



## Westside Cities Workforce Housing Study

### About the Study



- **Looked at Westside Cities + portion of Los Angeles**
  - Concerned about high housing costs and economic vitality
  - Study could be replicated for other subregions
  
- **Workforce housing is important because...**
  - High housing prices leads to long commute distances for many workers
  - This contributes to GHG emissions, air pollution, traffic congestion
  - Long commutes also costs employers money and lowers productivity of workers
  
- **Key to maintaining both strong economic base and reduced traffic congestion**

## Overview of Study Process

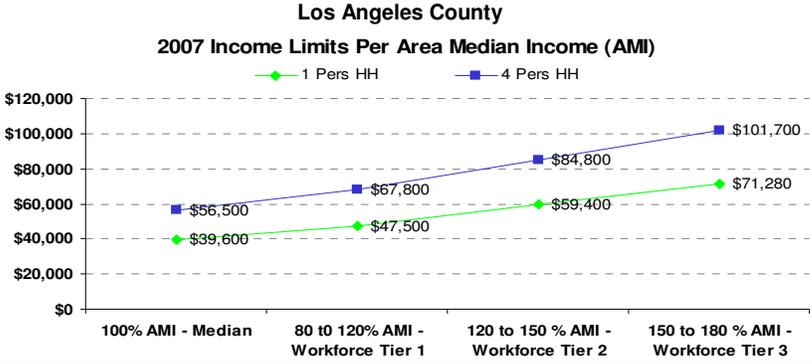
- Define Study Area and Workforce Housing Income Levels
- Data Collection & Analysis
- Assess Workforce Housing Needs
- Conduct Outreach to Large Employers
- Review Regulatory Opportunities and Barriers
- Analyze Development Economics
- Identify Tools and Strategies
- Develop Implementation Strategy Options
- Final Report





# Workforce Housing Definition

- Households with persons who work in Study Area, with household incomes from 80 to 180 % Area Median Income (AMI)
- Further defined so that local jurisdictions can select targeted households
  - Tier 1 – 80 to 120% AMI (“moderate” income for Housing Elements)
  - Tier 2 – 120 to 150% AMI
  - Tier 3 – 150 to 180% AMI



# Workforce Housing: Supply

- Study Area = 400,000 jobs (2000 Census)**
  - 1.6 jobs for every resident who worked in 2000
- 267,000 of these jobs held by workers commuting into Study Area from homes elsewhere (68 % of all workers)**
  - Impacts many other parts of SCAG region as well
- Study Area lacks sufficient housing supply to accommodate workers**
  - Would need to add 94,000 new housing units to achieve a balance between jobs and employed residents
- Westside added few new housing units in past 7 years**
  - Total of 9,500 new households added in Study Area since 2000

## Workforce Housing: Price

- **Westside workers can only afford for-sale units priced at \$196,000 to \$420,500**
  - Depends on household size and income level
- **Westside housing market is out of reach for many workers' households**
  - Based on January – June 2008 home sale prices, just 3% to 23% of units sold in Study Area were affordable to workforce households (depends on household size and income)
- **Westside workers can only afford monthly rents of \$1,188 to \$2,543**
  - Depends on household size and income level



## Workforce Housing: Result

- **As a result, most workers commute in to their jobs**

Commute Flows for Study Area, 2000

Study Area	Workers Commuting In	Residents Working in Same Location	Residents Commuting Out
Beverly Hills	46,218	4,115	11,520
Culver City	37,435	3,415	16,423
Santa Monica	73,725	14,790	31,095
West Hollywood	23,355	3,985	17,637
LA City Sub-Area	139,477	49,203	90,736





# Large Employer Findings

## Interviews conducted with 13 of largest 50 employers in Study Area

- Targeted top 10 employers in each jurisdiction
- Difficult to get attention, but Sony, ULCA, Chambers of Commerce, and others identified workforce housing as key issue in attracting / retaining workforce

## Key new initiatives identified

- UCLA just launched Workforce Housing Master Plan process
  - Seeking infill sites in surrounding areas (to Westwood campus and Santa Monica medical center)
- Los Angeles Unified just launched Teacher Housing Development Initiative on active campuses
  - First RFQ is for Gardena High School site, seeking rental housing for teachers at 120 % AMI
- Los Angeles Business Council conducting Housing Scorecard process to raise awareness of supply issues
  - Event for elected officials held on Sept 5, 2008



# Land Use & Housing Plans

- All 5 cities within Study Area currently updating their Housing Elements
- All 5 cities foresee sufficient land zoned to accommodate Regional Housing Needs Allocation (RHNA)
- However, none of cities met prior RHNA goal for 80 to 120% AMI
- Conclusion: Zoning land is not sufficient to produce needed housing affordable to workforce households



Transportation Demand Management Scheme, Santa Monica LUCE

## Barriers to Workforce Housing Production

- **Land costs – can range from \$100 to over \$300 per square foot of land in Westside**
  - Projects infeasible for workforce ownership housing above \$50 per square foot
- **Development costs – high for Study Area**
- **Parking standards – high compared to recommendations by SCAG and others**
- **Financial analysis shows that with lower land costs and lower parking requirements, some workforce housing scenarios would be feasible**



## Strategies

- **Build Coalitions of Westside Employers and Local Governments**
  - Key finding of study – need to conduct systematic outreach and coalition building to address this segment of housing need
  - Benefit of doing this jointly – can share cost of staff person and integrate with commute-shed
- **Link Workforce Housing Directly to Climate Change Strategies**
  - Trend towards evaluating land use per climate impacts
  - Implementation of state regulations currently evolving
    - SB 35 will further link housing to climate change
  - Recommended Next Step: Research methods to directly link reduction in Vehicle Miles Traveled (VMTs) resulting from workforce housing development to climate change





## Strategies

- **Dedicate Land to Reduce Cost of Workforce Housing**
  - Many creative opportunities exist
    - Publicly-owned lands now used as corp yards, airports, schools, etc.
    - Privately-owned lands for education, medical, etc.
    - Need to creatively think about integrating housing into mixed use projects as facilities are redeveloped
  - Recommended Next Step: Identify Sites Through Detailed Analysis
- **Produce Workforce Housing Through Inclusionary Ordinances**
  - Some inclusionary ordinances in CA have required housing up to 200% AMI
  - Recommended Next Step: Develop Model Inclusionary Ordinance for Workforce Housing



## Strategies

- **Leverage Available Financing Sources**
  - Numerous public sources for up to 120 % AMI
  - Several private funds for higher AMI levels targeting workforce
  - Recommended Next Step: Better Connect Available Funding to Developers and Sites (Marketplace Event)
- **Acquire or Facilitate Purchase of Foreclosed Properties**
  - Evolving right now per recent federal legislation
  - Westside could join together to apply for federal grants and other programs

## Strategies

- **Refine Transit-Oriented Development Incentives**
  - SCAG offers technical assistance for TOD planning
  - Toolkit report recommends Housing + Transportation Costs Index to better evaluate TOD opportunities
  - Recommended Next Step: Craft Tailored TOD Workforce Housing Strategy for Each Jurisdiction



## Strategies

- **Mix Incomes and Funding Sources**
  - Idea of developing workforce housing along with lower income affordable and/or higher income market rate housing
  - Requires strong developer capacity and technical expertise
  - Recommended Next Step: Fund joint staff or consultant expertise to share among Westside



Working Artists Ventura

## Strategies

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### ■ Additional Strategies for Local Consideration

- Streamlined Entitlement Processing
- Modular Green Housing
- Affordability by Design / Reduced Parking Requirements
- Homeownership Counseling
- Workforce Downpayment and Mortgage Programs
- Lease – Purchase Programs
- Limited Equity Co-Ops

