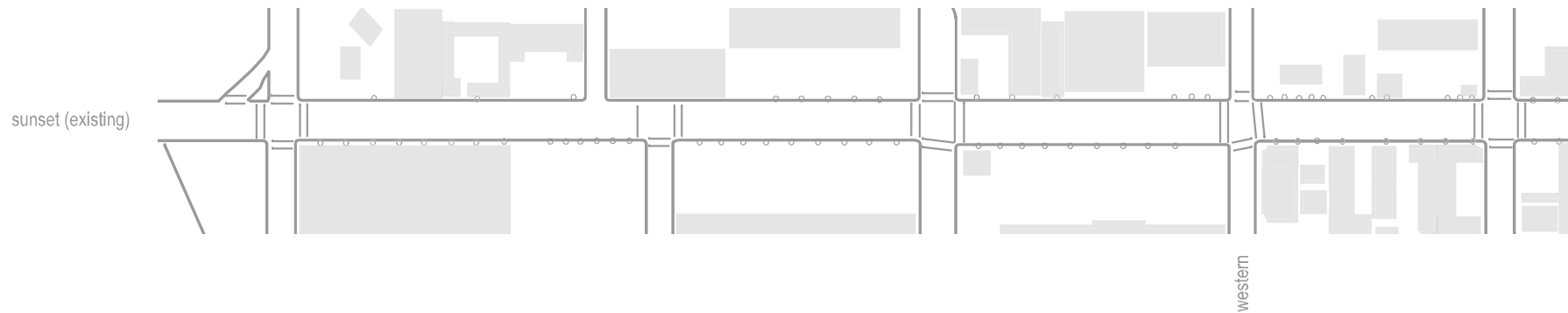
Our design intervention in the public realm on Sunset embraces the boulevard's history as a corridor for movement. However, as a departure from historic development patterns, our design intervention embraces and fosters a movement at *differing levels*: automotive movement, bicycle movement, and pedestrian movement. Inspired by multi-way boulevards of some of the world's great urban arterials, the essence of this design is five distinct but adjacent movement corridors: sidewalk space on both sides for pedestrians; a bicycle lane on both sides, just below sidewalk grade, for cyclists; and a six-lane traffic corridor for motorists.

The first plan view, section, and perspective photo show what exists currently along Sunset Boulevard.

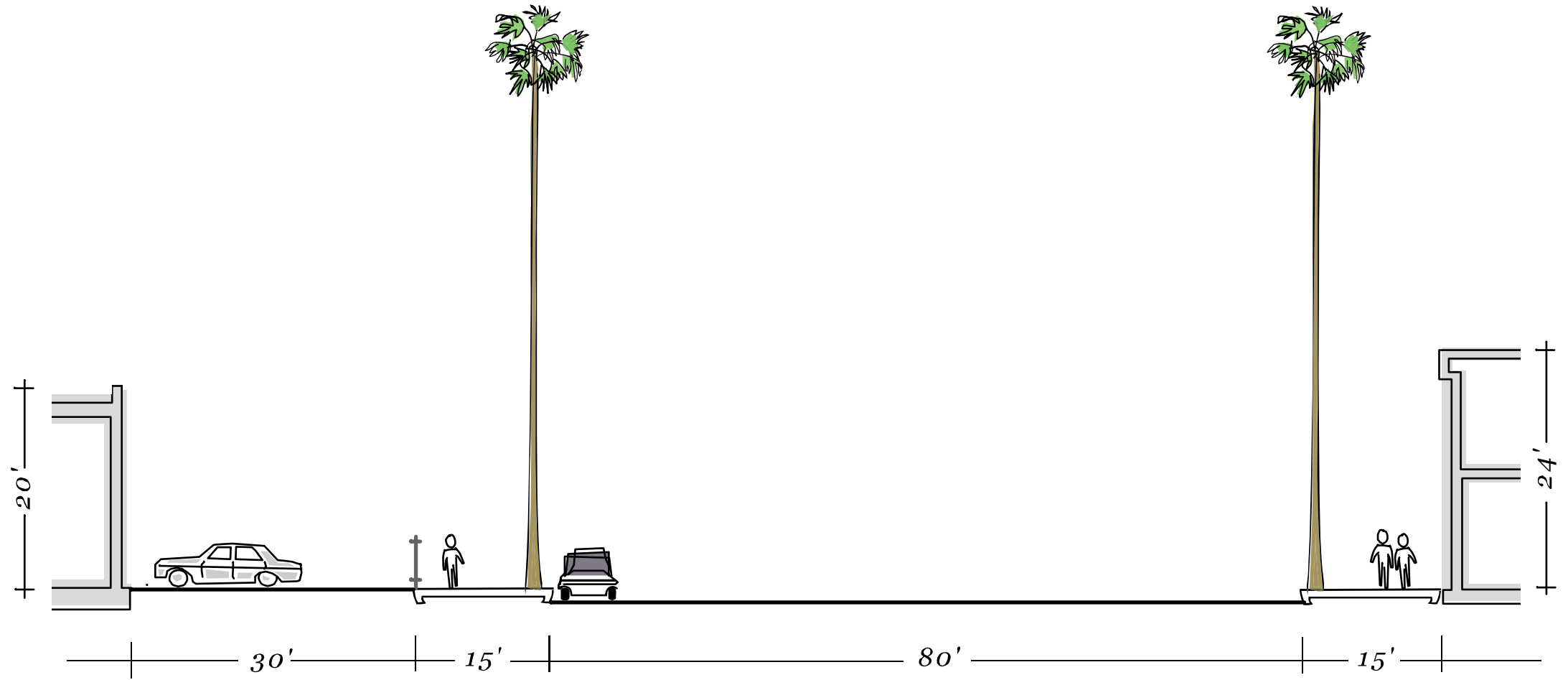
Sunset Boulevard, looking east from Hobart Avenue



Plan view: Sunset Boulevard between the 101 Freeway and Hobart Avenue, existing. Grey circles indicate palm trees.



Sunset Boulevard: Existing section



The next plan view, and section show phase 1 of the design intervention, with the addition of the bicycle lane, and the narrowing of some roads back to their original width. These modifications are indicated in blue.

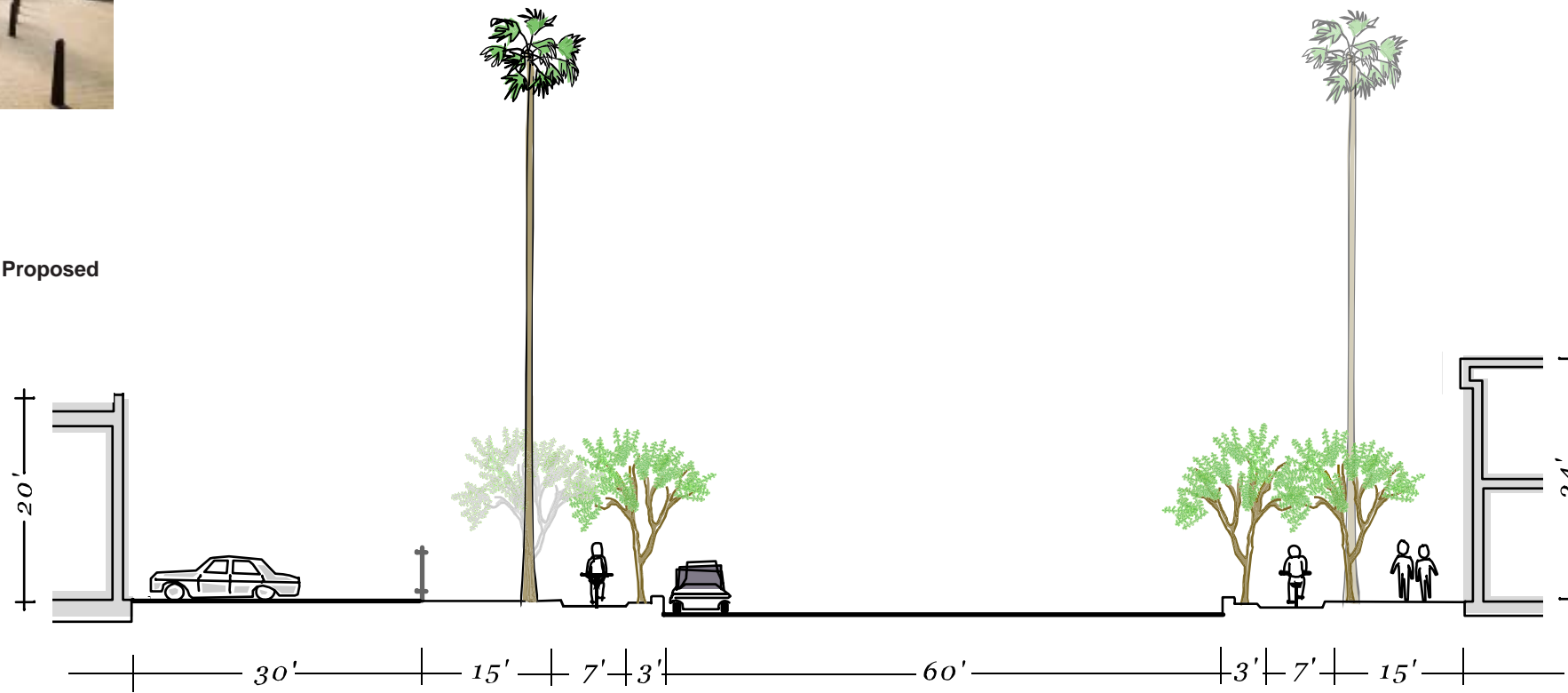
the Netherlands. Rather than simply paint a striped lane at grade with vehicles, bicycle lane is sits a grade below sidewalk level but above street level. It is lined by jacaranda trees, creating a shady corridor through which to travel. It would ultimately extend and connect to a current bicycle lane running along Sunset Boulevard through Echo Park and Silverlake.

**Bicycle Lane in Leuven, Belgium.**  
Lane is near sidewalk-grade and separated from the street



The bicycle lane design takes a cue from multi-way boulevard configurations abroad, such as in Belgium and

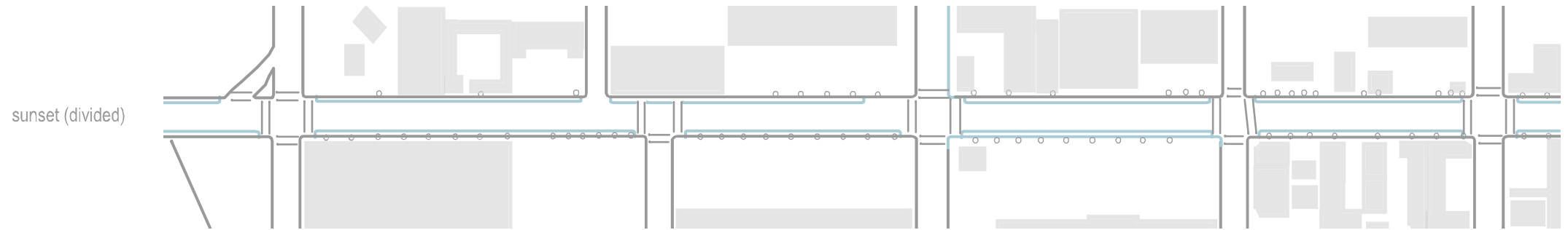
**Sunset Boulevard: Proposed section phase 1**



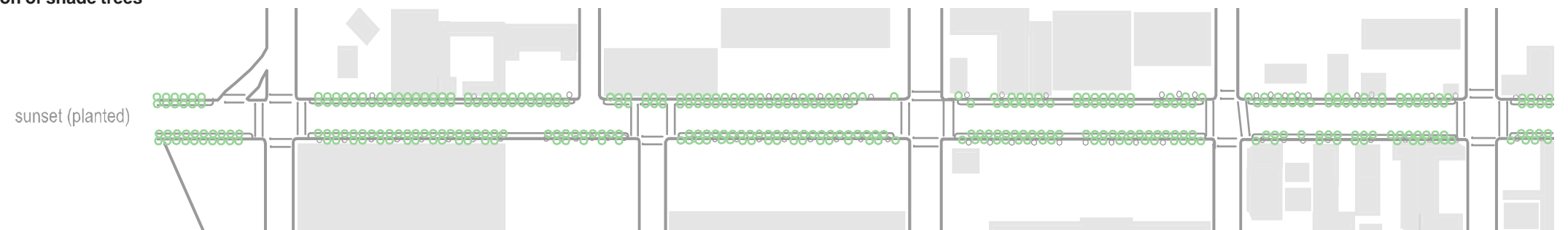
The next plan view and section show phase 2 of the design intervention, with the addition of shade trees (jacaranda) evenly spaced at 20-foot intervals, and the removal of some palms to allow for the even spacing of

shade trees. There are four rows of trees in total: each side contains one row between sidewalk and bike lane, and one row between bike lane and street.

**Sunset Boulevard: Proposed plan phase 1, blue lines indicate bicycle lanes and road narrowing**



**Sunset Boulevard: Proposed plan phase 2, green circles indicate addition of shade trees**



western

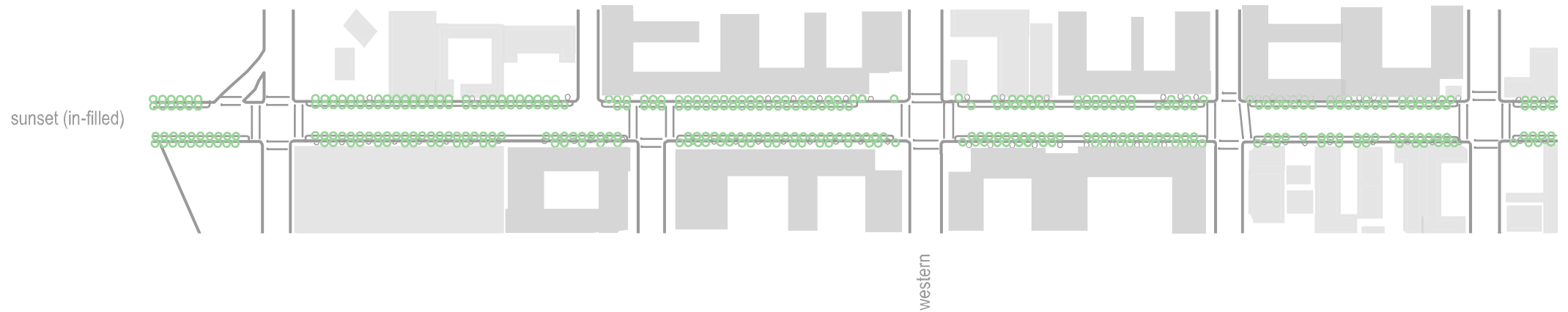
Sunset Boulevard: Proposed section phase 2



The final plan view, section, and rendering show phase 3 of the design intervention, with the addition of new buildings at heights occasionally reaching 100 feet, with increased heights at Western Avenue. The buildings' ground floors are articulated and detailed in ways to capture pedestrian interest and offer a level of complexity previously unseen along the boulevard. However, the palms and more auto-oriented signage still remain as simple visual cues for motorists.

We envision increased heights (approaching 110 feet and higher) at the intersection of Western Avenue and Sunset Boulevards, with buildings on each corner set back to form a four-cornered plaza area. From a distance, the change in built form and landscape offers a visual cue to pedestrians, while up close the space provides room for casual interaction, particularly for transit riders. New bus stops and adjacent shade trees provide more humane spaces in which to wait for the bus.

**Sunset Boulevard: Proposed plan phase 3. Darkened buildings represent new infill housing and commercial**



Sunset Boulevard: Proposed  
section phase 3





Sunset Boulevard: Rendering of proposed changes



## Hollywood Boulevard

The general design concept for Hollywood Boulevard involves adding consistency and definition to the pedestrian realm, as well as interventions that encourage lingering and slower speeds. The design intervention creates increased pedestrian crossings with the aid of curb bump-outs; two traffic corridors divided by a tree-lined median; and tree-lined sidewalks, which widen at key intervals where new buildings are constructed, to encourage lingering and people-watching. The design is equally inspired by the world's great multi-

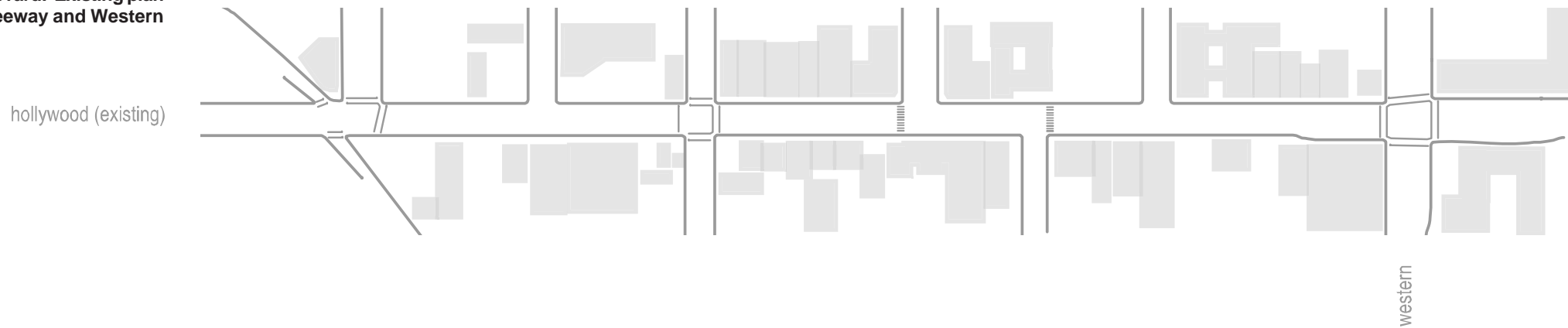
way boulevards, but embraces slower speeds. We have added a small pocket park at the intersection of St. Andrew's Place and Hollywood Boulevard and have also narrowed the street near Western back to its original width (65 feet) where it had been irrationally widened.

The first plan view, section, and perspective photo show what exists currently along Hollywood Boulevard.

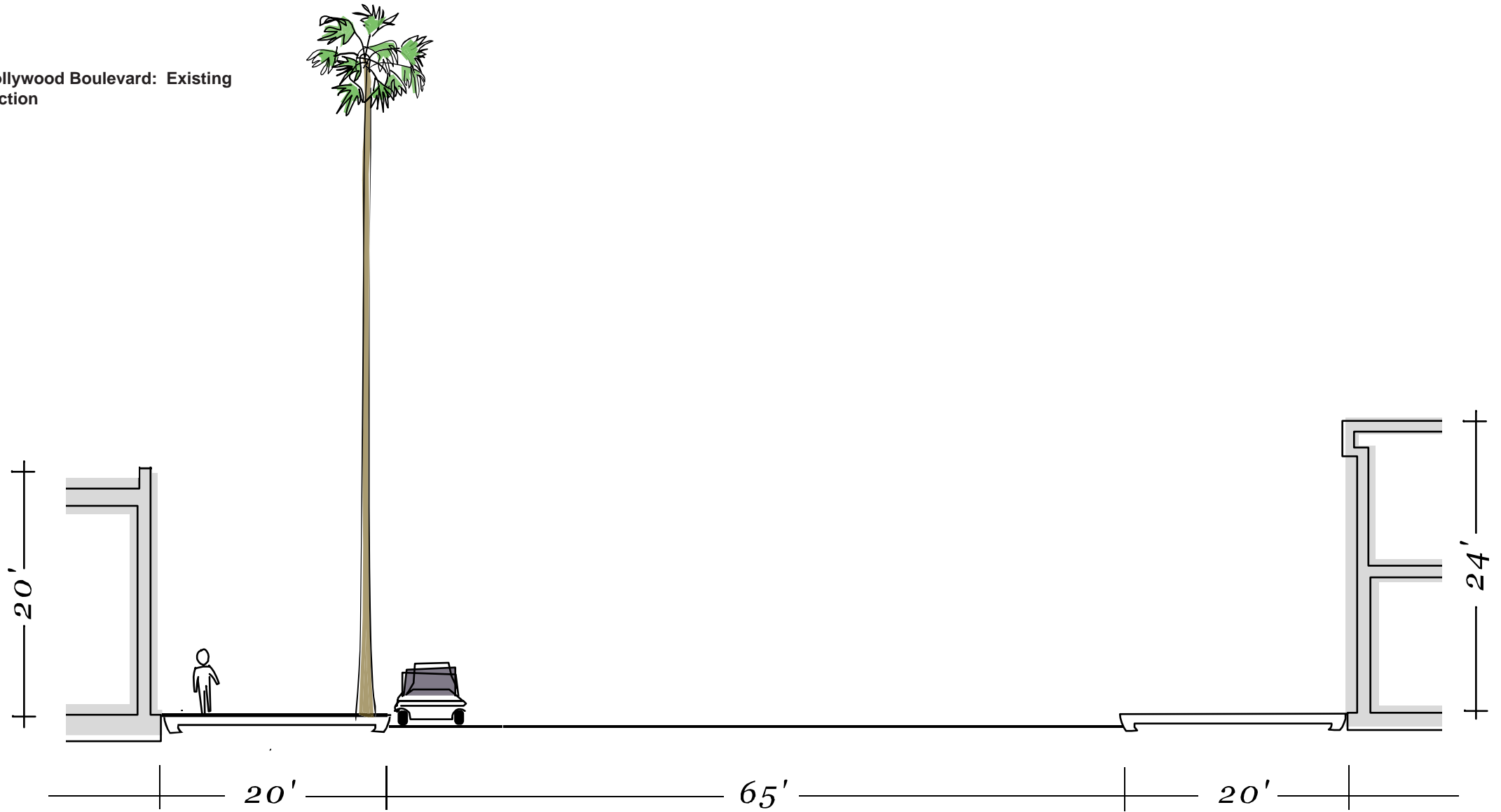
Hollywood Boulevard at Western Avenue, looking east



Hollywood Boulevard: Existing plan between 101 Freeway and Western Avenue



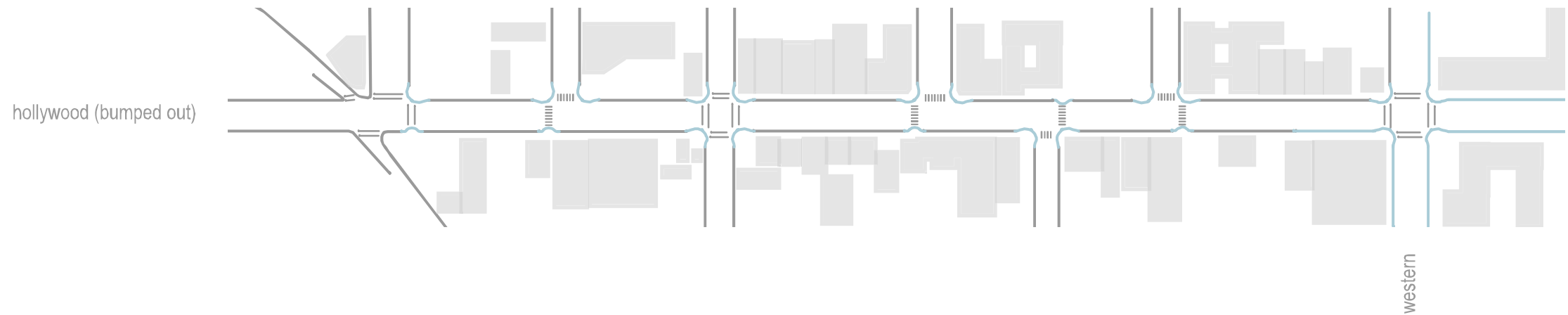
Hollywood Boulevard: Existing section



The next plan view shows phase 1 of the design intervention, with the addition of bump-outs and an increased number of crosswalks. Currently there are but two stoplights and two crosswalks in between Western Avenue and the 101 Freeway. Phase 1 increases the number of crosswalks to four and adds

additional crossing space at stoplights. The road at the intersection of Hollywood Boulevard and Western Avenues is narrowed back to its original width before the construction of the affordable housing projects on the southeast and northeast corners.

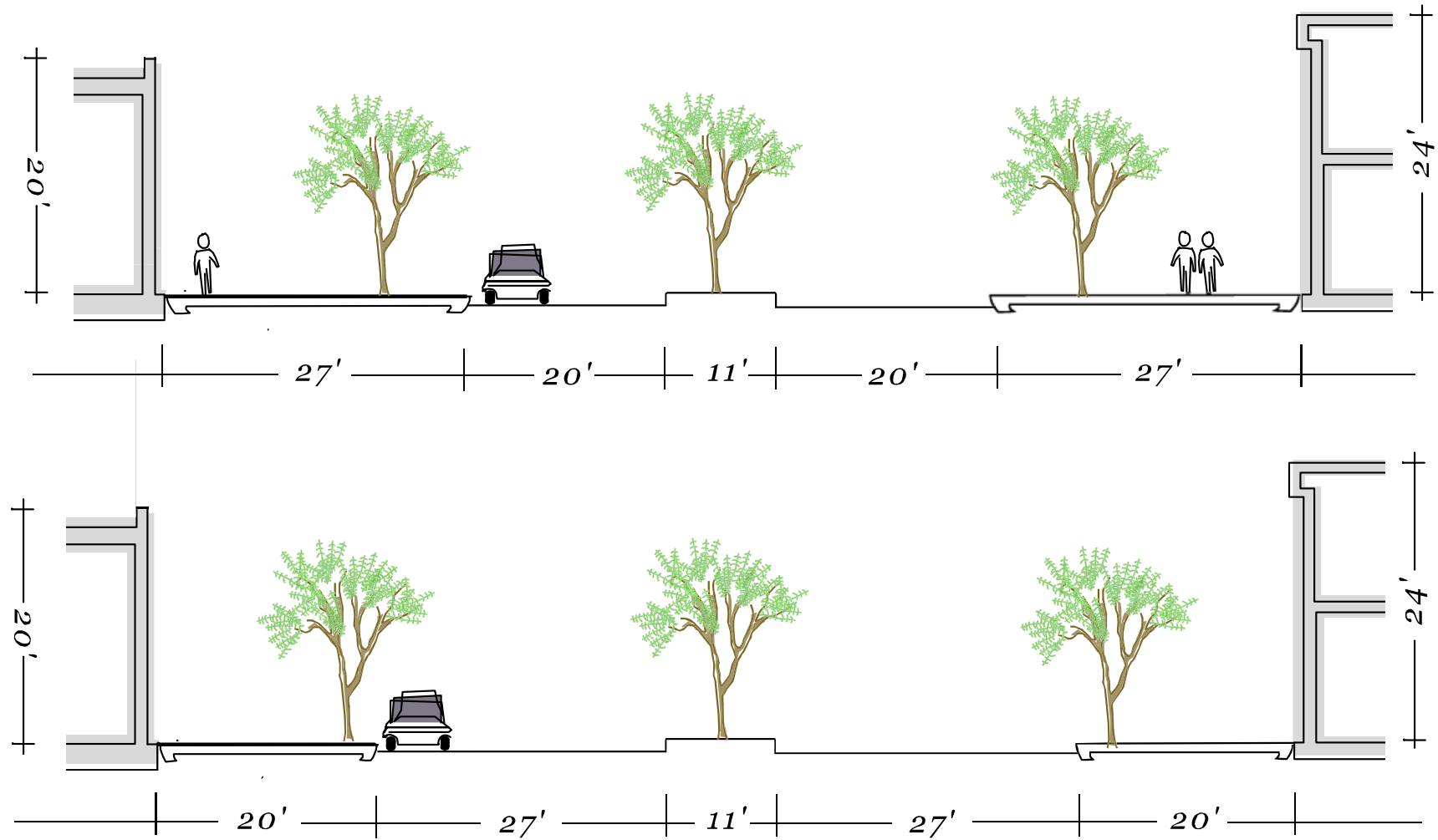
**Hollywood Boulevard: Proposed plan phase 1. Blue lines indicate bump outs and road narrowing.**



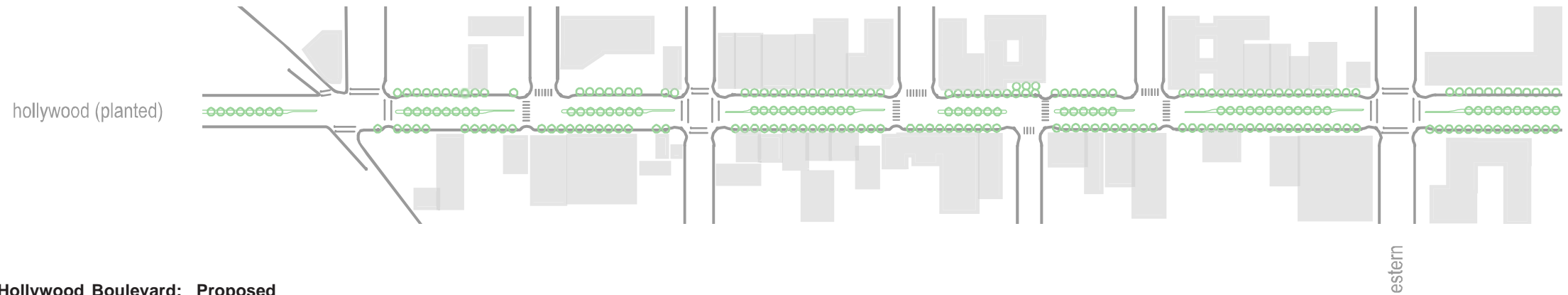
The next plan view and section show phases 2 and 3 of the design intervention, with the addition of shade trees (sycamore) evenly spaced at 20-foot intervals, and the

tree-lined median (also sycamore or a low-water flowering tree such as floss silk). At this point there are three rows of trees in total

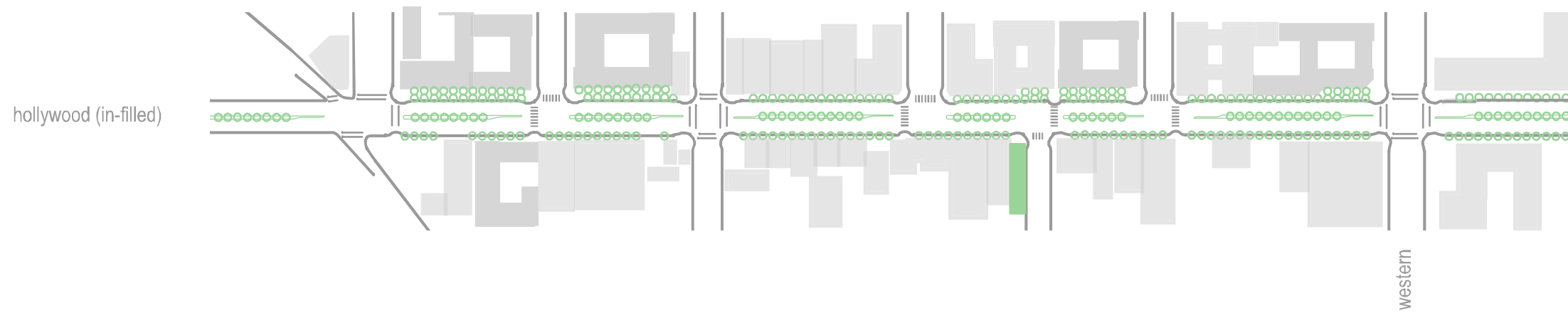
Hollywood Boulevard: Proposed sections phase 2. Upper section shows dimensions at bump-outs.



**Hollywood Boulevard: Proposed plan phase 2.** Green circles indicate shade trees; green lines indicated medians.

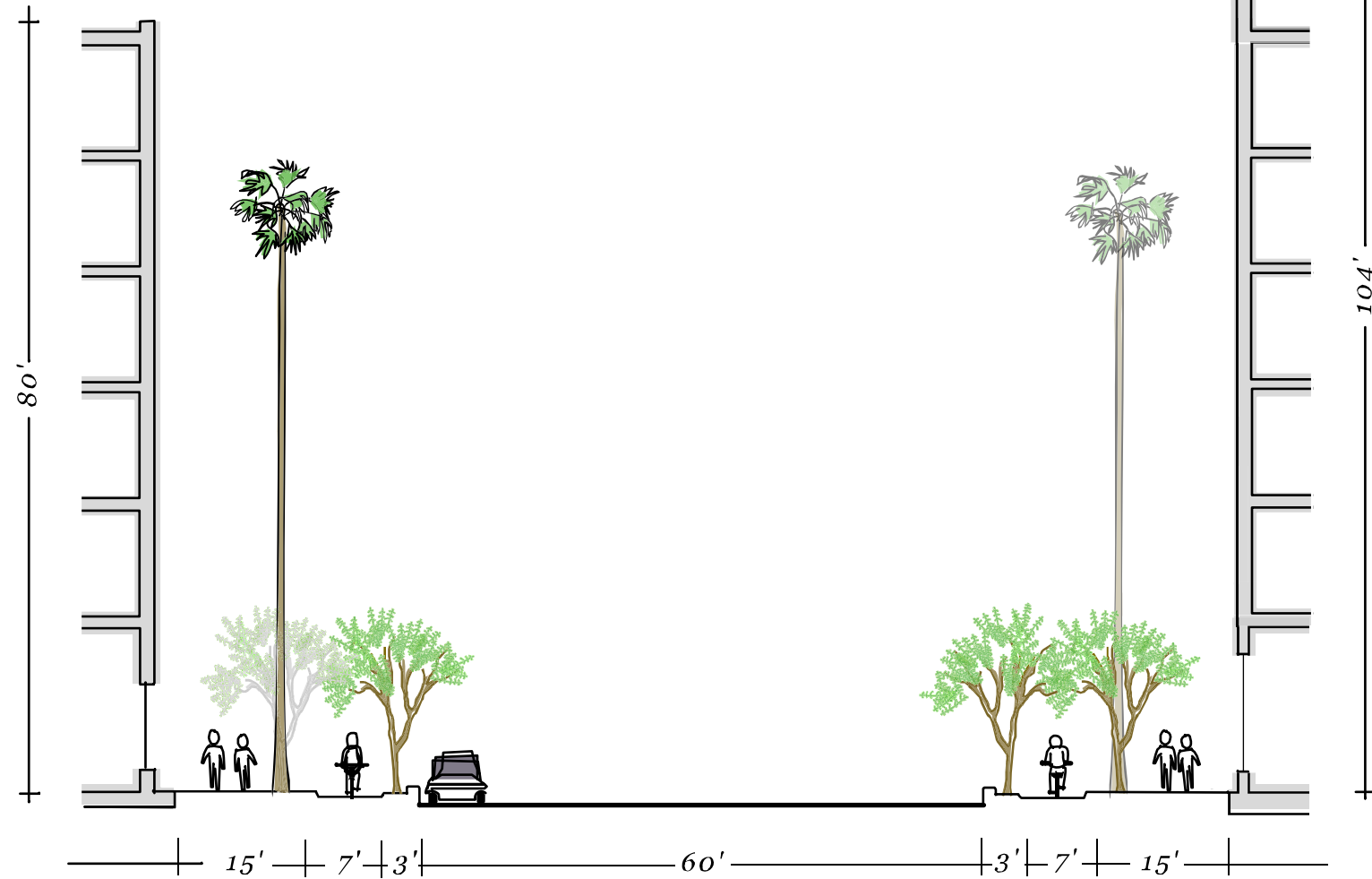


**Hollywood Boulevard: Proposed plan phase 3.** Darker buildings indicate infill housing and retail. Green strip indicates transformation of existing vacant lot into public green space.



The final plan views, and section show phase 3 of the design intervention, with the addition of new buildings at heights occasionally reaching 75 feet, with increased heights at Western Avenue. The buildings' ground floors are articulated and detailed in ways to capture pedestrian

interest and offer a level of complexity rarely seen along the boulevard. Additionally, the buildings are set back 5 to 10 feet to allow for another row of shade trees, room for benches, possibly chess tables.



**Proposed Alternatives to the SNAP**

While we are critical of the SNAP, we also acknowledge that it does indeed allow for a higher level of density than can currently be found in most of East Hollywood. Within the community, there are only several buildings that exceed 40'; as a result, the addition of new buildings that are built to achieve the maximum FAR of 3.0 is a step in the right direction. However, we believe that

the City of Los Angeles should be doing more to support density along commercial corridors such as Hollywood and Sunset. We have therefore developed our own proposals for these parcels, in order to visualize what a higher level of density might look like.

Our primary intent for both of these parcels was to include a larger amount of density

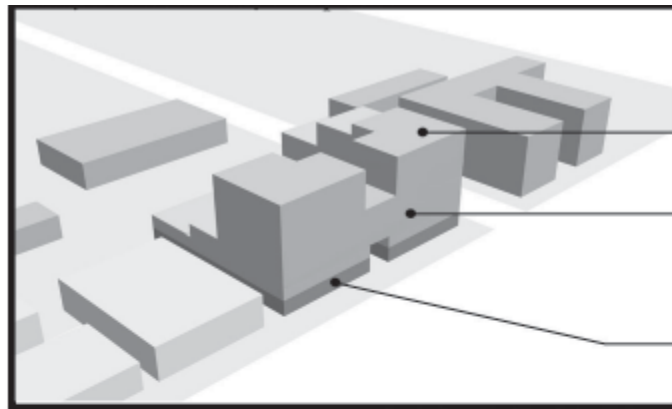


Existing neighborhood of proposed Hollywood development site, at the corner of Hollywood and Garfield.

**Hollywood Building Envelope Proposal**

Proposed building envelope study on Hollywood and Garfield.

By incorporating a larger amount of density adjacent to Hollywood and Garfield (top image) we were able to fit the building into the lower-density area of SNAP Subarea A (bottom image). An interior courtyard could be used for public open space, and the entire first floor would be utilized for retail space.



South view of building facing Hollywood

- Increased density at front of building allows for an FAR of 4.5 and a maximum building height of 82'-0"
- Despite increase in height, building successfully integrates with surrounding neighborhood
- Ground floor retail strengthens and enhances public realm along Hollywood



View of back side of building

- Increased density adjacent to Garfield enhances public realm
- Interior courtyard provides much needed public open space
- Back side of building conforms to SNAP transition height requirements
- Ground floor can be utilized for on-site parking requirements



**Hollywood Proposal Summary (previous page)**

Property Area: 27,987	Maximum allowable through SNAP	Proposed Building
Floor to Area Ratio (FAR)	3:1	4.5:1
Gross Buildable Area (GBA)	83,961	126,676
Maximum Building Height	75'	82'

**Hollywood Proposal.** By incorporating a larger amount of density adjacent to Hollywood and Garfield, we successfully incorporated a building envelope that would achieve a higher overall FAR while still addressing the transitional height issues of the project. The proposed building would have a maximum height of 82', which is only 7' higher than what is currently allowed. Because we were able to build higher, we achieved an FAR of 4.5.

while successfully integrating a building into the surrounding context of lower-density residential neighborhoods. The goal, however, was not to look at the individual details of building design, but to examine the overall form and volume a building within the study area can potentially acquire, as well as to examine the ways that new buildings can enhance the public realm. In this sense, we looked at an increased level of density as something that could stimulate pedestrian activities along the street and the sidewalk, as well as the interior spaces of the building.

Despite the larger size of our proposed buildings, they integrate nicely into the surrounding neighborhood. The primary reason for this is that we have concentrated the higher density portions of the building near the street. This increased density along the public realm has the benefit of increasing the continuity of the walking experience along the street and enhancing the overall quality of the public realm. At the ground floor of both buildings, there are new retail spaces that will provide destination points for people who live in the community. Both buildings furthermore allow for an increased amount of public and private open space.

One of the advantages of building for more density is

that it increases the leveraging power a planning agency will have as it negotiates the development process. Local residents are becoming increasingly involved in the development review process, particularly with the advent of neighborhood councils and other forms of neighborhood participation. These citizens typically place a significant number of demands on the new developer, expecting that a variety of costly public amenities will be added to projects. Planning agencies, under pressure due to budget costs, increasingly rely on a variety of exactions that they extract from developers in order to improve the public infrastructure of a neighborhood. Because an increased amount of density will result in a more profitable project for the developer, it can thus be used to extract additional amenities that will improve the public infrastructure.

An increased level of residential density can also have a positive impact on the way that people use and experience a building. For example, a larger building, such as those that were proposed along Hollywood and Sunset, are built at a scale that matches the surrounding boulevards. Buildings that are constructed to match the scale of the surrounding street will appear to fit into the neighborhood in a more aesthetically pleasing way. An increased level of density, because it will provide more retail opportunities for local residents,

**Sunset Proposal (next page):** Like the Hollywood proposal, we were able to achieve a higher density by increasing the height of the project. We incorporated a building envelope that achieves a higher FAR while still addressing the transitional height issues of the project. The proposed building would have a maximum height of 102 feet, enabling an FAR of 4.6.

**Sunset Boulevard Proposal (see following page)**

Property Area: 31,513	Maximum allowable through SNAP	Proposed Building
Floor to Area Ratio (FAR)	3:1	4.6:
Gross Buildable Area (GBA)	94,539	143,891
Maximum Building Height	75'	102'

is more likely to become a place that is visited frequently, as it will generate more activities than could be found in a lower density development.

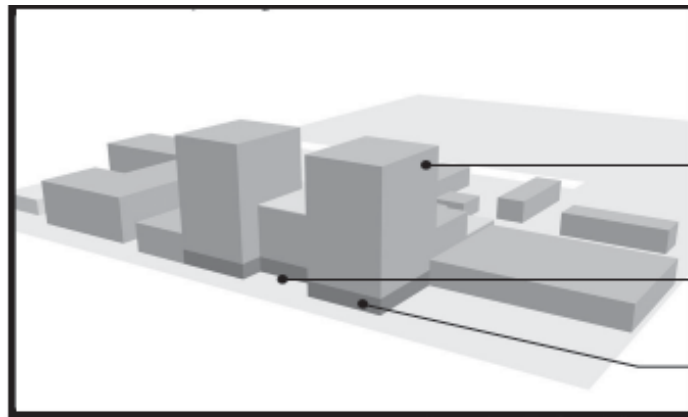
Finally, larger buildings provide more opportunities to integrate neighborhood open



### Sunset Building Envelope Proposal

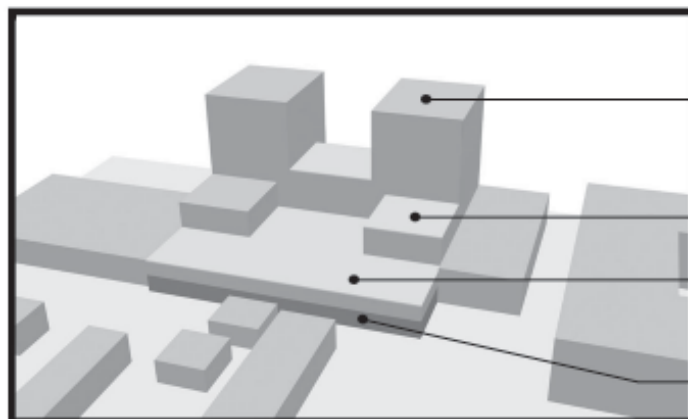
**Proposed building envelope study on Sunset between Western and Serrano.**

Like the Hollywood proposal, the Sunset Boulevard can be enhanced by an increased level of density. By building an 8-story structure at the front of the building, (top image), we were able to reserve the back of the building (below) for other uses, such as retail, parking, and recreational open space. This proposal meets the transitional height requirements of the SNAP.



South view of building facing Sunset

- Increased density at front of building allows for an FAR of 4.6 and a maximum building height of 102'-0"
- Setback at building entrance provides functional open space
- Ground floor retail strengthens and enhances public realm along Sunset



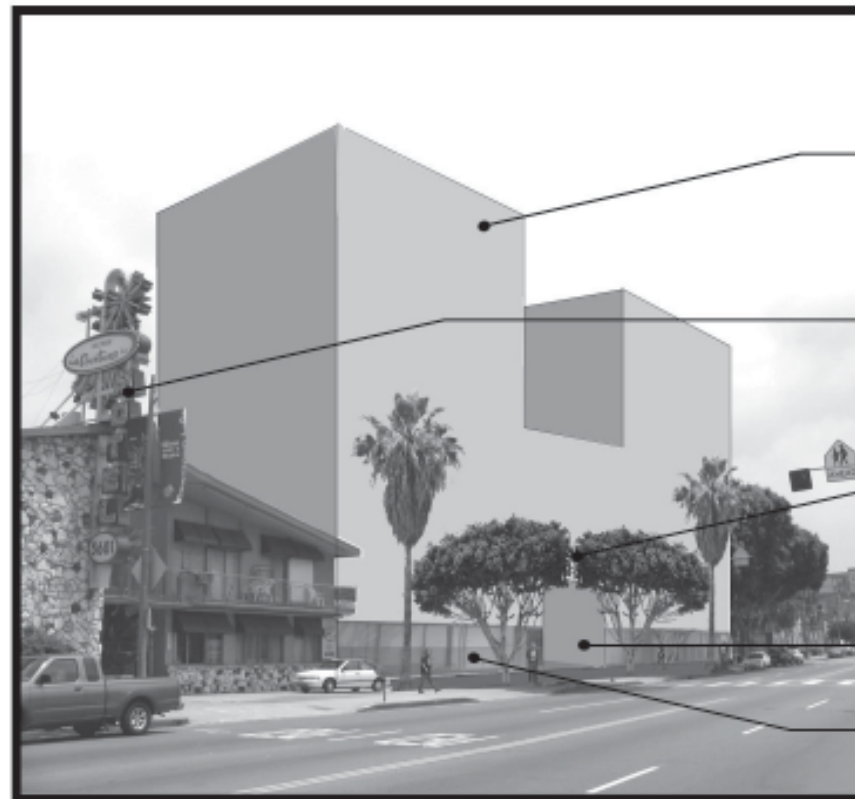
View of back side of building

- Increased building size is consistent with surrounding development, yet allows for flexibility in the building program, with more public amenities and increased residential density
- Building rooftops ideal for gardens and recreational open space
- Building terraces conform to SNAP transitional height requirements and add private open space for building occupants
- Back side of ground floor can be utilized for on-site parking requirements

Existing conditions along Sunset Boulevard depict the low-density pattern along Sunset Boulevard. The Sunset corridor, because of existing street widths, is an ideal place to build new developments at a higher level of density than is currently allowed.

space. For example, the proposal for a building on Hollywood and Garfield has a number of excellent opportunities to integrate on site rooftop gardens, courtyards, balconies, and public spaces for the community. In a smaller scale development it will be more difficult to include these amenities, due to the decreased amount of built space and the lower overall profitability of the project.

Increased density is one of the many critical variables that need to be considered in order to revitalize the public realm along any commercial corridor in Los Angeles. Minimal building setbacks can help create public open space, as well as place to plant trees. The ground floor retail environment is critical, as it supports local business while creating pedestrian activity along the street and within the building. The larger size of the building means that there will be a more constant level of activity, not only in the building, but also in the surrounding neighborhood. It is designed correctly, this higher level of density can revitalize public areas, lower incidents of vandalism and crime, and ease congestion by decreasing our reliance on the automobile.



Increased building density is proportional to the width of surrounding streets, and therefore creates a better sense of scale

Despite increase in height, building does not appear intrusive to adjacent buildings

Public zone in front of building enhanced with street trees, lighting, seating, and other public amenities that improve the pedestrian circulation system

Main entry provides access to interior courtyard, which can be used for public open space

Ground floor retail provides entry points for pedestrians and a sense of place along the street

## Implementation

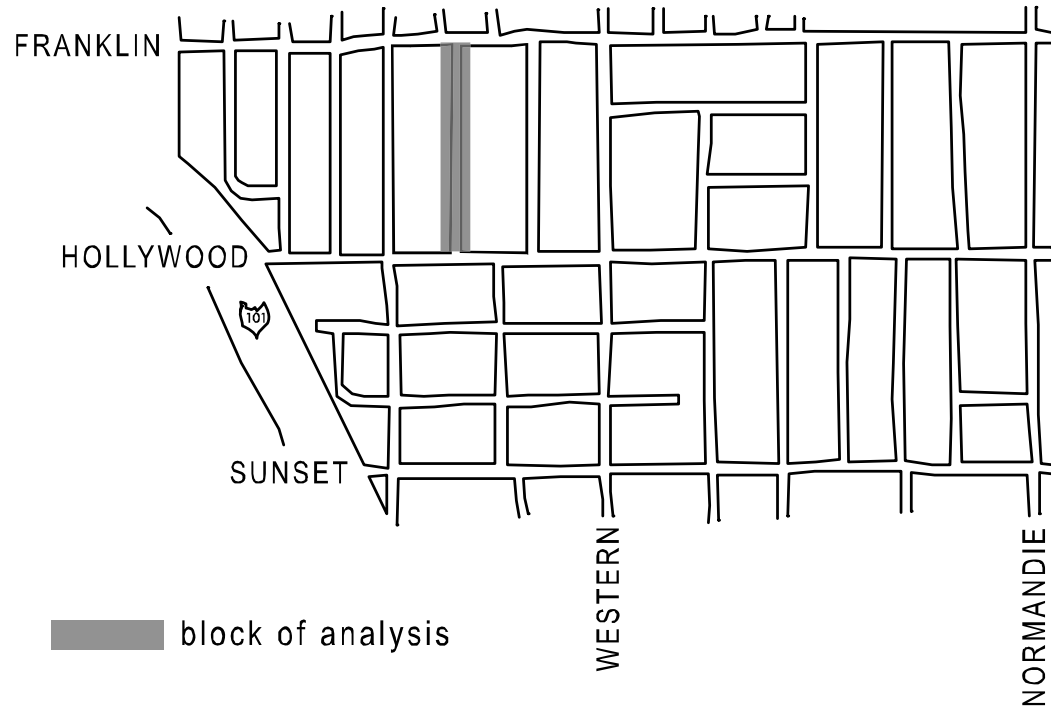
The city of Los Angeles needs to regain some control over the public realm. In practical terms this means crafting comprehensive design interventions and guidelines for selected districts, such as our project area. The guidelines should allow developers flexibility (particularly in regards to architectural style) while ensuring that each new development contributes not just to the quality of the public realm, but to the overall design vision of the district. Current design guidelines within the SNAP fail to contribute to such a comprehensive vision. For example, SNAP guidelines require a new development to plant on street tree (not species-specific) per every 25 feet of street frontage. However, our design intervention calls for a specific species of tree planted every 20 feet. In some case, the design intervention requires a double row of planted trees, and the addition of street furniture. Design guidelines should be specific enough to reflect these stipulations and ensure that individual developers' additions to the public realm contribute to a whole picture.

Of course, such specificity poses practical problems for a city the size of Los Angeles. The City Los Angeles simply does not have the resources to offer up specific design interventions for the public realm of every street. To address this problem, we turn to the notion of street typologies. The City could identify prototypical streets – in terms of landscape elements, built form, and social makeup – within particular districts. From here, it could develop specific interventions for that particular street type and apply it to similar streets within that typology.

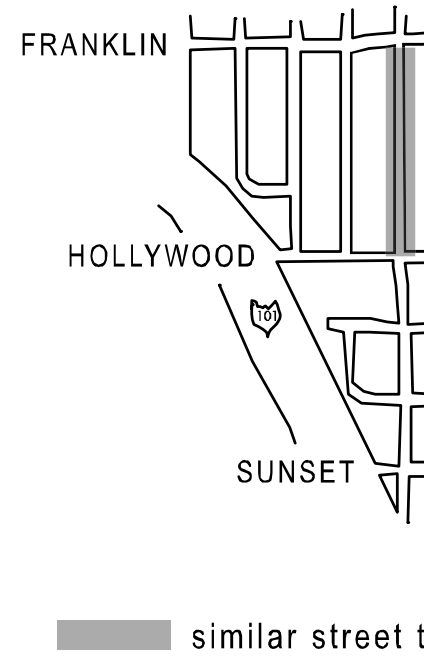
However, we should qualify that in employing a typographical approach, we do not subscribe to the idea that there are universal, fundamental types of streets, whose design prescriptions can be replicated across the country, or throughout Los Angeles, for that matter. In this way, we share the views of many of the neo-rationalists

of the '60s, such as Paolo Portoghesi, who wrote that types “are elementary institutions of the language and practice of architecture that live on in the daily life and collective memory of man. These differ greatly depending on the places where we live and where our spatial experiences are formed.”<sup>1</sup> Thus, our typologies would be neighborhood-specific. However, once familiar with these particular types, one might begin to discover similar streets outside that neighborhood (see “Typologies” image). The key is simply not to prescribe blanket design guidelines to whole swaths of streets that are only superficially similar in terms of landscape, built form, and social makeup. Hence, while Sunset and Hollywood Boulevards might at first glance appear similar, they are quite different in terms of uses, users, landscape, speed, and built form; they require altogether different design interventions. Design guidelines based on typologies must reflect these fine-grained details.

Typology: identified block of analysis



Typology: similar street types to block of analysis



The Guaranty Building at Hollywood and Ivar is an excellent example of the type of density that was once allowed on Hollywood Blvd. It was built in 1923 at the maximum height limit of 150 feet.



### Coming full-circle

It may strike some that our proposals are hardly novel, radical, or new. In a general sense, they aren't. They have, in various permutations, been tried across the world, generally with positive impacts on the public landscape. However, in light of Los Angeles' history and its insistence on ignoring the public landscape, these proposals are radical, and novel.

Yet, our proposals still aren't new for Los Angeles. And thus we should not brush them aside as pipe dreams.



The buildings photographed above all exceed heights of 110 feet, and all still exist on Hollywood Boulevard. Each is 150 feet, beautiful, and rarely does a passer-by comment on the building's imposing height or the canyonization of Hollywood Boulevard.

This old postcard (next page) shows Hollywood Boulevard of yesteryear, lavishly landscaped, perhaps excessively. Still, our pleas for greater city control of the public realm are not unprecedented.

The Roosevelt Hotel, on the corner of Hollywood and Orange, is an example of how higher density contributes to a great streetscape.

**Postcard of Hollywood's past landscape**



This photo (below) shows a current street scene along Santa Monica Boulevard in West Hollywood. The Boulevard is a major urban traffic arterial, but is also home to extensive amounts of foot traffic, particularly by the city's Russian and gay populations. In its simple redesign of the street, West Hollywood chose to take some space away from the automobile and offer it to

**Photograph of West Hollywood re-design**



existing constituencies. The result has been an ever- animated, wildly popular strip of pedestrian, bicycle, and automotive traffic.

We would not advocate for the City's increased attention and control over the design of the public realm if we thought it were impossible. It is possible; it simply requires greater care and attention to the fine grained details that make the public landscape a pleasant place in which to walk, stroll, or simply to linger. And our concerns extend beyond simple aesthetics (although it is patently wrong to brush aside aesthetics altogether, as if an ugly city can simultaneously be a great city; it cannot, no matter how hard Los Angeles may try), to fundamental questions of enhancing and caring for the space that so many pedestrians already use today. To questions of social cohesion and connectivity; to questions of increased transit ridership and treating those riders like first-class, not third-class, citizens. To questions of improved air quality and decreasing the heat-island effect.

Through our design proposals and the suggested role of the city in their implementation, we are simply advocating for the building blocks of not just a so-so city, but for one that is humane, livable, and fantastic.

## Endnotes

<sup>1</sup> For early accounts of the Los Angeles Landscape, see Gumprecht, Blake, 2001. *The Los Angeles River: Its Life, Death, and Possible Rebirth*. Baltimore and London: The Johns Hopkins University Press; McCawley, William, 1996. *The First Angelinos: The Gabrielino Indians of Los Angeles*. Banning and Novato: Malki Museum Press/Ballena Press Cooperative; Newmark, Harris. "Sixty Years in Southern California, 1853-1913," in *Writing Los Angeles: A Literary Anthology*, David L Ulin, ed. New York: The Library of America, 2002.

<sup>2</sup> For Los Angeles residential and commercial development, see Automobile Club of Southern California. Map of Population Distribution in the Los Angeles Area as of 1910, and Map of Population Distribution in the Los Angeles Area as of 1920. Los Angeles: Automobile Club of Southern California, 1938; Davis, Mike. *Cannibal City: Los Angeles and the Destruction of Nature*, in *Urban Revisions: Current Projects for the Public Realm*, Russel Ferguson, ed. Cambridge and London: The MIT Press, 1994; Lummis, Charles Fletcher. *Los Angeles and Her Makers*, in *Los Angeles: Out West Magazine*, 1909, pp. 244-45.

<sup>3</sup> On vertical to horizontal relationships in streetscapes, see Greenbie, Barrie. *Spaces: Dimensions of the Human Landscape*. New Haven and London: Yale University Press, 1981, pp. 41-42.

<sup>4</sup> Rapoport, Amos. "Pedestrian Street Use: Culture and Perception," in *Public Streets for Public Use*, A.V. Moudon, ed. New York: Columbia University Press, 1987, p. 83.

<sup>5</sup> Portoghesi, Paolo, 1983. *Postmodern: The Architecture of Postindustrial Society*. New York: Rizzoli, p. 11.

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