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# **A Community of Casitas: Fighting Displacement in Pacoima with ADUs and CLTs**

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

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Disclaimer:

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# Executive Summary

## Project Area & Background

Pacoima is a neighborhood located in the northeast corner of Los Angeles' San Fernando Valley. An expansive area of wide boulevards and single-family homes, Pacoima was a poster child of post-war suburbanization. Well-paying manufacturing jobs once supported its working-class population, but deindustrialization in the 1980s severely impacted the community. While some industrial jobs remain, they are typically in highly-polluting industries. The housing stock remains mostly single-family, which has led to overcrowding due to rising rents, stagnating wages, and a growing population. Today, residents suffer from high unemployment, urban heat, chronic disease, and pollution, and over 30% of residents live in a poorly-constructed converted garage or rented room.

Pacoima Beautiful is a grassroots environmental justice organization that provides education to residents, organizes community members to shape public policy, and promotes local arts in order to create a healthy and sustainable San Fernando Valley. In 2018, Pacoima Beautiful entered the Green Together Collaborative alongside LA Conservation Corps, Grid Alternatives, LA Business Council, LA CleanTech Incubator, Trust for Public Land, LA Department of Transportation, LA Sanitation, and Community Partners. Green Together applied for and received the Transformative Climate Communities (TCC) grant from the California Strategic Growth Council for a series of green infrastructure upgrades.

In an attempt to stop the cycle of gentrification and displacement that accompanies many large sustainable infrastructure projects, TCC requires applicants to

create a Displacement Avoidance Plan (DAP). A DAP must name strategies the applicant will take to avoid displacement of current residents resulting from the proposed infrastructure upgrades. Pacoima Beautiful seeks to mitigate displacement through the creation of a Community Land Trust (CLT), legalization of unpermitted accessory dwelling units (ADUs), and establishment of a tenant protection support program. The DAP also includes two strategies for preserving and supporting local businesses, though our research is in service of the three housing-related displacement avoidance strategies.

### **Project Vision**

Large-scale public investment can unintentionally cause displacement when new amenities lead to increasing rent prices, a decline in the production of affordable housing production, and the proliferation of higher-end housing. Central to Pacoima Beautiful's approach to the displacement of vulnerable residents are Accessory Dwelling Units (ADUs) and Community Land Trusts (CLTs). ADUs provide opportunities for multi-generational living and create financial benefits for low-income homeowners, and an estimated 30% of residences already have a second living unit on the property (Green Together 2017, 2). CLTs permanently remove land from the speculative real estate market and can thus provide affordable homes to residents in perpetuity. *The goal of this research is to help Pacoima Beautiful design and implement displacement avoidance strategies by providing a critical understanding of the landscape of Accessory Dwelling Units in Pacoima and Sun Valley, the needs of local residents, and methods of preventing displacement, such as Community Land Trusts.*

## **Project Scope**

The following chapters provide an in-depth analysis of the existing role and condition of accessory dwelling units in the TCC project area, the needs of renters and owners, and the feasibility of developing a Community Land Trust.

First, we examined the built form and social conditions of ADUs to see if there was a causal relationship between the built form of ADUs and the way residents living in them use space on the property. The first chapter concludes by recommending that Pacoima Beautiful advocate for changes in zoning and development standards, as well as join discussions of ADU policy to share and emphasize the role they play in the community. Next, we used door-to-door surveys of ADU owners and renters in order to understand who lives in these units and why. In addition to providing data for the DAP, this research established a basic data collection model that Pacoima Beautiful can use and expand upon moving forward. In the third chapter, we focused on the experience of ADU tenants. Our results showed that current conditions vary widely, and that the relationship with the landlord seemed to be of greater concern to tenants than the physical units themselves. Interviews revealed three dimensions of the landlord-tenant relationship: expectations, agency, and instability. Based on our findings, we recommend that Pacoima Beautiful move forward with a series of anti-displacement measures that target the tenant-landlord relationship, including tenant organizing, ADU affordability contracts, and expanded rent stabilization ordinances. In chapter four, we evaluated the formal financial products available to Pacoima-Sun Valley homeowners and whether these products are accessible to them. Based on our interviews with local homeowners and financial players, we recommend expanding access to affordable capital for Pacoima-Sun



Valley homeowners to build, upgrade, and legalize ADUs. Finally, we explored CLTs in Los Angeles to uncover the processes necessary for establishing a CLT, with a particular focus on land acquisition. We then evaluated land acquisition opportunities in Pacoima-Sun Valley based on community priorities. We end by recommending that the organization that operates any future CLT in the area learn the community's priorities, choose a CLT model, assess financial feasibility, identify opportunities and strategies for land acquisition, and build strategic partnerships to ensure that the CLT is successfully established and able to thrive.

Our research illustrates the ways in which Pacoima residents reinvented single-family housing to meet their housing needs. In Pacoima multiple families live in multiple units on single-family lots. Residents spend their whole lives in ADUs and families build ADUs to house their extended family or generate additional income. With this knowledge, we provide a framework for anticipated displacement challenges over the next three years of TCC investments. As community advocates, researchers, and policy makers we cannot ignore the complexity residents live out on a daily basis. Instead, we must come together to rethink how we continue to meet the needs of all residents as the community continues to evolve.

# Chapter I

## **Housing Typologies and the Social Landscape in Pacoima-Sun Valley's Accessory Dwelling Units**

Written By

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### **Abstract**

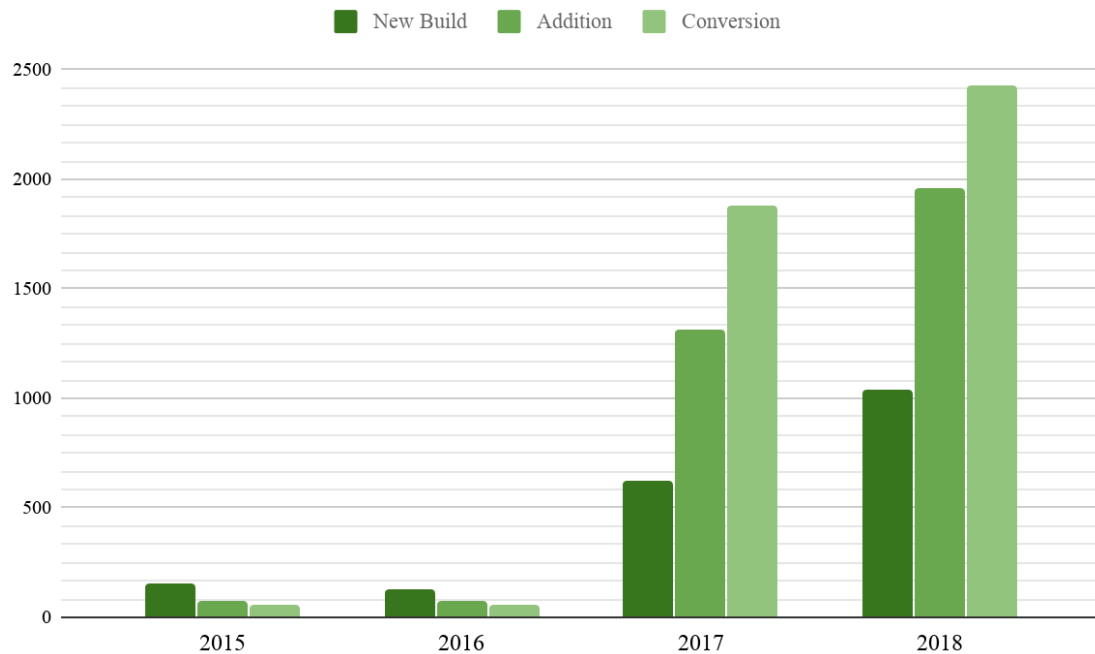
We examine the built form and social conditions of accessory dwelling units (ADUs) of Pacoima-Sun Valley, an area of Los Angeles located in the northeast San Fernando Valley, and consider if there is a causal relationship between the built form of ADUs and how residents living in them use space on their home property. Using site observation, interviews and a focus group, we present different built form typologies and determine that the built form of ADUs play a significant role in spatial usage and social interaction. We finish by recommending that our client, Pacoima Beautiful, advocate for changes in zoning and development standards, and increased publicity for the narrative of ADUs in the project area.

*Key words: Accessory dwelling units (ADUs), Pacoima-Sun Valley, housing typologies, social landscape*

## **Background**

In the past decade accessory dwelling units (ADUs) became known as an “innovative, affordable, effective option for adding much-needed housing in California,” according to the California Department of Housing and Community Development. Existing homeowners adding new housing units on a small scale throughout single-family neighborhoods promised a partial solution to the region’s worsening housing crunch, as more housing units would be available to renters and property owners could find another source of income. They can also be designed to blend in with existing low-density neighborhoods, preserving character and scale. In order to facilitate their development, new state legislation – AB2299 and SB1069 – reformed ADU regulations throughout California, overriding many locally-imposed barriers and mandating that permits for ADUs be ministerial approvals, rather than discretionary. Since taking effect in January 2017, these laws have had the desired impact. As shown in Figure 1.1, the number of ADU applications filed in Los Angeles jumped from 254 applications in 2016 to 3,821 in 2017 and rose further to 5,429 in 2018.

Figure 1.1: ADU Applications in Los Angeles (Department of City Planning, 2018)



It's clear, however, that this trend is not all that recent in certain corners of the city, and its rise in the current market may not be as innovative as it may appear. In fact, ADUs were often constructed – permitted or not – across the city, state, and nation (Cobb et al. 2000). From 1985 through 2016, Los Angeles approved ADUs in certain zones (such as R1) on lots at least 50% larger than the zone's minimum lot size, while simultaneously capping the size of the ADU at 640 square feet. City planners additionally had to make the findings for a conditional use permit since ADUs could not be approved by-right. These provisions effectively prevented secondary units from legally being built on the vast majority (88%) of the City's residential land (Bertoni 2016). In R1 zones, which accounts for most of the project area, the minimum lot size required by code is 5,000 square feet. This means before the new laws took effect, only R1 parcels greater than 7,500 square feet qualified for an ADU, and only if they met all other requirements,

including additional on-site parking and a ten-foot passageway from the street to the entrance of the ADU.

Because of the many obstacles, just 680 ADUs were permitted in Los Angeles and only 404 received Certificates of Occupancy between 2003 and 2016 (with 90% located in the San Fernando Valley) (Bertoni 2016). To put this in perspective, Los Angeles has more than 480,000 single-family zoned lots. Instead, many smaller-lot property owners built their own ADUs under the radar, by converting a garage, for example. There are an estimated 50,000 unpermitted dwelling units (UDUs) throughout Los Angeles today (Mukhija 2014, 47). According to the County Assessor, Pacoima-Sun Valley's lots range from 6,000 to greater than 15,000 square feet, with a median around the 7,500 square foot threshold, meaning some older ADUs could have been eligible for permits. Interestingly, since 2017, the area has one of the highest concentrations of new ADU applications in the entire city (DCP 2018). Conversely, no applications for UDU legalizations have been filed in the neighborhood since that program's inception in May 2017. Therefore, it's possible the neighborhood contains a mix of permitted and unpermitted accessory dwellings, though legality of individual units is outside the scope of this report.

Unpermitted units are often viewed as having slum-like conditions. For example, a *Los Angeles Times* report made the case that covert garage conversions provided substandard and unsafe housing (Chavez et al. 1987). This reflected conventional wisdom that the work was most often shoddy and not up to building code, but it ignored the biggest reason many units were not permitted: they were simply not allowed because of arbitrary zoning rules such as the lot size requirement. Once they are built, inspections

are few and far between, if ever, as code enforcement in Los Angeles is reactionary – only investigating a property when a formal complaint is made. On the other hand, officials appear to be well aware of these not-quite-single-family arrangements. In an interview with *Fast Company*, Mayor Eric Garcetti recounted seeing them firsthand (Peters 2018):

My district when I was a council member was the most densely populated part of the United States outside of Manhattan. Instead of skyscrapers it had what I called ‘yardscrapers.’ I used to go door to door in between elections just to chat with people on weekends, and single-family homes suddenly open up and you realize there’s like 16 people living there.

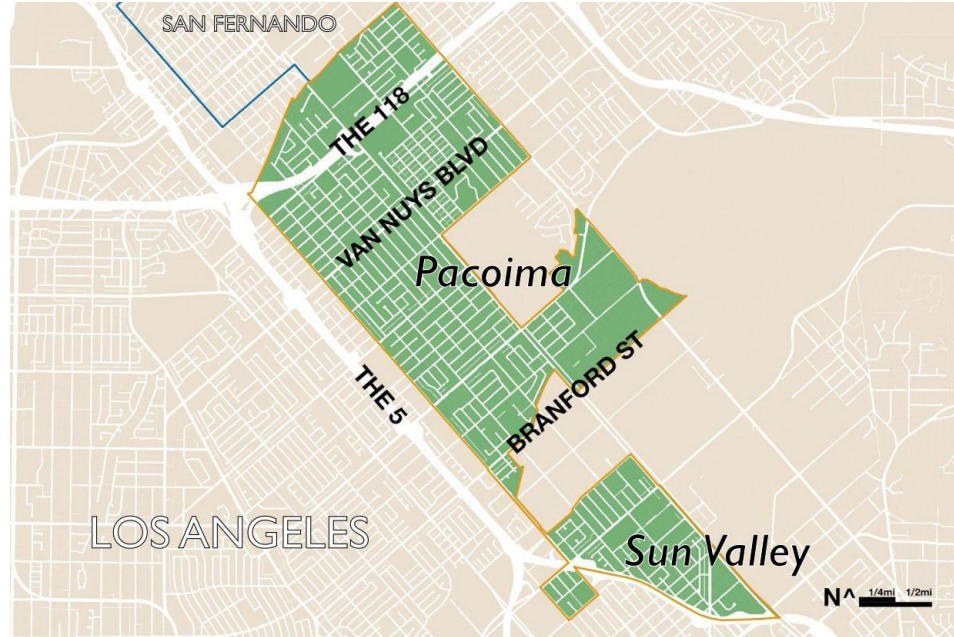
In particular, Pacoima-Sun Valley’s inconspicuous implementation of ADUs on a neighborhood scale can be seen as part of a larger response to the statewide affordable housing shortage (Wegmann et al. 2017). We see this as an opportunity to potentially rewrite some of the common portrayals of ADUs (that they are new and untested propositions, that they are for young singles and elderly couples, that they don’t fit on single-family lots, that they are only used for short-term rentals like Airbnb) and UDUs (that they are always high risk for occupants). This report reframes the situation on the ground in the study area to tell the stories of the residents who live there. This research can ultimately be used as a blueprint to inform policy change concerning shared housing and small space scenarios. It also has implications for housing design as it relates to multigenerational and labor or care-sharing arrangements for different familial or social groupings.

Pacoima-Sun Valley is an ideal study area for several reasons. First, there may be unique cultural, social and economic characteristics that challenge the established

narrative on who builds and lives in ADUs. For example, the area's majority minority population has a relatively high homeownership rate and an income on par with the Los Angeles County median. And more broadly speaking, though household size continues to shrink nationally, the number of extended families living together is now increasing as the overall population ages (Infranca 2014). Second, the neighborhood's many large and oversized parcels mean underutilized and effectively wasted space exists within the city limits. Residents have taken it upon themselves to come up with new site configurations to solve housing problems faced by the community and prove there is still room for growth even in a "fully" developed neighborhood. This has wide-ranging significance as the entire Los Angeles region's legal housing options are limited by a severe lack of supply and affordability (CHPC 2019).

Lastly, green infrastructure and development program investment is soon to arrive through the \$23 million Transformative Climate Communities (TCC) grant, which Pacoima Beautiful, along with other community partners, received in December of 2018 on behalf of the neighborhood. As required by the grant terms, Pacoima Beautiful must develop a Displacement Avoidance Plan (DAP) focused on protecting businesses and residents within the grant project area (see Figure 1.2). With increased investment comes new displacement pressure, so it's crucial to establish early protections for residents and businesses in the face of possible gentrification. This research supports Pacoima Beautiful in their DAP development by adding a qualitative and quantitative account of the community's current housing scenarios and the lived experience of those spaces.

Figure 1.2: Defined TCC Grant Project Area



### Research Questions

We were interested in how people live in the project area, particularly how they are living in or with an ADU. By answering our research questions, we extrapolated larger lessons for zoning code or housing design. The research looked at the relationship between ADUs and their accompanying main house structures on lots throughout the project area. Using two categories of inquiry, we investigated the physical aspects of the structures (referred to hereafter as built form) and social relationships between residents living in these structures. Our first research question focused the built form, while the second related spatial usage on the property with conditions of the built form. The findings from these primary research questions then informed implications and recommendations for housing policy and design, particularly in the context of Pacoima Beautiful's DAP. Our research questions are as follows:



1. What is the built form of accessory dwelling units and accompanying main houses within the project area?
2. How does the physical environment affect how residents of the project area use spaces in their home, on their properties and in the public realm?
3. How do these conditions inform new alternatives for housing design and development standards?

### **Definitions**

For the sake of clarity, we define a number of terms as they relate to our research questions. We use these terms primarily in discussing the *built form* of the project area, which we define as the physical space created by structures on a given parcel or block. This definition includes both indoor and outdoor spaces, and the term *structures* is meant to include buildings, fences, sidewalks, and streetscape. The term *accessory dwelling unit (ADU)* refers to any auxiliary unit not typically a part of a home's living space that provides independent facilities for one or more person(s). Outside of this report, ADUs are also known as granny flats, backyard homes, garage conversions, among other terms. ADUs are located on the same parcel as the *main home*, and they may be attached or detached. We define *main home* as the primary dwelling unit on a given property, typically the largest unit that faces the street. Lastly, the term *household* refers to a group of people, often a family, who live together in a residential unit.

## Hypotheses

We have two broad categories of hypotheses: those that relate to the built form, our first research question, and those that relate to residents' use of space, our second research question. In the built form, we expected:

*High numbers of accessory dwelling units.* Through anecdotal evidence, we believed the study area contains a high number of accessory structures. This was also informed by existing data showing the vast majority of permitted ADUs were in the San Fernando Valley and, more recently, a high concentration of new permit applications in the area.

*A wide variety of structure types.* ADUs come in multiple forms, including detached (the unit is separated from the primary structure), attached (the unit is attached to the primary structure), and converted (where existing space within a primary residence is repurposed as an independent living unit). While detached ADUs are the common conception, the majority of applications for new ADUs are conversions (DCP 2018).

*Overcrowded living quarters.* Similar to Mayor Garcetti's observations, we expected that single-family lots would not be restricted to one household. We did not expect to find 16 people on a single lot, as he claimed, but multiple people sharing bedrooms and/or living spaces was well within reason.

*Street parking affected by the density of residents.* Higher population density comes with higher car ownership, as was confirmed in a recent study from UCLA for the Southern California Association of Governments (Manville et al. 2018). Therefore, we expected to find a link between the TCC project area's high population density and a lack of easily available street parking.

In residents' use of space, we expected:

*Alternative/commercial uses on residential properties.* We anticipated finding residents who operate businesses out of their homes, such as auto repair in the garage or food vending on the front lawn.

*Residents sharing the lot and amenities.* We thought unpermitted units might translate into a lack of utilities – from basic plumbing to air conditioning. Our expectation was that shared kitchens, bathrooms, and laundry facilities would be more common on properties with multiple units.

*Outdoor spaces as complement to indoor space.* Given potential overcrowding indoors and building on existing literature about spatial usage in Los Angeles' Latinx neighborhoods, we expected residents would use their outdoor spaces (front, side, and backyards) at a high rate, potentially extending into the public realm (the parkway and street) (Rojas. 2003).

## **Methodology**

We utilized five different data gathering methods to analyze the built form and social conditions of the project area's accessory dwelling units and their accompanying main structures. These methods create two categories of data. The first of which categorizes the spatial properties of the project area's built form, using the visual data catalogued by the research team, as well as floor and site plans that were created by neighborhood residents. The second category uses one-on-one interviews, focus groups and ethnographic site observation to understand how the area's built form affect social relations and spatial usage. We organized the digital survey and walking survey data by

block group, which allowed for the comparison of properties located in close proximity, whereas we derived interview, site visit, and focus group data from sites spread across the neighborhood.

### *Digital Survey*

We used secondary digital sources to conduct a high-level survey of the project area's built form. We collected satellite and street view imagery from Google Earth, as well as building footprint GIS data from LA County Assessor's Office to select and assess three block groups in the project area for further study. Block groups are defined as two parallel streets that are bounded by two perpendicular cross streets. We used this grouping so our samples included homes facing each other across the street, with some of those same homes sharing a rear property boundary. We selected these block groups based on their location within the TCC grant project boundaries and their unique built form characteristics. We then analyzed the built form of each block group, cross checking across the three sources, to estimate the number of ADUs per block group.

Figure 1.3: Approximate site area locations

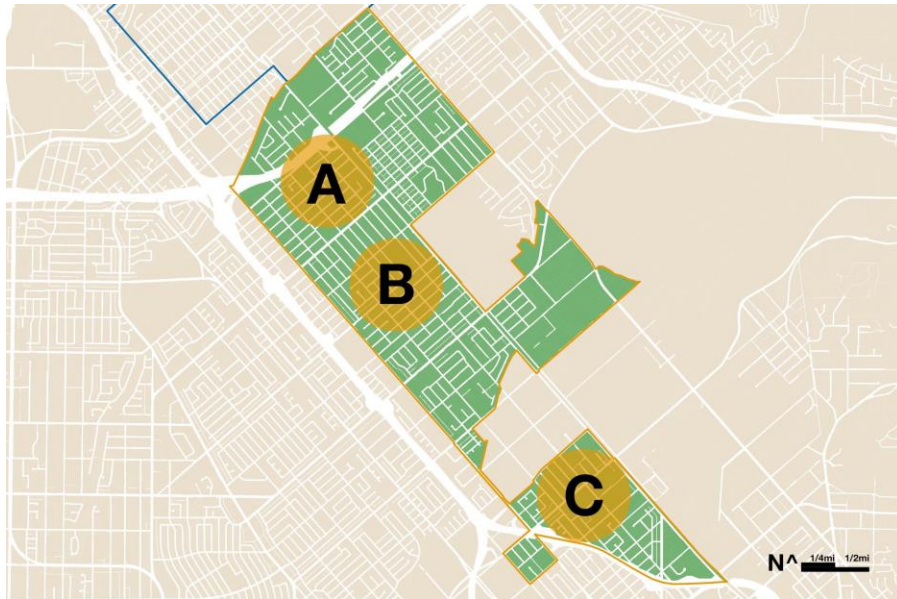
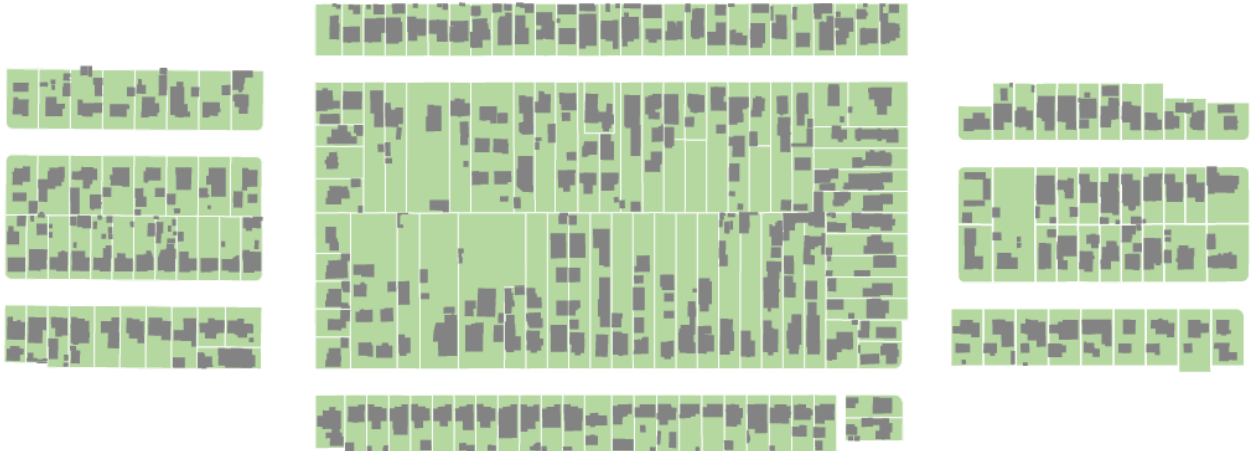


Figure 1.3 shows the larger areas of our three block groups. For privacy reasons, this map shows an approximate location. We chose Site A, which is located northwest of Van Nuys Boulevard, because of its standard lot sizes and mix of development standards. We chose Site B - located between Van Nuys Boulevard and Branford Street - for large lot sizes, often over 10,000 square feet. Site C is southeast of Branford Street; we chose Site C for having a high number of buildings that do not have driveways providing access to the rear yard. Instead most have an attached garage and fill the width of the lot with the building. Figure 1.4 shows a site plan of each block group.

Figure 1.4. Block groups for sites A, B, and C, to scale, shown from left to right.



Los Angeles County publishes a shapefile of building outlines, including footprints of all buildings in the City of Los Angeles over 64 square feet. We attempted to use this data to detect the presence of ADU structures. However, this data had the following limitations for purposes of finding accessory dwelling units:

- No separation between units; attached ADUs would appear as part of the main home.
- No delineation between uses; accessory buildings could be a dwelling, garage, or shed.

We also analyzed the year of construction for buildings within our site areas. We categorized the structures into three building ages based on the available data: those constructed since 2008, those existing but modified since 2008, and those built before 2008 with no known changes since.

As the next layer of analysis, we used Google Earth satellite imagery and Google Street View to estimate a number of ADUs by block group. Google Earth allowed views

into backyards that were not available from ground level. For the digital survey, we made several assumptions when deciding on potential ADUs, since garages and sheds appear similar to the ADUs we were looking for. We assumed the structure was an ADU if a building in the backyard did not have a garage door nor driveway access, if there were two or more accessory structures, or if there was a large addition to the main house.

### *Walking Survey*

The walking survey used the same three block groups as the previous method (see Figures 1.3-4). We utilized two surveys, administered at two different scales. First, a pair of researchers walked the blocks, surveying each property. When finished, they then performed a second shorter survey that considered the whole block. This method confirmed the presence of ADUs seen in the digital survey and provided additional details on the built form and social activity occurring on the block. For this methodology, we defined an ADU as a freestanding structure or obvious modification/conversion with windows and a separate entrance from the main structure.

The first survey only looked at individual properties, and we included every property within our three block groups, totaling 169 properties. In order to conduct the survey, members of the research team stood on the sidewalk looking at a given property. We only considered visible details when conducting this survey. This included any evident buildings, front/rear/side yards, visible people and fences. Surveyors did not enter the property. This survey provided information about the visible presence of ADUs, the number of structures visible on a property, indicators of different uses, property parking counts, and property boundaries.

We performed the second survey at a block level. This survey considered the entire block and was performed at three separate times on different days and at different times, in order to gain a longitudinal perspective. We surveyed the blocks once on a Thursday afternoon, once on a Saturday afternoon, and once on a Sunday morning. This survey focused on social and economic activity, the presence of sidewalks and street parking counts.

### *Interviews*

We conducted two interviews with residents who live in an ADU or in a home with an ADU in the project area. One interviewee was a homeowner, and the other their ADU tenant. These interviews focused on resident's usage of the spaces in their home and on the property lot, their relationship with other households living on the lot, and how they came to live or own an ADU.

We conducted interviews at one of three locations. Listed in order of preference, they were at the participants home, at Pacoima City Hall or another Pacoima Beautiful associated facility or by phone. The research team audio recorded interviews for posterity. While we offered to conduct interviews in Spanish, the two interviewees agreed to conduct the interviews in English. All interview findings are anonymized and locations are confidential.

### *Site Visits*

We performed site visits during the same visit as the in-home interviews. These focused on in-depth documentation of a single lot/property's built form. During a guided



tour led by the resident, photographs, drawings, diagrams and site/floor plans were made, to be further refined later.

### *Youth Focus Group*

We conducted one focus group with members of Pacoima Beautiful's youth group, Youth United Towards Environmental Protection (YUTEP). Participants were eligible if they lived in an ADU or a home with an ADU. This method focused on understanding the specific floor and site plans of participant's homes, and engaging them in group discussion about how they used the space of their homes. Members of the research team led participants' through a scaffolded drawing exercise, which stopped at multiple points for extensive sharing of their drawings. Focus group participants produced diagrams that showed the floor and site plans, as well as a visual depiction of what spaces they do and do not use on the property they live on. The focus group took place at Pacoima City Hall during the Mercado Pacoima, a monthly event similar to a farmer's market. (See Appendix for workshop materials.)

### **Findings**

This section begins with the combined findings from our digital and walking surveys. These findings show the number, age and concentration of ADU structures, as well as parking conditions, across the three survey sites. Qualitative data from the survey is then displayed diagrammatically to show the variety of ADU structure and site plan typologies. This is followed by findings drawn from the one-on-one interviews and focus group methods. These focus on how residents live in and use ADUs, and how the

experience of these spaces affect their daily lives. Finally, we share a case study that looks in-depth at the intertwined lives of an ADU owner and their tenant, with detailed description of the structures and spaces they inhabit.

*Figure 1.5: Google Earth satellite imagery, with potential ADUs labeled in red*



*Approximately half the properties in our site area have ADUs.* The digital survey, with a descriptive sample seen in Figure 1.5, showed that 52% of properties had a visible ADU. Subsequently, the walking survey showed that 48.5% of properties had a visible ADU. The walking survey also revealed a total of 122 ADU structures across 82 properties (1.5 ADUs per lot).

Due to the constraints of our survey methods, we estimate this number to be higher than we report above. Given that LA County’s building footprint data shows the majority of properties have more than one structure (but not necessarily indicative of an

ADU), and as demonstrated by our case study, ADUs can be disguised (intentionally or not) to look like single-family homes. Therefore, our survey methods may undercount the number of ADUs due to our inability to see them, recognize them, or identify them clearly.

*Figure 1.6: Map of structures built after 2008, highlighted in black.*



*The majority of ADU units are not new.* Figure 1.6 shows the structures built after 2008, according to LA County records. It reveals that the vast majority of the buildings existed before 2008. This confirms one of our hypotheses – that the structures converted into ADUs have been a part of the community for a long time – before their more recent presence in public discourse via state legislation.

*Distribution of ADU structures occurred unevenly across the three sites. As shown in Table 1.1, sites A and B exhibited a higher ratio of ADU structures when compared to Site C. While descriptive in its current state, this data remains inconclusive without further investigation.*

*Table 1.1: Number of properties and ADUs by site area*

| Site                                       | Site A                | Site B                | Site C                |
|--|-----------------------|-----------------------|-----------------------|
| # of properties                            | 40                    | 93                    | 39                    |
| # of properties with an ADU                | 23                    | 46                    | 14                    |
| # of ADU structures                        | 33                    | 73                    | 33                    |
| Ratio of structures to properties with ADU | 1.4 ADUs per property | 1.7 ADUs per property | 1.1 ADUs per property |

*Higher numbers of ADUs does not adversely affect street parking.* Our data did not show a correlation between increased numbers of ADUs and increased on-street parked cars. As seen in Table 1.2, blocks with low ratios of visible ADUs per property had very little available street parking and conversely, blocks with high ratios had a lot of street parking. However, as is to be expected, properties with a visible ADU did on average have more cars parked off street. ADU properties averaged 2.5 cars, as opposed to properties lacking an ADU averaging 1.8 cars per property.

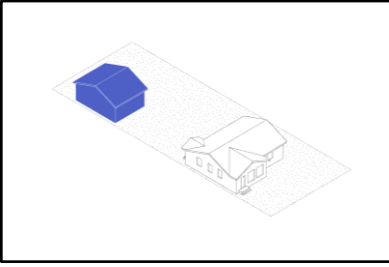
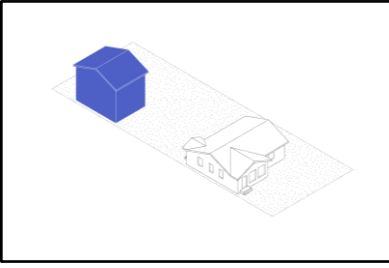
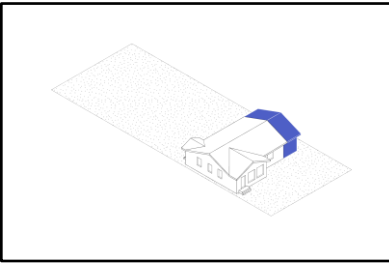
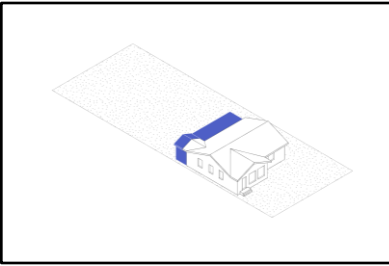
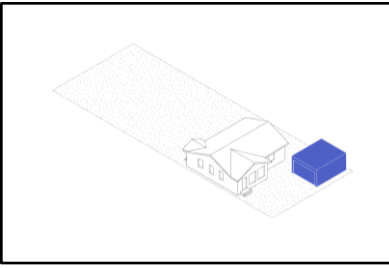
Table 1.2: On and off-street parking counts by block

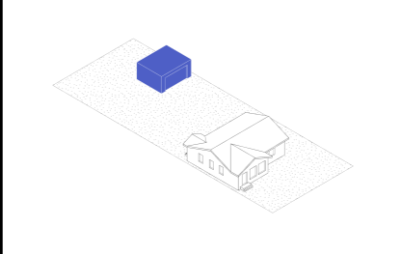
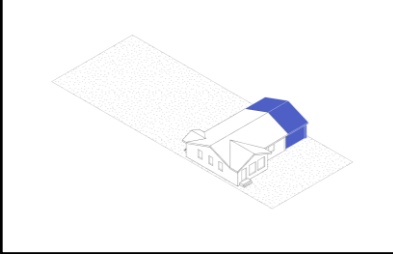
| Block                              | A1           | A2      | B1          | B2          | C1          | C2   |
|------------------------------------|--------------|---------|-------------|-------------|-------------|------|
| # of properties                    | 17           | 22      | 50          | 43          | 21          | 23   |
| % of lots with an ADU              | 52%          | 59%     | 52%         | 49%         | 47%         | 17%  |
| On-street parked cars (avg.)       | 19           | 29      | 58          | 53          | 40          | 44   |
| Street parking availability (avg.) | Mostly empty | Average | Mostly full | Mostly full | Mostly full | Full |
| Off-street parked cars (avg.)      | 42           | 45      | 98          | 88          | 37          | 51   |

*The physical form of the ADUs observed varied greatly between properties.*

Overall, we identified seven different built form typologies. In the diagrammatic representations below, blue indicates the ADU as it relates to the main home, and both sit on an average parcel. The most common typology we observed was Typology 1, the single-story detached unit at the rear of the property. This ADU typology comprised 58% of ADUs identified. Table 1.3 below contains a detailed breakdown by each typology observed.

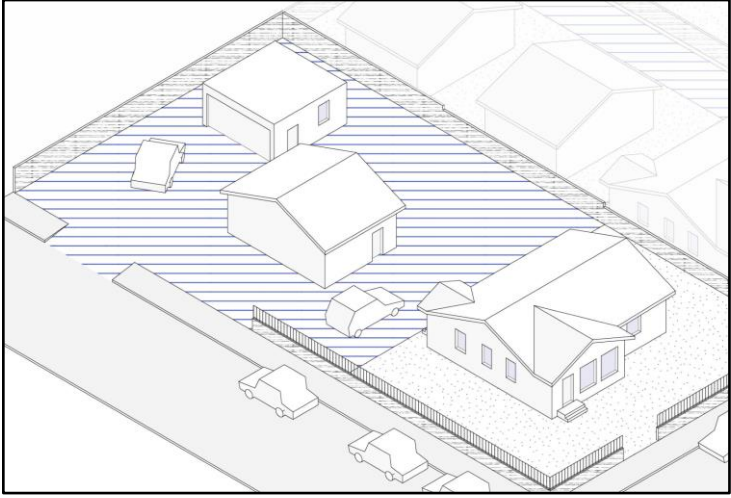
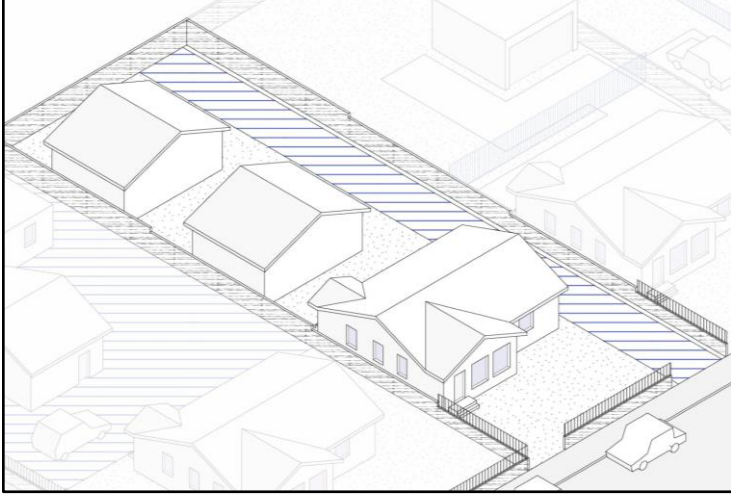
Table 1.3: ADUs observed by typology

| ADU Typology                          | # Observed | % of Total | Diagrammatic Representation   |
|---------------------------------------|------------|------------|---|
| Single-story detached unit at rear    | 54         | 66%        |    |
| Two-story detached unit at rear       | 2          | 2%         |    |
| Side addition to main house structure | 3          | 4%         |   |
| Rear addition to main house structure | 4          | 5%         |  |
| Detached garage conversion at front   | 1          | 1%         |  |

|   |    |     |   |
|---|----|-----|---|
| Detached garage conversion at rear        | 12 | 15% |  |
| Attached, street-facing garage conversion | 6  | 7%  |  |

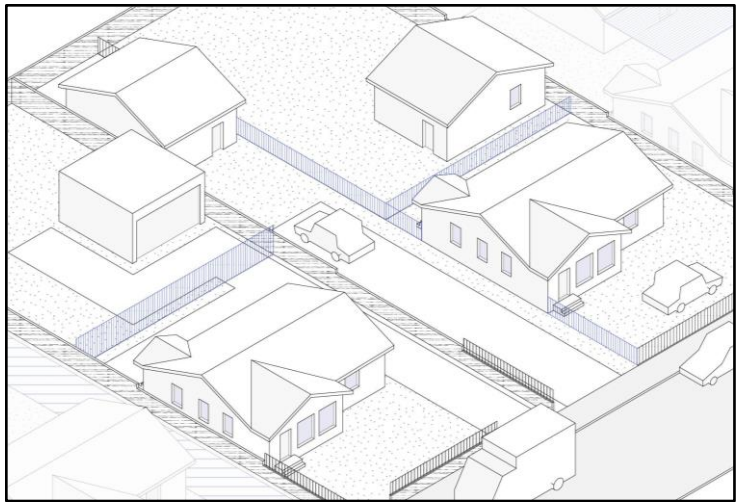
*Site plan configurations vary between properties.* Using the data we observed relating to site plan organization, fences, and the nature of property boundaries, we identified four generalized site plan scenarios that exhibit varying relationships between the main structure and the ADU or ADUs on the property. Table 1.4 below contains further description, and all configurations are shown together in Figure 1.7.

Table 1.4: Generalized Site Plan Configurations

| Site Plan Configuration  | Diagrammatic Representation   |
|--|---|
| <p><b><i>Parking as barrier:</i></b> Many properties exhibited site plan organization in which the ADU and the main house are separated by a paved parking area.</p>   |   |
| <p><b><i>Linear orientation along shared driveway:</i></b> Properties on larger lots, which were particularly common at Site B, often organized the primary and auxiliary structures linearly, along an axis perpendicular to the street. This axis typically took the form of a shared driveway, running the length of the lot.</p> |  |



***Fences as subdivision:***  
Multiple properties surveyed exhibited the use of fences to subdivide the lot area for separate residential structures. We observed this form of property division occurring in two primary directions, both perpendicular and parallel to the street.



***Central, covered gathering space:*** Some properties exhibited a more intimate relationship between the apparent ADU and main house, in which both were free-standing structures, yet oriented facing one another and physically linked by a covered gathering space.

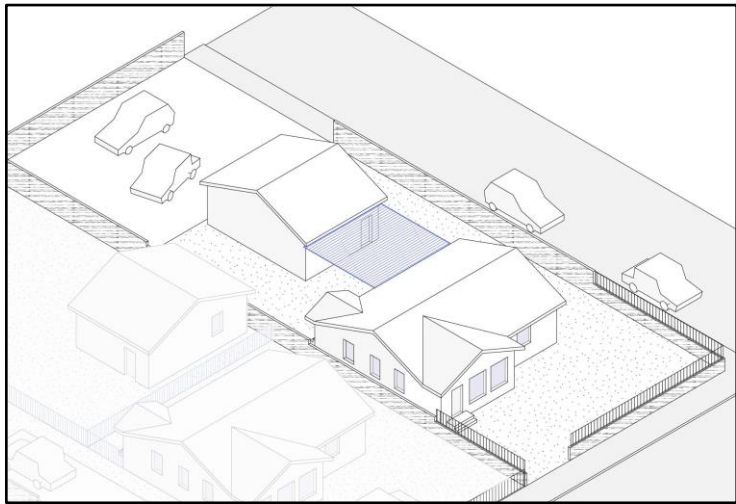


Figure 1.7: The four site plan configurations shown as hypothetical block.

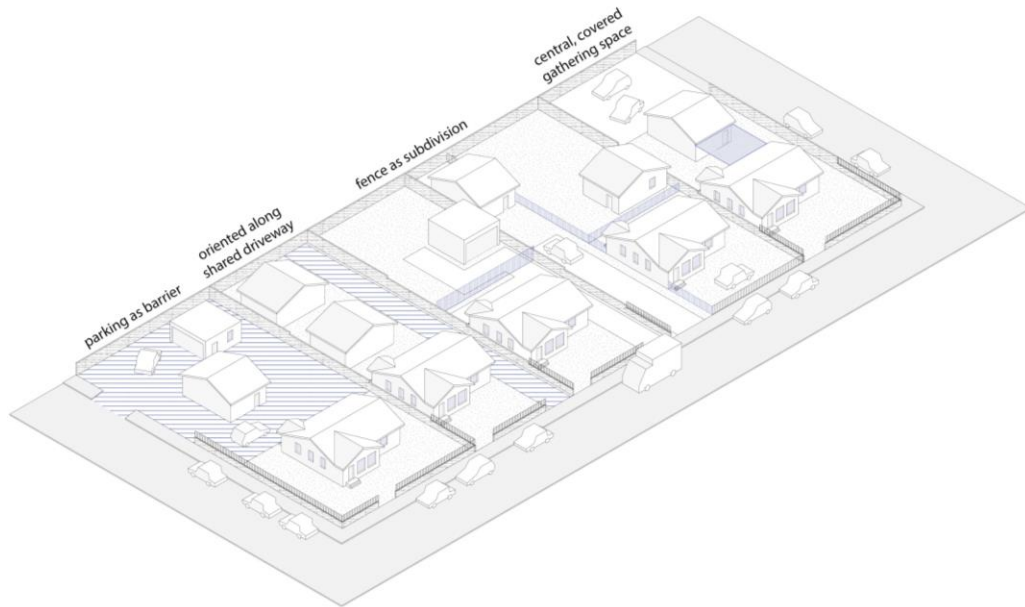
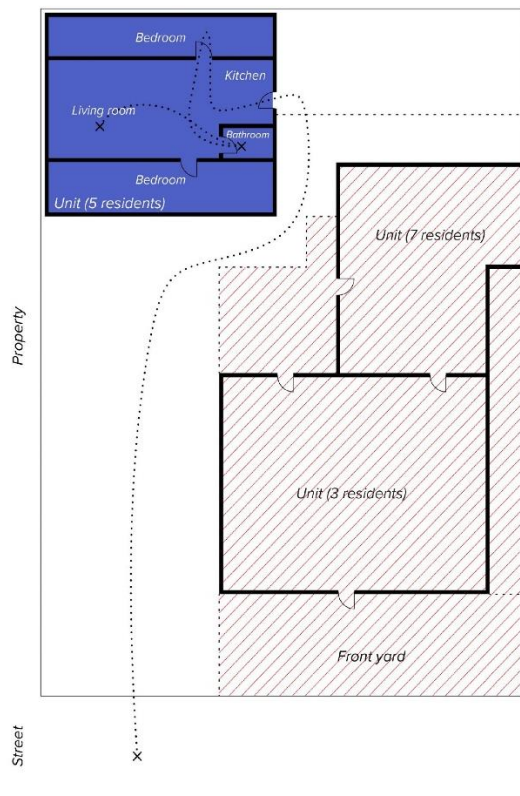


Figure 1.8: Diagram of Participant 3's drawing.



Many parcels have more than one unit, some with more than ten residents. Our sample showed that lots can contain up to four units. They are often overcrowded, lacking in bedrooms, resulting in residents converted living rooms into bedrooms. In Figure 1.8, one participant lived with 15 people between three households on one single-family lot.

Figure 1.9: Diagram of Participant 5's drawing.



*There is a desire for more space.* Focus group participants continually cited this desire as being the top element they would change about their living situation. They desire space to study or concentrate, the privacy of a bedroom of their own, a place for

recreation or a place to hang out indoors. Participant 5, whose situation is shown in Figure 1.9, shared one unit with another family and used two storage areas at the rear of the structure to get peace and quiet.

*Amenity sharing between households is lower than expected and interaction is limited.* The majority of participants stated they do not practice amenity sharing in their unit or on the property. Across the focus group and interviews, we encountered only two examples of amenity sharing. The first scenario occurred during the case study, in which the ADU renter used the laundry inside of the main house. In the second scenario, we encountered a situation where renters in a subdivided main house shared a kitchen. Even in the spaces where interaction is possible, our participants said they intentionally spent little time in these spaces.

*Front yards and outdoor spaces are well-used when residential situations are smaller scale or overcrowded.* Multiple participants stated that they used outdoor areas for recreation, hanging out or passing time. The youth in the focus group particularly cited this area as allowing them to kill time or hang out. This seems correlated to our built form observation and expected findings. In our walking survey, we observed that 45% of properties surveyed had front or side yard gathering areas. Additionally, the existing literature cites these spaces as important for an overcrowded household.

*Many youth do not feel like they have a permanent home due to short-term tenancy.* Due to ADUs precarious legal statuses or a variety of other reasons, many focus group participants live in doubt about their living situation. They fear they may have to move at a moment's notice, and many have learned not to get attached to their physical surroundings. However, these same kids credit organizations like Pacoima Beautiful with

giving them a sense of community and belonging. The idea of “home” is defined more by their family and friends than where they live.

*Community is essential.* Across the focus group and interview participants, we continually heard about the value of Pacoima-Sun Valley’s community. Local institutions knit people together in a support system. Participants cited their church, schools, community centers and Pacoima Beautiful as important in supporting their lives. These were places and spaces in which they found space to study, socialize, find a new apartment, feed themselves, and support each other.

### **Case Study**

*The following case study demonstrates a number of the above findings coming together in one living situation. It also shows a new ADU typology, proving there is more variation to be uncovered in the study area and demonstrating the limits of our survey methods.*

Using two of our primary data collection methods, we conducted a case study of one particular property within the project area to better understand how residents are using ADUs. In order to understand the case study in depth, we conducted a site visit to the property in question and interviewed both the owner and their tenant. We used two different methods as a way to investigate both the physical and social nature of the space - the site visit methodology of observation, diagramming and photographs documented the physical nature of the space, while interviews with both residents gave us insight into spatial usage patterns as they relate to the built form.

In this scenario, the owner of the property resides in the main house, while their tenant occupies the accessory dwelling unit, which is an attached garage conversion. As

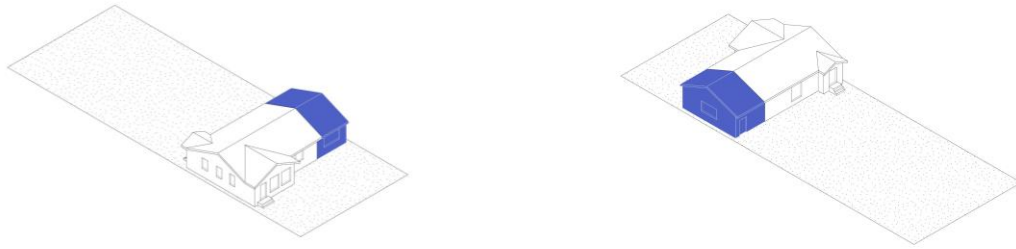
seen in the site plan (See Figure 1.10-11), the ADU is oriented toward the rear of the property, away from the street.

*Figures 1.10-11: Exterior photographs of main home, ADU, and covered parking.*



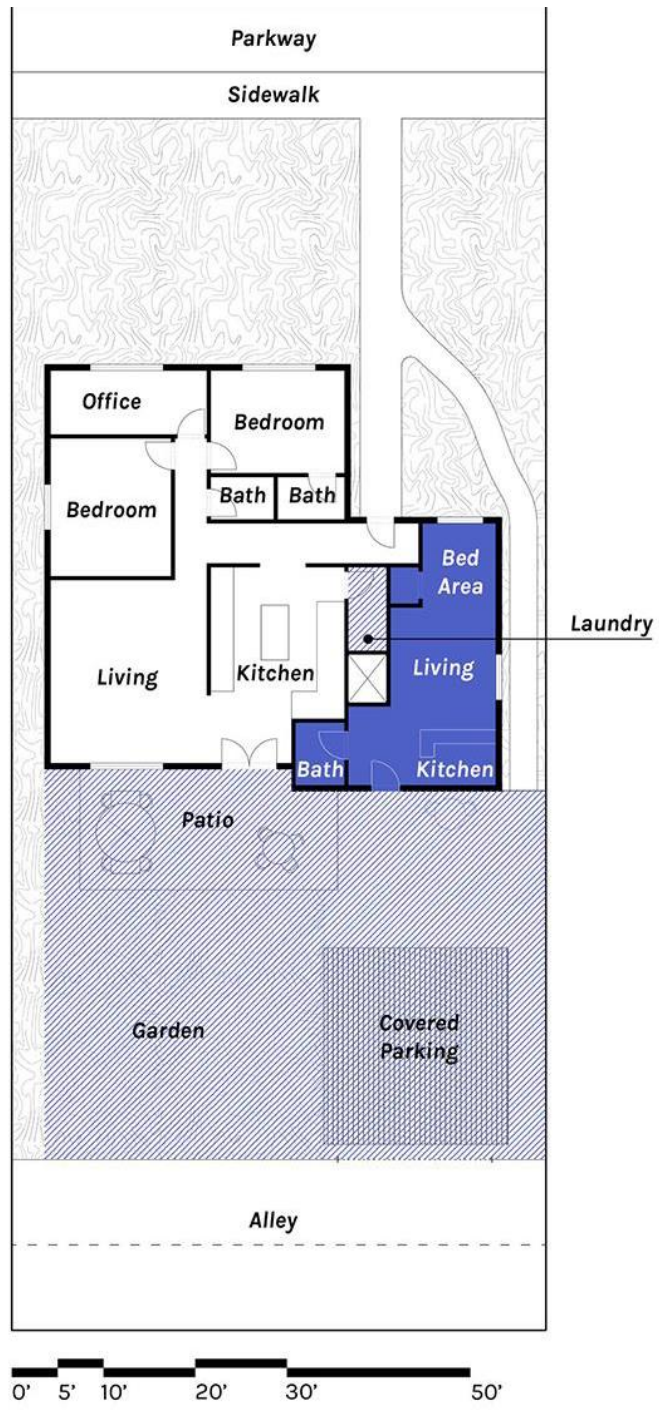
This is a relatively unique site plan arrangement, made possible by the fact that the property has secondary vehicular access from a rear alley (See Figure 1.14). Both residents, when interviewed, described using their respective rear entries almost exclusively, as both use the rear carport for parking (Project Area Residents A and B, personal communication, May 4, 2019). The ADU is only accessible through the rear entry, which faces the carport area, while the main house is accessible via french doors oriented toward the rear garden and a front entry oriented toward the street. There is no interior access between the two units. As a result of this unique site plan configuration, it is impossible to discern the presence of an ADU from the primary street elevation. This particular scenario reveals an eighth ADU typology that was not identified as part of our walking survey method - the rear-facing, attached garage conversion (See Figures 1.12-13).

*Figures 1.12-13: Front (left) and rear (right) views of eighth ADU typology.*



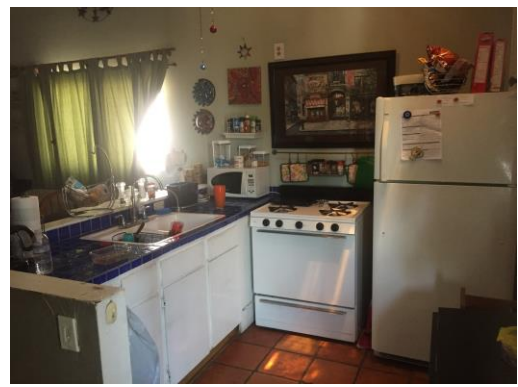
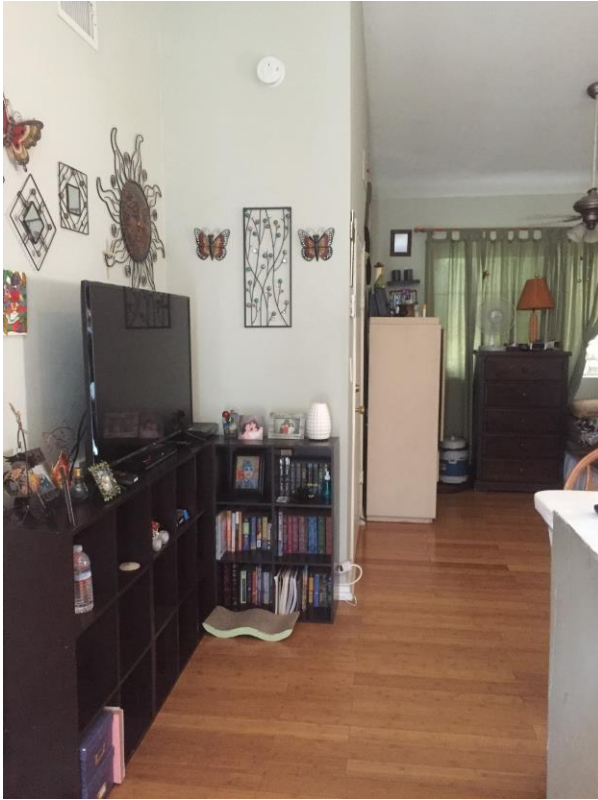
With regard to the social nature of the case study property, both tenants described having minimal interaction with the interior space of the other unit, despite exhibiting a convivial relationship. The ADU tenant described only needing to enter the main house for access to the shared laundry facilities, which are located adjacent to the kitchen in the main house. In order to access the laundry room, the ADU tenant will enter the main house through the rear entry and walk through the kitchen (See Figure 1.14). Both residents explained that this only occurs when the owner is home - neither tenant described entering the other unit at a time when the resident of that unit was not present, unless for emergency purposes (Sun Valley Residents A and B, personal communication, May 4, 2019). Aside from laundry facilities, the ADU contains all necessary amenities, including a bed,  $\frac{3}{4}$  bath, full kitchen, central air, space heater, closet, and internet (See Figures 1.15-17).

Figure 1.14: Site plan of case study property, with ADU shown in blue, and shared spaces indicated by blue hatch.





Figures 1.15-17: Interior photographs of ADU.



Despite the minimal level of shared spaces on the interior of either unit, both residents described sharing the rear garden area for socializing. The ADU tenant primarily uses a small outdoor table immediately next to the entry to the ADU, however, both residents described the entirety of the backyard as shared space. There was an apparent level of comfort between the homeowner and the tenant, which is likely due to the long-term nature of their relationship. The owner was originally asked to offer a housing opportunity to the ADU tenant by a friend at their faith-based organization, as at the time the ADU tenant was experiencing homelessness. The ADU tenant has now lived in the unit for over 20 years, and each resident described the other as “family” (Sun Valley Residents A and B, personal communication, May 4, 2019). This seems to affect the nature

of their landlord-tenant relationship as well, in that both described rental payment transactions as rather informal. The ADU tenant pays rent in two installments, typically bi-weekly, and, when asked about the rental rate the owner could not remember the exact monthly amount. Utilities are paid for in full by the owner, while the ADU tenant pays for internet services.

### **Discussion of Findings**

In summation, our findings have shown that ADUs are a well-established and integral part of both the built form and housing supply in the TCC project area. The fact that the majority of ADU construction dates prior to 2008, as well as nearly half of properties exhibit some form of accessory dwelling unit, contribute to this claim. However, these homes were not evenly distributed across the study area, as shown by Site B having 60% of the total number of ADU structures. This concentration was due to the site's abnormally large lots, exceeding 10,000 square feet, allowing for multiple structures to be located on a lot. We were unable to find a consistent trend between number of ADUs and availability of street parking, although we did see a positive correlation as properties with an observed ADU had a higher average number of cars parked off-street than properties without an observed ADU.

Both the built form of ADUs and the site plans of the associated properties varied greatly across the project area. This variety of different typologies gave rise to housing challenges ranging from overcrowding to tenuous tenancy. Focus group participants confirmed that there were a number of structures on the lots they lived in—same as the high average we observed—and that many residents lived inside those structures. They

also told us that they desired more space in their living situations, and this situation meant that they avoided spending time around shared amenities and shared public areas. We also heard continuously that their time living in ADUs felt precarious and a possible move was always on the horizon. Due to this, they shared that their concept of home was a social rather than physical place, and community organizations played essential roles in their lives, their community and the creation of the home concept.

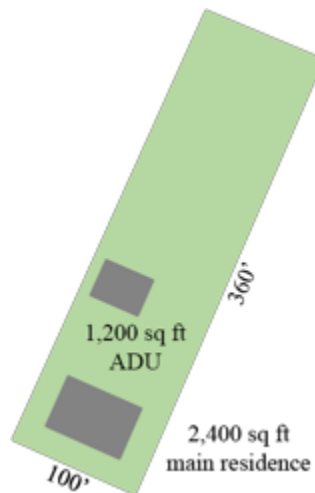
Our case study shows how multiple findings can present themselves on a single property. We see how community organizations play a key role in the neighborhood, in this case bringing together the ADU owner with their tenant. The property also shows how residents share indoor and outdoor spaces differently across various ADU properties. Most importantly, our case study unearthed an additional ADU typology we had not seen nor would have been able to see during the walking survey. This lesson taught us that there is more to know about the wide variety of unique housing types in Pacoima-Sun Valley. In the following recommendation section, we will address how policy makers may enact change to reflect this variation.

## **Recommendations**

In this section, we make recommendations to our client, Pacoima Beautiful. These recommendations suggest policy changes the organization can advocate for—policy changes that accurately reflect the needs of residents living in or with an ADU, and existing living conditions in the neighborhood. The high number of ADUs is not only a sign of limited supply of housing but also a culturally specific way of cohabitation. Our recommendations consider both elements.

Considering our finding of a high number of structures per lot, we recommend a reduction in minimum lot size for single-family dwellings and their accompanying ADUs. Additionally, we address overcrowding by recommending a square footage increase for ADU dwellings, given the developmental capacity of the large lots we observed. In order to achieve these recommendations that seek to align citywide zoning regulations closer to Pacoima-Sun Valley’s reality, we recommend a publicity initiative that tells the human stories of these spaces. While life in ADUs within the project area have both positive and negative elements, a more accurate image presented to policy makers will ensure that future legislation is tailored to the needs of Pacoima-Sun Valley’s unheard residents. Finally, we recommend that PB is active in within political circles working to change or abolish restrictive single-family zoning across the city, given its inability to address existing housing needs in the study area. We discuss these recommendations in more detail below.

*Figure 1.18.* Under current rules, this 36,000 square foot lot would be allowed one main home and one ADU. There is clearly room for more. The following recommendations offer changes to adapt to this condition.



*1. Advocate for reasonable reductions in development standards to legalize existing conditions.*

Given the number of structures we saw on single properties, a minimum lot size of 5,000 square feet per dwelling unit is excessive. Instead, lot size could realistically inform unit maximums. Parcels average around 7,500 square feet, but can range upwards of 15,000 square feet. Because state law now allows two units on a lot, with ADU construction allowed by-right, and given we saw many lots with more than two units, we recommend a reduction to one unit per 2,000 sq ft of lot area, which would allow at least three units on an average parcel. While there is a desire for more space, that applies more to interior space, which is limited by both maximum number of units and unit size. One possible implementation strategy is through a special overlay zone for the Pacoima-Sun Valley neighborhood. This could be explored in the next community plan update.

*2. Increase size limits on ADUs.*

Accessory dwelling units are *primary* homes for countless families. State law expressly prohibits all ADUs from being over 1,200 square feet, and attached units cannot be over 50% of the area of the main house. The Los Angeles ordinance follows the state, as the City's Planning and Land Use Management Committee expressed concern that a cap any lower would prevent housing for families. As we found, many ADUs were in fact home to families of five or more, who in turn receive little to no privacy. This grossly impacts youth, who often sleep in living rooms and find it difficult to concentrate on their studies. The state should not impose maximum sizes on

municipalities or should increase its limits for units that will be put on the rental market, perhaps requiring affordability covenants.

*3. Create a publication that profiles the narrative of ADUs in the project area.*

Developing more adequate protections against displacement requires not only broader policy changes, but also a narrative shift around the reality of ADUs for residents throughout the greater Los Angeles area. In order to achieve this as part of the Displacement Avoidance Plan, Pacoima Beautiful should have a short publication that outlines the findings of this research report that constructs an image of how ADUs serve the residents of the project area. This publication could serve as an intermediary between Pacoima Beautiful and individuals or organizations not of the community, but who are in a position to support the efforts of the DAP. We see the findings of this report as initial steps toward constructing the narrative around ADUs that is more appropriate to the experience of residents in the project area, and conveying that narrative to policymakers and the community at large is a vital step toward greater protections.

*4. Support changes to single-family zoning on a larger, citywide scale.*

Half of the city's land is made up of neighborhoods where more than 90% of the housing stock is single-family zones (Dougherty 2017). It is not realistic in today's housing crisis, or in Los Angeles' future. Single-family zoning is a relic of past discriminatory policies, and prevents many existing units from becoming safe, long-term homes. It's also proven that multi-family housing in a "single-family" zone will not by itself jeopardize the neighborhood's character, since it's been present for decades already.

This move will help increase the housing supply and lead to more permanent housing options for the most vulnerable populations.

From formerly homeless residents to the next generation of youth raised in the neighborhood, our recommendations are grounded in the lived experience of Pacoima-Sun Valley's most vulnerable residents. Pacoima Beautiful and their larger community network are just one element in creating safe, healthy and equitable housing for residents residing in accessory dwelling units. Policy makers must recognize the nuanced existence of ADUs and enact legislation that allows the positive elements of existing living styles to continue, and craft laws and zoning code that correct for the negative elements created by housing scarcity. Our research is just one step towards this process, a process that must be guided by community needs and community input.

# Chapter II

## Pacoima ADU Survey

Written By

Dora Armenta, Raisa Ma, Jeffrey Ross, and Mario Sandoval

### Abstract

In response to Pacoima Beautiful's (PB) Displacement Avoidance Plan (DAP) Activities for Households, our group aimed to answer the following research question: **How are accessory dwelling units (ADUs) used in Pacoima and Sun Valley, who lives in them, and why?** We answered this question by conducting door-to-door surveys of ADU tenants and main unit tenants and collected data on both tenant types (further defined and discussed in the *Methodology* section). We also aimed to establish a database of ADU household profiles that will contribute to PB's Accessory Dwelling Unit Legalization Access Program, which is outlined in the DAP. PB expressed a need to create a process to collect and maintain such data for the purpose of tracking members, writing grants, and measuring outcomes. In addition to informing the DAP, our research contributed to a basic data collection model that PB can use and expand upon.

*Key words: Accessory dwelling units (ADUs), Pacoima-Sun Valley, surveys, displacement avoidance plan, tenants*



## **Introduction**

Comprehensive data on the use of ADUs in Pacoima and Sun Valley and the people who live in them does not currently exist. During this research process, we created a Survey Toolkit for data gathering and analysis that PB can continue to build upon (See Appendix 10). There were several reasons to collect data about the existing ADU structures and residents in the TCC project area. Recent media attention on ADUs has highlighted issues of safety, disrepair, and overcrowding that are common in occupied ADUs. Pacoima Beautiful would be better able to address these issues by first creating a picture of local residents' experiences and awareness of these issues. For example, it is important to understand the makeup of tenants living in unpermitted ADUs or without contractual lease agreements, as they may be vulnerable to displacement. Data on these households is critical to community stakeholders and residents themselves, so that they can better address the housing needs of ADU tenants. This can be used to inform future policy directions and build context for how this affordable housing typology can be feasibly constructed, financed, and managed by local residents.

Following PB's guidance, we analyzed multiple variables that were relevant for creating a database of existing ADU units (permitted and unpermitted), which we categorized as follows:

- 1) **ADU Household Profile:** We surveyed the income, household size, asking rent price, employment status, and other basic demographic questions of ADU tenants.
- 2) **Housing Conditions:** We surveyed the general amenities and physical conditions of the units, including the total number of rooms, ventilation, presence of a bathroom and kitchen, and source of electricity. We also asked ADU tenants if

they were aware of any health and safety hazards, such as the presence of lead paint or asbestos.

- 3) **Tenant/Landlord Relationship:** To gauge vulnerability to displacement, we examined the relationship of household members within the ADU, the relationship between residents of the ADU and the main unit, whether main units were occupied by a renter or homeowner, and if the ADU is a form of income for the main unit (especially if the main unit is also occupied by renters).
- 4) **Tenure of ADU Household:** We also investigated the typical tenure of members living within ADUs. We aimed to understand the primary motivations for choosing this form of housing, and if ADU tenants viewed their living situation as temporary or permanent.

## **Literature Review**

### *Studies of ADUs*

ADUs, both permitted and unpermitted, have fulfilled a need in the housing market. In addition to benefiting individual homeowners with supplementary income, ADUs can increase the affordable housing stock. The Los Angeles City Planning Department released a Housing Progress Report (2018) that provided data on permitted and unpermitted ADUs, as well as analyzing the outcomes of Measure JJJ and the Transit-Oriented Communities program. The report collected ADU permit applications submitted between January 2015 and September 2018 and compared new construction, additions, and conversions, amounting to 8,279 applications in total. The largest share of applications were for conversion of existing structures, which means homeowners are

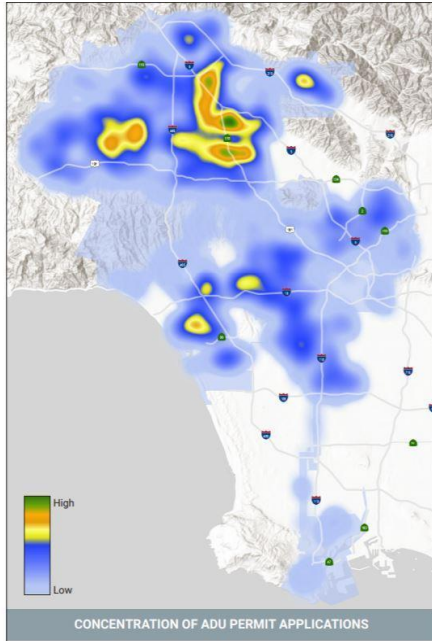
converting existing rooms or structures into self-contained housing units with a bathroom and kitchen. The report noted that there was a 15% increase in ADU permit applications from 2016 to 2017 after a change in state law that created a facilitated legal pathway for ADUs.

The formation and existence of ADUs occupied by tenants prove there is a demand for this type of housing in cities. For example, a study by Karen Chapple (2014) found that second units in the San Francisco Bay Area rent for less than comparable units and are more affordable than multifamily infill developments. In contrast to secondary units, multifamily infill projects typically have high construction costs. Second units can also count toward meeting a city’s regional fair-share obligation to provide affordable housing.

*Table 2.1. ADU Permit Applications Submitted in Los Angeles*

| BUILDING TYPE           | 2015       | 2016       | 2017         | 2018 YTD     | TOTAL        |
|-------------------------|------------|------------|--------------|--------------|--------------|
| <i>New Construction</i> | 151        | 124        | 622          | 748          | 1,645        |
| <i>Addition</i>         | 76         | 71         | 1,309        | 1,396        | 2,852        |
| <i>Conversion</i>       | 55         | 59         | 1,890        | 1,778        | 3,782        |
| <b>TOTAL</b>            | <b>282</b> | <b>254</b> | <b>3,821</b> | <b>3,922</b> | <b>8,279</b> |

Figure 2.1. Concentration of ADU Permit Applications in Los Angeles



The Housing Progress Report’s data for Unpermitted Dwelling Units (UDUs) was collected between May 2017 and September 2018 and is more limited than for permitted ADUs. A program implemented in May 2017 allowed for unpermitted units in multi-family buildings to be legalized if the unit is deemed safe and habitable and the owner agrees to reserve units for low-income and moderate-income tenants (Los Angeles City Planning Department, 2018). Because these are located in existing multi-family structures, they are more easily approved than most ADUs. In the two years of collected data, a total of 250 applications were filed and 193 were approved, but only 25 of those approved were signed-off by the City Planning Department.

### *Other Sources on Los Angeles ADUs*

Steve Lopez's 2018 *Los Angeles Times* series "Facing Poverty in LA" depicts the precarious living situations of many in Pacoima, with families living in motels, a rented room in a home, and converted garages. Additionally, according to Data USA (2017), the median household income in the San Fernando Valley is \$59,000, compared to over \$67,000 for California as a whole. Considering the lower median household income along with informal housing, this suggests to us that those that live in ADUs may be low-income, as ADUs seem to be a cheaper living option. While it may be difficult to confirm, it is also likely that a significant contingent of ADU tenants are undocumented. Undocumented individuals are more likely than permanent residents and citizens to be forced to move because they cannot afford to pay rent, experience periods of decreased income, have difficulty with transportation for work, and experience periods of homelessness (Chavez 2012).

Jane Blumenfeld, the former Acting Deputy Director of the Los Angeles Department of City Planning, noted during an information session at UCLA's Urban Planning school that she believes that many of the ADU's in Pacoima may be unpermitted. Since inhabited unpermitted units are not registered, there is less likelihood that there is a legal lease in place that would protect tenants. Children and young adults may also represent the majority of the population living in these units due to their parent's financial situations. We expected to find that many people living in ADUs do so for both short and long-term periods, depending on their financial circumstances and family size. These units currently provide housing for low-income households and it is highly likely that individuals and families move out of ADUs if their economic situation

improves, or remain if it does not. On that note, we expected to find that the main reason given for living in an ADU would be related to financial constraints, and that many hope to move into a more formal living situation if and when their financial situations improve. However, we may find that ADU tenants are also motivated to live in an ADU if family members live in the main home.

### *Surveys in Other Cities*

Data about ADUs in Los Angeles is limited for a variety of reasons. The very nature of ADUs, being built in the backyard of single-family homes, makes it difficult for Building and Code Enforcement to track their numbers. Additionally, due to privacy laws, Code Enforcement is not allowed to seek more information than what they can visually see from the street, and therefore relies on tips from neighbors. It is important to document existing ADUs, conversions, and additions and track any changes and increases. Tracking these patterns will help city planners to understand the need they fulfill, as well as to document significant changes to neighborhood character or pressure on existing infrastructure, such as parking, plumbing, and electrical services. Data can also highlight demographic and spatial mismatches between the existing housing supply and the current and projected housing demand (American Planning Association, 2019).

Given the limited data, we explored two ADU surveys undertaken in other cities. The first was conducted in Sausalito, California and the other in Portland, Oregon. It should be noted that the overall demographics of these two regions differ greatly from Pacoima and Sun Valley. The population of Sausalito is 83% white and the median household income is over \$110,000, while Portland is 70% white and the median

household income is over \$66,000 (Data USA, 2017). With that in mind, we explored the areas of the survey that might relate to the TCC project area and the overall response success.

### *ADU Survey in Sausalito, California*

The ADU survey in Sausalito gathered information on multi-family zoning districts in August of 2011. It was broken down into three sections—all property owners, property owners with existing ADUs, and property owners without ADUs—and mailed out to be answered anonymously. The Sausalito Planning Division staff sent the survey to 2,342 privately-owned properties zoned two-family (R-2), multi-family (R-3) and planned residential (PR); 386 were completed and returned, a response rate of 16%. The 30-question survey also contained a cover letter to explain the reason for the survey and its importance. This survey's questions on rent paid, parking, and tenant demographics provided a model for our ADU questionnaire. It aimed to identify the number of units and parking spaces in the property, measure the inclination of property owners to build ADUs if units were legalized, and gauge the interest in a potential ADU amnesty program. The section for property owners without ADUs is the only part that is not applicable to our research.

The first section asks respondents about the type of building they own, ownership, and parking spaces available. The third section asked respondents if they would legalize their ADU if an amnesty program were created; most respondents answered yes, though a large amount did not respond to the question. This suggests that it was a very sensitive question, and that similar questions regarding the legal status of ADUs should be asked

carefully or respondents will be unlikely to answer. Other questions about the actual ADU (access, square footage, type, parking) were answered at a much higher rate. This indicates that people are very wary to answer questions that may incriminate them in any way, and are more likely to respond if the questions are general and pertain on the content and form of an ADU.

### *ADU Survey in Portland, Oregon*

The Portland ADU Study identified potential survey participants from publicly available permit application data and generated a total of 515 responses (an 11% response rate) in October of 2017 (Portland State University, 2018). Participants were recruited via postcards, which included a statement about the survey, and were given a ten-dollar gift certificate for completing it. Surveys were administered through an online platform, Qualtrics. The survey included questions on design, finance, and construction; past, current, and planned use; type, size, and amenities; occupancy, rents, and shared space; and demographics. To reduce the amount of questions that they had to answer, respondents identified themselves as being in one of several categories, each of which had only relevant questions: main unit tenant that does not live in the unit, a main unit tenant that lives in the unit, an ADU occupant but not owner, or an individual that has not yet built an ADU. This proved more effective for getting respondents to answer all questions. The results were separated into owners and occupants. Due to the fact that not all questions were answered by all respondents, they make that distinction in the analysis.

Learning from the above cases, we created three distinctive surveys for our research study to capture information from three types of residents: ADU Tenants, Main



Unit Tenants, and Households with no ADU. Our initial questions asked if there was an ADU on the property and whether the respondent rented or owned their unit in order to distinguish the type of survey we would administer. A more thorough explanation of the survey design and administration can be found in the Methodology section of this report.

## **Hypothesis**

*The majority of ADUs are used as long-term primary residences, are occupied by tenants who are related to the main unit tenant and/or landlord, and are a more affordable housing option compared to other housing types.*

We expected to find that the majority of ADU tenants in the project area are related to the main unit resident and/or landlord. We also anticipated that ADUs would be an affordable alternative for low-income residents that may face difficulty with housing affordability as rents continue to increase across Los Angeles. This hypothesis was based on a Redfin and Craigslist search query of one-bedroom ADUs in Pacoima, in which we found that a one-bedroom ADU typically rents for \$800 per month, which is more affordable than traditional studio and one-bedroom units, which, in the north San Fernando Valley, rent for an average of \$1,056 and \$1,449, respectively (CoStar 2019). In addition to ADUs serving as an affordable housing option, they allow for multigenerational families to reside in close proximity but with independent living quarters. This supportive housing structure among families can help alleviate housing burdens as resources are pooled more effectively to achieve housing security (Muennig 2014). We also expected that ADUs rented to family members are offered below market rate as a means to maintain family connections within the community. According to the

Pew Research Center, as of 2016 a record number of US residents—64 million, or 20% of the US population—are now living in a multigenerational household. Based on the same research, Asian and Latino populations are more likely to live in a multigenerational household. Due to the large Latino population residing in the project area, paired with relatively high population density, we hypothesize that local ADU households are part of this growing national trend (Cohn and Passel 2018).

### **Expected Findings**

*We expected that the majority of relationships between ADU owners and long term ADU tenants are family, or friends of family.*

We anticipated the majority of ADUs are offered to family or friends of the ADU owner, while small proportion of ADUS are offered to tenants that the owner did not know prior. This expectation is informed by discussions with Pacoima Beautiful Community Inspectors and Pacoima Beautiful Staff.

*We expected ADUs are being used primarily as a place of long term residence.*

ADUs are used as places of residency rather than as a place for storage or at-home businesses. Long term rentals will be residency of one or more years. The length of residency will be based on the relationship between the ADU tenant and the ADU owner with a higher likelihood of longer residence if they are family or friends. Based off of Karen Chapple’s research in Northern California, we anticipate that long term rentals are collecting less than comparable market rate rents. Based on conversations with Pacoima

Beautiful staff, we believe approximately 50% of ADU owners with long term renters are providing their units to family members.

*We expected a wide range of types and physical conditions of ADUs.*

ADUs were expected to range from permitted, newly refurbished 2-bedroom 2-bath market rate rentals to unpermitted units with shared spaces and utilities with the main unit and possible hazardous conditions, such as no smoke detectors. We expected there will be more unpermitted ADUs than permitted ones. Also, based on 2018 Redfin Sales, we expected the majority of ADUs in Pacoima are detached units and garage conversions. We also predicted most ADUs will share gardens, yards, and entryways shared by those living in the main unit. Overall, we believed that the majority of ADUs are 1 bedroom 1 bath units.

*Neighborhoods are expected to be mostly supportive of ADUs.*

Pacoima residents know of the existence and use of ADUs and since there has been no movement to ban this use, we assumed that they are in favor of this form of housing. Since many residents in Pacoima have ADUs and we predicted ADU tenants and owners to be related, we assumed that the majority of Pacoima residents are likely to support ADUs.

## **Methodology**

### *Survey Design*

We answered our research question using primary data collected from community leaders, anonymous surveys completed by participating Pacoima households, and secondary data from prior ADU studies (as discussed in the Literature Review section). In addition to our team’s direct research, the surveys included topics that informed our larger comprehensive planning project. For example, we asked about tenant/landlord relationships and if an ADU household had a formal lease agreement with their landlord, questions that informed the work of the Tenant Rights research group. We requested Pacoima Beautiful staff to vet the surveys to ensure the questions are appropriate and relevant to the DAP. The surveys included in this report (Appendices 5 and 6) are the most current versions. We administered the three surveys between April 17, 2019 and May 3, 2019 for the following tenant types:

- 1) **Main Unit Tenant Survey:** The main unit is defined as the traditional single-family home that is typically front-facing on a property lot. Tenants living in the main unit were surveyed regardless of whether they owned or rented the home.
- 2) **ADU Tenant Survey:** An ADU is defined as a secondary dwelling on a residential property. An ADU in Pacoima is colloquially referred to as a “casita” by neighborhood residents and is also known as backyard unit or granny flat. Tenants living in ADUs were identified through door-knocking and/or permission from the main unit tenant to survey the ADU household.

3) **Households with No ADU Survey:** Households with no ADU are defined as properties without a secondary dwelling unit on the lot. This survey asked general questions regarding the households' awareness of SB 1226, which allows ADUs in single-family residential zones statewide, and attitude toward the existence of ADUs in the neighborhood.

Our research sought to examine ADUs across the TCC project area. To understand the relationship between main unit tenants and ADU tenants, as well as respondents' attitudes toward the function of ADUs, we asked a series of questions categorized by topic, type of respondent, and method of distribution. See Table 2.2 below for a summary of the topics. Type of respondents included "Main Unit Tenant" (including landlords, owners or renters of only the main unit, typically the front-facing traditional single-family home) and "ADU Tenant." Main Unit Tenants who are also the owners of the property (both main unit and ADU) will sometimes be referred to as "ADU owner" or "landlord."

Table 2.2 Breakdown of Survey Topic and Intended Respondents

| <b>Topic</b>                                  | <b>Intended Respondent</b>  | <b>Survey Type</b>                            |
|---|---|---|
| ADU Construction Challenges and Costs         | Presumably the main unit tenant, if they own and/or rent the entire lot | Main Unit Tenant Survey                       |
| Neighborhood Support and Attitude Toward ADUs | Households that report they do not have an ADU                          | Households with No ADU Survey                 |
| Household Profile                             | ADU Tenant  | ADU Tenant Survey                             |
| Shares Spaces and Utilities                   | Both ADU and Main Unit Households                                       | ADU Tenant Survey and Main Unit Tenant Survey |
| Rental price of ADU                           | Both ADU and Main Unit Households                                       | ADU Tenant Survey and Main Unit Tenant Survey |
| ADU Uses                                      | Presumably the main unit tenant, if they own and/or rent the entire lot | Main Unit Tenant Survey                       |
| ADU Unit Features                             | Both ADU and Main Unit Households                                       | ADU Tenant Survey and Main Unit Tenant Survey |
| Relationship Between Owner/tenant             | Both ADU and Main Unit Households                                       | ADU Tenant Survey and Main Unit Tenant Survey |
| Parking Patterns                              | Main Unit Household   | Main Unit Tenant Surveys                      |
| Connection with Pacoima                       | Both ADU and Main Unit Households                                       | ADU Tenant Survey and Main Unit Tenant Survey |

### *Survey Administration*

For three weeks, we organized graduate and undergraduate student volunteers to administer surveys in pairs through door-to-door knocking in areas of the TCC project area that currently fall in a Transit Oriented Community overlay zone or future transit-oriented investment. Pairs had at least one volunteer that was fluent in Spanish, and were assigned to a survey route (Map 1). All routes were allotted three hours to complete. Surveys were administered during on weekdays between between 4 PM and 7 PM and on Saturdays between 10 AM and 1 PM. To introduce a degree of randomization, we knocked on every third home. However, surveyors also took advantage of opportune moments to survey by asking residents they encountered along the route to partake in the survey, even if they did not live in one of the target homes. When conducting door-to-door knocking, surveyors approached the main unit first. If main unit respondents were open to interacting and reported an ADU on the property, surveyors asked if they could approach the ADU household. For households in which tenants were hesitant to speak with surveyors, or were interested in taking the survey but did not have time at that moment, a survey in the preferred language was left with the respondent and picked up by surveyors at the end of their route.

All respondents were made aware that the survey responses would remain anonymous and would contribute to research conducted by UCLA and Pacoima Beautiful. To further encourage households to participate in the survey, we offered incentives, including tickets for a lottery raffle to potentially win a TV (which was awarded to a participant at Pacoima Beautiful's Mercado event on Saturday May 4th,

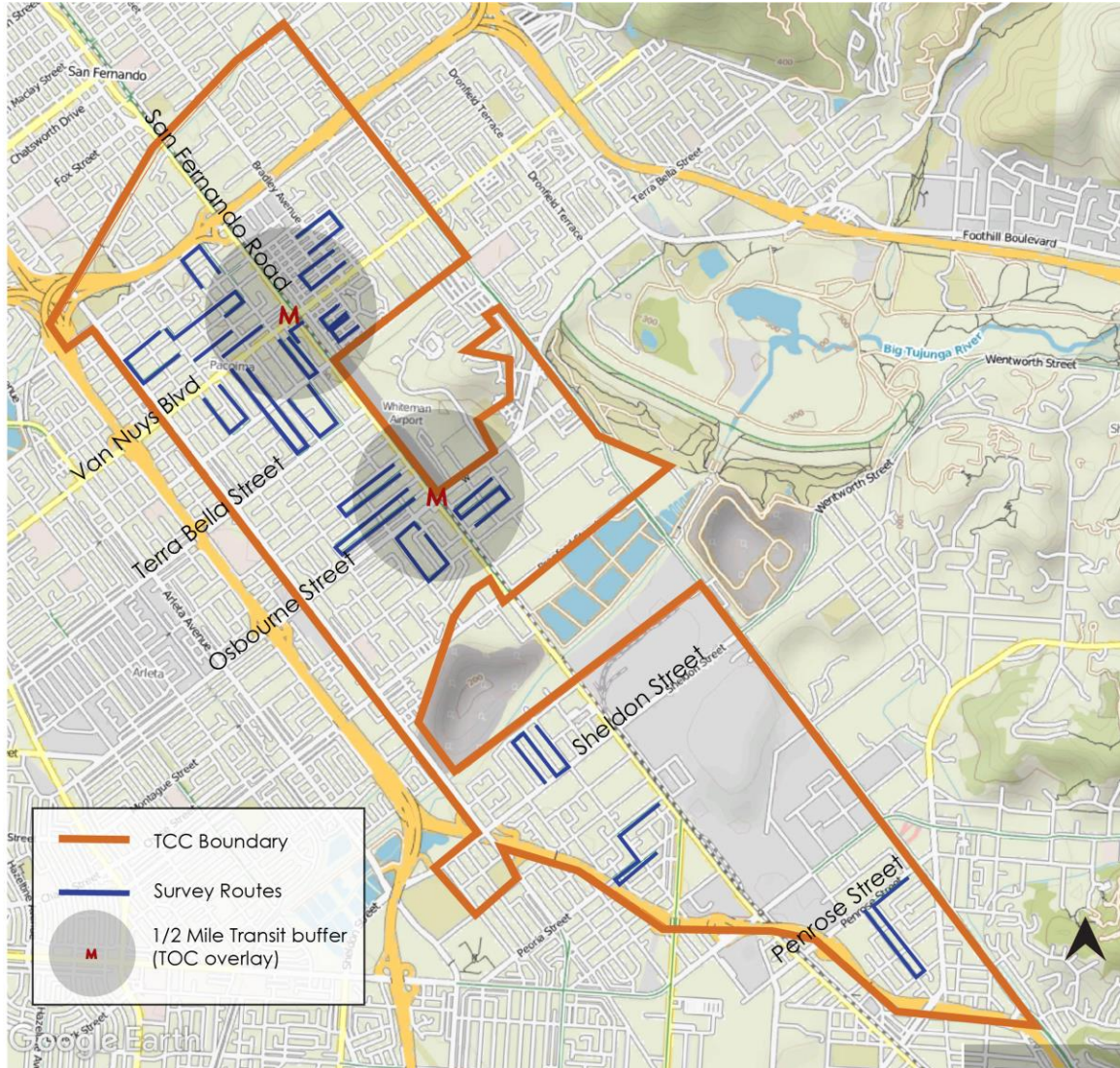
2019), as well as Target gift cards. In the Data Findings section, we discuss our analysis of the most pertinent findings from survey responses.

*Table 2.3. Survey Collection Results*

| <b>Survey Collection Results</b>                           |     |
|--|-----|
| <b>Total surveys Administered</b>                          | 94  |
| <b>Total Door Knocks/ Conversations</b>                    | 205 |
| <b>Response Rate</b>                                       | 46% |
| <b>Households “Not Home”</b>                               | 49  |
| <b>Total Surveys left with residents, not administered</b> | 35  |
| <b>Total Not interested in Survey</b>                      | 55  |
| <b>Total Main Unit Dweller Surveys</b>                     | 23  |
| <b>Total ADU Dweller Surveys</b>                           | 27  |
| <b>Total Non - ADU Surveys</b>                             | 44  |



Figure 2.2: Survey Route Map



## Overview of Survey Questions

Our research aimed to examine the viability of ADUs as an affordable housing option for renters, particularly in a market like Los Angeles which is experiencing an affordable housing crisis. Survey questions that asked about ADU rental price, tenure in Pacoima, and general household profile (e.g. number of people in the household) helped

to understand the motivations and patterns of ADU tenants. For example, the length of occupancy in an ADU was important to document to understand the average length of tenancy, and if ADUs are used as a temporary or long-term residence. Examining the reasons why occupants choose to live in an ADU may inform if ADU tenants are motivated due to rent affordability, patterns of work commutes, job opportunities, relationships (with landlord or family member in the main house) and other variables that may shape how long someone ends up living in an ADU.

We also collected the demographic profiles of ADU tenants to understand who is likely to live in these units in Pacoima. This allows us to answer whether individuals of a certain gender, age group and income bracket are more likely to live in ADUs.

Understanding who is more likely to inhabit these units can help create housing policies and regulations related to ADUs that are grounded in data directly informed by ADU residents. See Appendix 5 for the Main Unit Tenant Survey and Appendix 6 for the ADU Tenant Survey.

## **Data Findings**

Surveys were conducted across the TCC project area between April and May 2019. In this section we summarize the pertinent findings from an analysis of the 32 Main Unit Tenant Surveys and 28 ADU Tenant Surveys collected, which subsequently informed our recommendations, discussed in the recommendations section.

## Main Unit Tenant Survey Results

### ADU Type

Garage conversions were the most common type of ADU in our sample, accounting for 38% of respondents. 31% of respondents identified their ADUs as detached new structures, and 22% had an attached unit or a unit within the main house.

Table 2.4. ADU Construction Type Survey Answers

| <b>5. Select the option below that best describes the construction of the ADU.<br/>(n = 32)</b> |                            |                |
|---|----------------------------|----------------|
| <b>ADU Type</b>   | <b>Number of Responses</b> | <b>Percent</b> |
| Attached unit or within main house  | 7                          | 22%            |
| Detached new structure  | 10                         | 31%            |
| <b>Garage conversion</b>  | <b>12</b>                  | <b>38%</b>     |
| Storage conversion  | 2                          | 6%             |
| No response   | 1                          | 3%             |

### Relationship between Tenants in ADU and residents in Main Unit

ADU tenants in the TCC project area are most frequently family members of residents in the main unit, but an almost equally large share of ADU tenants did not know the residents in the main unit prior to moving in. The relationship between the ADU tenant and the main unit resident often determines the living arrangement for ADU tenants. For example, family members are likely to have an informal living arrangement

without a lease or formal contract. In contrast, ADU tenants who did not know main unit residents prior to moving in often have more structured living arrangements outlined by a formal lease agreement.

*Table 2.5. Tenant Relationship Survey Answers*

| <b>8. Which of the following options best describes your relationship to the ADU resident? (n = 32)</b> |                            |                |
|---|----------------------------|----------------|
| <b>Response</b>   | <b>Number of Responses</b> | <b>Percent</b> |
| Did not know tenant prior   | 10                         | 31%            |
| <b>Family member</b>  | <b>14</b>                  | <b>44%</b>     |
| Friend  | 3                          | 9%             |
| N/A   | 4                          | 13%            |
| No Response   | 1                          | 3%             |

Cars Kept by ADU Tenants

ADU tenants who did not know the main unit tenants kept an average of four cars per property, while ADU tenants who were related to main unit tenants typically kept only two. ADU tenants who were friends with the main unit tenants prior to moving into the unit kept the fewest cars, averaging one car on the property. Throughout our study, one of the routine complaints we heard about ADUs was that ADU tenants’ cars will often fill up street parking, making it difficult for neighbors to find spaces. Jane Blumenfeld and Pacoima Beautiful community inspectors stated that residents will often get frustrated by their ADU neighbors taking up street parking, leading them to file a complaint to LA Department of Building and Safety (LADBS). If LADBS finds the ADU is not up to code, ADU homeowners are forced to pay the permit fees and make

upgrades, or remove the ADU. Jeff Ross’s Redfin property sales study (Appendix 33) illustrated that, in many cases, homeowners with ADU complaints sold the house prior to the fee due date, potentially because the homeowner could not afford the cost of permitting and upgrading the ADU. Since we found that ADU tenants who do not know the main unit residents kept the most cars on the property, they may be at the highest risk of displacement following street parking complaints and subsequent LADBS inspections.

*Table 2.6. Number of Cars Survey Answers*

| <b>9(b). How many cars do the ADU tenants keep on the property, based on their relationship with main unit resident? (n = 32)</b> |                            |             |                |            |
|---|----------------------------|-------------|----------------|------------|
| <b>Response</b>   | <b>Number of Responses</b> | <b>Mean</b> | <b>Minimum</b> | <b>Max</b> |
| Did not know tenant prior   | 10                         | 3.7         | 1              | 10         |
| Family member   | <b>14</b>                  | <b>1.7</b>  | <b>0</b>       | <b>4</b>   |
| Friend  | 3                          | 1           | 0              | 2          |
| N/A   | 4                          | 0           | 0              | 0          |
| No Response   | 1                          |             |                |            |
| Total   | 32                         | 2.2         | 0              | 10         |

### ADU Use

The vast majority of ADUs surveyed in our study were currently occupied as a long term primary residence, accounting for 75% of the respondents in the sample. 9% of the ADUs in the sample sat vacant, including two that were otherwise used as long-term residences.

Table 2.7. ADU Use Survey Answers

| <b>10. How is the ADU currently being used? (n = 32)</b>     |                            |                |
|--|----------------------------|----------------|
| <b>Response</b>  | <b>Number of Responses</b> | <b>Percent</b> |
| <b>Long-term primary residence, currently occupied</b>       | <b>24</b>                  | <b>75%</b>     |
| Long-term primary residence, currently vacant                | 2                          | 6%             |
| By main house occupants as an extra room or other work space | 2                          | 6%             |
| Not currently being used for anything                        | 1                          | 3%             |
| Other  | 2                          | 6%             |

ADU Monthly Rent

Residents in the main unit reported ADU tenants pay a range of rents, most frequently reporting \$800-\$1000 per month. 35% of the respondents reported ADU tenants pay between \$800-\$1200 per month, 16% paid over \$1200 per month, and 13% paid no monthly rent.

Table 2.8. Rent Survey Answers

| <b>13. Approximately how much rent do you charge on the ADU per month? (n = 32)</b> |                            |                |
|---|----------------------------|----------------|
| <b>Response</b>   | <b>Number of Responses</b> | <b>Percent</b> |
| \$0   | 4                          | 13%            |
| \$400-\$600:  | 1                          | 3%             |
| \$600-\$800:  | 5                          | 16%            |
| <b>\$800-\$1000:</b>  | <b>7</b>                   | <b>22%</b>     |
| \$1000-\$1200   | 4                          | 13%            |
| Above \$1200:   | 5                          | 16%            |

Looking at rent based on ADU tenants' relationship with the main unit, we see a more distinct pattern. ADU tenants who were family of residents in the main unit tended

to pay less rent than ADU tenants who did not know the residents in the main unit. Of the ADU tenants who paid under \$1000 per month, 78% were related to the main unit residents and only 40% did not previously know the main unit residents. The reverse was also true; ADU tenants who did not know the residents in the main unit tended to pay higher rents than ADU tenants who were family of the residents in the main unit. Of the ADU tenants paying over \$1200, four of the five respondents did not previously know the main unit tenant, and none were family.

#### Cost of ADU Construction

Most respondents were not aware how much the ADU cost to build, usually because the respondent was not part of the process or the unit was built by previous residents. We were able to speak with an individual who was just finishing construction of a new detached 2-bedroom 1-bathroom ADU, who stated that the construction cost \$78,000, permits cost \$3,000, and that, together with other contractors' and municipal fees, the ADU would cost an estimated \$107,000. This price was the lowest bid from multiple contractors, some which estimated the ADU would cost over \$200,000. The owner anticipated the unit would rent for \$1,200 month in 2019.

Table 2.9. Living in Pacoima Survey Answers

| <b>15. What most impacted your decision to live in Pacoima? (n = 27)</b> |                            |                |
|--|----------------------------|----------------|
| <b>Response</b>  | <b>Number of Responses</b> | <b>Percent</b> |
| Ability to buy and own a home  | 6                          | 22%            |
| Affordable rents   | 1                          | 4%             |
| I was born here and/or grew up in Pacoima                                | 4                          | 15%            |
| Job opportunity  | 3                          | 11%            |
| N/A  | 1                          | 4%             |
| Other: See Notes   | 4                          | 15%            |
| To be near family and/or friends   | <b>8</b>                   | <b>30%</b>     |

ADU Permit

63% of Main Unit Tenants reported that the ADU on the property was permitted, while only 19% stated that the ADU onsite was unpermitted.

Table 2.10. ADU Permit Status Survey Answers

| <b>18. Is the ADU permitted or unpermitted? (n = 32)</b> |                            |                |
|--|----------------------------|----------------|
| <b>Response</b>  | <b>Number of Responses</b> | <b>Percent</b> |
| <b>Permitted</b>   | <b>20</b>                  | <b>63%</b>     |
| Unpermitted  | 6                          | 19%            |
| I don't know   | 2                          | 6%             |
| N/A  | 4                          | 13%            |

Lease Agreements

The majority of respondents reported that ADU tenants did not have formal lease agreements. Only 25% stated the ADU tenants have formal lease agreements. This finding is in line with the responses from the majority of ADU tenants.



Table 2.11. Lease Agreement Survey Answers

| <b>Do you have a formal lease agreement with the tenant of the ADU? (n = 32)</b> |                            |                |
|--|----------------------------|----------------|
| <b>Response</b>  | <b>Number of Responses</b> | <b>Percent</b> |
| <b>No</b>  | <b>19</b>                  | <b>59%</b>     |
| Yes  | 8                          | 25%            |
| No response  | 1                          | 3%             |
| N/A  | 4                          | 13%            |

Permitted ADUs with Lease Agreements

Considering all 20 permitted ADUs (63% of respondents), only 19% had formal lease agreements with the ADU tenants. None of the tenants living in unpermitted units had lease agreements.

*ADU Tenant Survey Results*

Responses from the ADU Tenant Survey revealed that an ADU household in Pacoima is likely to be a 4-person household living in a two-bedroom unit (see responses to Questions #8, #23, and #24 in Appendix 8).<sup>1</sup> In trying to answer the question of *who* lives in an ADU and *why*, we asked in both surveys if ADU tenants were family members, friends, or did not know the landlord prior to moving in. Both surveys also

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<sup>1</sup> Note: The total household size was determined by the sum of adults and children reported in an ADU household. The average ADU household size is four persons.

asked how much ADU tenants paid in rent per month. Table 2.12 below gives a summary of reported monthly rent along with ADU household’s relationship to the landlord.

This table shows that if an ADU household is neither family nor friends with the owner, their monthly rent is likely to be over \$1,200. However, if the ADU household is related to the owner, it seems the household perhaps received a family discount, as they are likely to pay between \$800 to \$1,000 in monthly rent.

*Table 2.12. Landlord Relationship Survey Answers*

|  | \$0 | Below \$400 | \$400-\$600 | \$600-\$800 | \$800-\$1000 | \$1000-\$1200 | Above \$1200 | Total |
|--|-----|-------------|-------------|-------------|--------------|---------------|--------------|-------|
| <b>Did not know owner prior to moving into ADU</b> | 0   | 1           | 0           | 0           | 0            | 3             | 7            | 11    |
| <b>Family Member</b>                               | 1   | 0           | 0           | 1           | 4            | 3             | 1            | 10    |
| <b>Friends</b>                                     | 0   | 0           | 2           | 0           | 0            | 2             | 3            | 7     |
| <b>Total</b>                                       | 1   | 1           | 2           | 1           | 4            | 8             | 11           | 28    |

In terms of shared spaces or utilities (see Question #9 in Appendix 8), we found it was not common for ADU and main unit households to share spaces on the property or bills. However, respondents that did report any shared items were most likely to split the SoCal Gas bill and/or the Department of Water & Power (DWP) bill. Respondents that reported splitting utility bills are also more likely to be family members of the owner, which indicated that relatives on the same property may share financial responsibilities.

We asked survey participants if they had a written formal contract with their landlord (see Question #15 in Appendix 8), and found that most ADU tenants do not have

a formal lease agreement with the ADU owner. Only seven of the 28 respondents noted having a lease contract of some form with the owner of the ADU. Without a formal lease agreement, both tenants and ADU owners can be vulnerable to precarious situations. ADU tenants are vulnerable to displacement without a form of legal protections. Conversely, landlords without a lease contract with their tenant may also be vulnerable to financial risk if ADU tenants do not pay rent, an experience which a handful of ADU owners told us had happened to them.

To gauge the number of ADU households that may be vulnerable to displacement, we asked survey participants if their rent had increased in the last two years (see Question #17 in Appendix 8). Out of the 28 ADU survey respondents, 26 answered this question. From this sample, 31% of respondents reported experiencing a rent increase in the last two years. All respondents who experienced a rent increase currently pay \$1,000 or more in monthly rent. Increases in rent ranged from an additional \$50 to \$200 per month. These results revealed that nearly a third of ADU households may be vulnerable to displacement, especially those that may not have legal protections through a lease agreement or may be rent burdened. Since our survey asked for a range of monthly rent, rather than asking for exact amounts, further investigation is required to determine if the households that experienced a rent increase may also be rent burdened.

Table 2.13. Rent Increase Status Survey Answers

| <b>Has your rent increased in the last two years?</b> |                  |                |
|---|------------------|----------------|
| <b>N = 26 (2 missing)</b>                             | <b>Frequency</b> | <b>Percent</b> |
| <b>No</b>   | <b>18</b>        | <b>69%</b>     |
| <b>Yes</b>  | <b>8</b>         | <b>31%</b>     |

Lastly, our survey revealed the percentage of ADUs that are overcrowded. overcrowding. According to the US Department of Housing and Urban Development (HUD), overcrowding occurs when there are more than two persons per bedroom in a unit. Going by this measurement, we found that 45% of ADUs are overcrowded (see Appendix 9 Table 2). For example, we spoke with a four-person household living in a one-bedroom unit, and discovered that even six-person, seven-person, and eight-person households lived in two-bedroom units. Based on the data findings of the Main Unit Tenant Survey and ADU Tenant Survey, we outline in the following section a summary of our analysis, as well as suggested policy and program recommendations.

**Analysis and Recommendations**

Our recommendations are based on observed themes and concerns expressed by ADU tenants and main unit tenants, and the final analysis of all the completed surveys. Our team has analyzed all 28 ADU Tenant and 32 Main Unit Tenant responses. These recommendations reflect a thorough analysis of the gathered data that includes a multivariate analysis through the software Statistical Analysis System (SAS).

### *1. Explore a rent stabilization ordinance in Pacoima*

Our research team recognizes that a variety of populations including renters, low and severely low income individuals and families, and undocumented populations are at a higher risk of losing housing. Considering these factors, our surveys gathered information that would help us understand how to mitigate negative consequences for vulnerable populations.

While 63% of ADU owners reported that they have a permitted unit, based on conversations with planning experts we believe that this may not be the most accurate response. The permitting process is complicated and at times only a portion of the ADU is permitted, making the unit non-compliant. Tenants living in these unpermitted units may be forced to move if an owner decides to permit the unit and raise the tenants' rents accordingly. Additionally, 59% of all ADU tenants did not have a formal lease or contract with the owner of the ADU, making them especially vulnerable to increasing rents. We recognize that the majority of tenants without leases were family members of the owner, where a contract may not be necessary. However, we want to consider ways in which we can protect renters that do not have a legal contract and would benefit from one.

One possible solution we propose is having Pacoima explore how Los Angeles' Rent Stabilization Ordinance (RSO) could be expanded. While this may face opposition from homeowners that rely on rents as a means of income, we would argue that this is mutually beneficial as it protects tenants from excessive rent increases and while allowing landlords fair annual rent increases with legal rights. Alternatively, a property tax exemption given to homeowners with ADUs could allow landlords to keep rents at a

lower price, but additional conditions would be required to guarantee the policy results in rent savings for tenants. We recommend that, prior to the Arleta-Pacoima Community Plan update, community members and policy makers explore policies that strike a middle ground between RSO and property tax exemption to develop a solution that benefits tenants by stabilizing rents, but is also palatable to homeowners.

## *2. Demystify the permitting process for residents interested in constructing an ADU*

The permitting process can be a hurdle for someone wanting to construct an ADU that does not have familiarity with bureaucratic processes. Although the majority of survey respondents indicated that the ADU on the property was permitted, this may be a product of respondents not knowing whether or not the unit was properly permitted as an accessory dwelling unit under the new City or County ordinance. However, for those that could substantiate the permits to their ADU, respondents stated that the permitting process was painstaking and confusing. One respondent mentioned that she had multiple City Inspectors inspect her ADU unit to see if it was up to compliance and that each one told her something different that would delay her receiving permits and require changes to the structures. This was not only frustrating for the owner, but was also a costly process. We recommend that Pacoima Beautiful gain knowledge of the permitting process in order to prepare future ADU owners of the process and costs associated with the construction.

If ADUs are to be seriously considered as an affordable housing option for tenants and a supplement to a homeowner's income, then we recommend that the permitting process be made as efficient and easy to understand as possible. If the time and money

costs to construct an ADU legally outweighs the need for the unit or the risks of building it without permits, then most will forego this opportunity.

### *3. Encourage lease agreements through educational tenant and landlord workshops*

Entering into a formal lease agreement or any agreement that is legally binding and enforceable can provide security and peace of mind for both the tenant and the unit owner. However, based on our findings, ADU tenants with a formal lease agreement are in the minority in Pacoima. Although most survey respondents expressed a preference for this arrangement, either due to the flexibility it affords them as tenants or due to the trust and familiarity they have with the unit owner, not having a lease leaves them more vulnerable to displacement.

Based on responses from our survey for households without ADUs, many homeowners expressed a limited desire for constructing an ADU due to the difficulty of managing tenants, whether they were family members or not. Several Pacoima homeowners have expressed frustration over past experiences managing tenants on their property, either due to a lapse in payments or overreach from the tenants when it came to noise violations or extended stays of additional guests. Homeowners felt that, in these cases, they had very little legal recourse or support to evict or enforce compliance. In other cases, some ADU tenants would forego reporting necessary repairs or unit maintenance to avoid burdening the homeowner and possibly angering them. It appears that both homeowners and ADU tenants have sacrificed their legal rights in the name of convenience and informality.

We recommend that Pacoima Beautiful continue to work with the community and offer more information and resources to both homeowners and tenants regarding the mutual benefits of entering into formal lease agreements. Community workshops and information sessions that emphasize the protections and benefits afforded to both parties could begin to change the community's opinion or understanding of lease agreements. Providing sample contracts for homeowners and tenants could help them understand what they are legally entitled to and could lead to an increase in ADU development and broader support for permitted units.

#### *4. Advocate for flexible multi-family zoning*

Throughout our survey data collection, many residents stated that their properties contained multiple ADUs in addition to the main house. Residents of Pacoima use the large single-family lots efficiently by building as many dwelling units as the lot can comfortably support. On lots with over 10,000 square feet, some homeowners have built three or more ADUs on the property, making the property resemble something closer to a residential cul-de-sac than a single-family home. These additional units provide important housing and rental income to the Pacoima community. Unfortunately, single-family homes are only permitted to host one secondary unit in addition to the main home. This means that tenants living in the third or fourth units are at risk of displacement if complaints are made about the property. It is obvious that single-family development in Pacoima has been adapted to fit the needs of the community, and this should be reflected in the zoning codes. In preparation for the Arleta-Pacoima Community Plan update, we



recommend that Pacoima Beautiful advocate for a change in single-family zoning to allow multiple units on a property.

## **Conclusions**

We sought to answer the following research question: How are accessory dwelling units (ADUs) used in Pacoima, who lives in them, and why? Over the course of three weeks we attempted to answer this question by conducting a door-to-door survey of ADU tenants and main unit tenants within the TCC project area in order to collect useful data to help inform Pacoima Beautiful's Displacement Avoidance Plan. We focused the majority of our survey routes around areas that would receive the highest concentration of transit investments, as these areas typically face higher levels of displacement. Based on direct feedback from Pacoima Beautiful, we formulated survey questions that ask about ADU rental price, tenure, and living conditions to help reveal the motivations and patterns of ADU tenants.

Based on the demographic context and the barriers to housing affordability that this poses, we hypothesized that *the majority of ADUs are used as long-term primary residences, are occupied by tenants who are related to the main unit tenant and/or landlord, and are a more affordable housing option compared to other housing types.* Pulling from prior research, we recognize that ADUs have the potential to be used as an affordable housing option and allow for multigenerational households to reside in close proximity and pool resources more effectively to achieve housing security. This assumption informed the varying types of questions we asked both ADU tenants and main unit tenants about their relationship and the types of shared spaces and resources.

We find that ADUs are a more affordable housing option for Pacoima residents relative to the broader housing market in the North San Fernando Valley, but that it is common for ADUs to be overcrowded. Through the CoStar Submarket Report, we find that the typical two-bedroom apartment rents for \$1,915 in the North San Fernando Valley market; by contrast, the majority of ADU tenants living in a two-bedroom unit selected the survey answers “Between \$1,000 to \$1,200” or “Above \$1,200” in monthly rent. Although ADUs are relatively affordable in Pacoima, this comes at a cost. According to HUD, overcrowding occurs when there are more than two persons per bedroom in a unit. Based on the ADU tenant survey responses for household size and unit size, we determine that 45% of ADU households are overcrowded according to HUD standards. Should we anticipate that these affordability conditions will persist? According to our ADU survey responses, 30% of ADU tenants experienced a rent increase in the last two years and it is important to note that these increases reflect a trend predating the announcement of the \$23 million grant for the community through TCC program. This finding further emphasizes how rapidly rents are increasing across Los Angeles regardless of housing type, and highlights the importance of ongoing collection of localized data related to housing and affordability.

Understanding how the relationship between the ADU tenant and the main unit tenant impacted various living arrangements was crucial to testing our hypothesis. We found that when ADU and main unit tenants identified as family members, they were less likely to have a formal lease agreement or contract, typically paid lower than average rent, and mostly paid monthly rents between \$800 and \$1,000, with 78% of these ADU residents paying below \$1000 per month. Additionally, those that reported experiencing

an increase in rent were more likely to have had no prior social or familial relationship with their landlord.. Considering these findings, we can clearly see that the relationship between ADU owners and tenants greatly impacts housing affordability, how landlords treat their tenants, and the stability of tenants' housing.

The way Pacoima residents are utilizing ADUs as an affordable housing typology suggests that they are a vitally important component of the overall housing stock in the community. Main unit tenants express that the income generated from renting an ADU on their property is used to help pay off their mortgage with the majority of ADUs used as long-term primary residences. This suggests that ADUs provide housing stability and security for both the landlords residing in the main units and the ADU tenants. With the majority of survey respondents expressing that the main reason for residing in Pacoima is to be near friends and family, this not only reinforces the importance of familial ties within this community, but emphasizes how and why multiple households on a single property choose to pool their resources. ADUs help facilitate this mutually beneficial relationship across households in Pacoima and future efforts to improve policies that govern ADUs should recognize the importance of maintaining such relationships as a way to mitigate displacement.

# Chapter III

## Tenant Experiences in Pacoima

Written By

Jonathan Hagar, Ashley Mashian, Jessa Orluk, Kaitlyn Quackenbush

### Abstract

A coalition of community organizations was awarded a multi-million dollar Transformative Climate Communities (TCC) grant to make critical infrastructure improvements in Pacoima and parts of Sun Valley. This research is in service of the Displacement Avoidance Plan (DAP) required by the TCC. Through policy analysis, survey analysis, and a series of semi-structured interviews we look to answer two primary questions: What are the current living conditions of residents, especially in backyard houses? What tenant protections currently exist for tenants in backyard houses and what protections may be missing? Our results show that current conditions vary widely, and that the relationship between the tenant and the landlord seemed to be of greater concern to tenants than the conditions themselves. Interviews revealed three dimensions of the landlord-tenant relationship: expectations, agency, and instability. Based on our findings, we recommend the Green Together Collaborative move forward with a series of anti-displacement measures that target the tenant-landlord relationship. Actions include tenant organizing, ADU affordability contracts, and expanded stabilization ordinances.

*Keywords: accessory dwelling unit, anti-displacement, displacement avoidance plan, tenant, affordable housing*

## **Introduction**

The following chapter continues our collective effort to examine the landscape of ADU residents in Pacoima and support local grassroots environmental justice organization, Pacoima Beautiful, to develop the TCC DAP. The second and third strategies identified in the DAP are most pertinent to this paper: producing affordable housing through legalizing Accessory Dwelling Units (ADUs), and strengthening a program of tenants' rights assistance and advocacy. We focused explicitly on tenants because low-income renters are especially vulnerable to housing instability and face displacement pressures even in non-gentrifying neighborhoods. As neighborhood investment occurs, however, the influx of new capital typically results in rising land values. Able to set higher rents, landlords will raise rents as high as the market will bear, or if subject to rent regulation, as high as the law will allow (Chappel, 2009). As a result, low-income tenants already burdened by rent costs are forcibly displaced, save for the few who live in government-regulated affordable housing. A thoughtful and strategic Displacement Avoidance Plan would ensure that low-income renters will be protected and will benefit from the TCC grant investment in Pacoima.

This paper provides an overview about tenants in the TCC project area and their experiences in order to help Pacoima Beautiful implement the Displacement Avoidance Plan. The primary research questions are: *What are the current living conditions of unpermitted or permitted ADU residents? Do ADU residents feel that their housing*

*conditions are safe and if not, what are their concerns? What are the differences in residents' description of their housing conditions and corresponding Fire, Building and Safety Codes for the City of Los Angeles? What tenant protections currently exist for ADU and non-ADU renters? Where are the gaps in de jure and de facto interpretation of these regulations? Do ADU tenants act on tenant rights that do exist and do they seek services provided to address tenancy issues?*

We utilized three research methods: policy analysis, a door-to-door survey, and semi-formal interviews. The policy analysis provides a snapshot of the regulatory landscape of accessory dwelling units, current tenant protections, and policy approaches to unpermitted units across the country. The survey and interviews, by contrast, give a sense of housing within Pacoima specifically, revealing the variety of conditions that local renters experience. Our interviews had an unexpected benefit—the results exposed an incorrect assumption inherent to our research questions. We assumed that habitability issues would be the defining characteristic of the tenant experience in Pacoima, but the conditions themselves did not play a central role in the stories tenants shared. Instead, the relationship between tenant and landlord was the dominant theme. By carefully reviewing our interviews and survey data, we identified three primary dimensions of the tenant-landlord relationship: *unclear expectations between tenant and landlord, lack of agency for tenants, and a long-lasting sense of instability*. Our research findings run counter to many current or proposed policies for unpermitted units, which tend to target the physical structure and leave the landlord-tenant relationship to be sorted out amongst the parties or, at worst, to be litigated. Stable, healthy communities require people-first housing policy. Towards that end, we recommend:

1. *In the short term, organize renters and owners in Pacoima and Sun Valley.*  
Building renter power will increase agency among renters. Involving owners and small landlords will increase solidarity between normally adverse parties. Already established Pacoima Beautiful programs, like the Promotoras, can be modified to fit the needs of renters and owners.
2. *People-first reforms to code enforcement policies + practices.*  
Change code enforcement regulations to put people first. Utilize Pacoima Beautiful members to provide tenant support in negotiations and inspections. Encourage the City to adopt a forgiveness program and a life safety grading system, all while ensuring anonymity.
3. *Create and implement ADU affordability contracts.*  
Make it easier for owners to build or upgrade ADUs by waiving permitting fees if owners agree to make their ADU rent stabilized.
4. *Create and implement housing stabilization ordinances in the city, county, and state.*  
A future iteration of rent control and other tenant protections must incorporate ADUs, no matter their permitting status, in order to ensure that all housing tenure relationships are fair and work well for everyone.

## **Research Site Context**

### *Formal Affordable Housing in Pacoima*

The abundance of informal housing across Pacoima makes clear that the existing supply of formal affordable housing in the neighborhood is failing to adequately address

local needs. While quantity is undoubtedly limited, affordable housing policy or supply may be inadequate for local needs in other ways. Certainly there are a number of advantages to the HUD-subsidized affordable housing and public housing that exists in the neighborhood. Not only do they address Pacoima’s existing need for inexpensive housing, but units with affordability contracts have the potential to allow low-income households to remain in the neighborhood in the face of displacement. This is not a given, however as contracts have set expiration dates, and some, such as those signed in exchange for HUD-subsidized mortgages, can be ended prematurely by landlords. Furthermore, income levels and other requirements can exclude many households from occupying these units, to say nothing of competition for a limited number of spaces. See Appendix 25 for a full examination of the existing supply of affordable housing in the TCC project area and within one mile of it, as well as the policies that govern it, to determine where affordable housing falls short.

*Table 3.1. HUD-Subsidized Housing in Project Area*

| <b>Subsidy type</b> | <b>Number of Projects</b> | <b>Number of Assisted Units</b> |
|---------------------|---------------------------|---------------------------------|
| LIHTC               | 4                         | 292                             |
| Section 8           | 3                         | 210                             |
| 202/811             | 1                         | 57                              |
| <b>Total</b>        | <b>7</b>                  | <b>494</b>                      |



*Table 3.2. HUD-Subsidized Housing in or near Project Area*

| <b>Subsidy type</b> | <b>Number of Projects</b> | <b>Number of Assisted Units</b> |
|---------------------|---------------------------|---------------------------------|
| LIHTC               | 16                        | 1,463                           |
| Section 8           | 12                        | 1,277                           |
| 202/811             | 3                         | 203                             |
| Total               | 28                        | 2,326                           |

Tables 3.1 and 3.2 summarize the supply of HUD-subsidized affordable units in the TCC project area and within one mile of its boundaries, including parts of San Fernando, Arleta, and Sun Valley. At present, there are 494 affordable units in the project area and 1,832 surrounding it, for a total of 2,326 affordable units (note that many projects and units are subsidized through both LIHTC and Section 8). Almost half of these units (44.11%) are in projects targeted towards specific populations and tenant types. The largest category of targeted projects is for families, which, with 599 units, accounts for 25.75% of all affordable units in the study area. An additional 392 (21.39%) and 128 (5.5%) units are for senior and special needs tenants, respectively. Much of this supply is vulnerable. Affordability contracts for 424 units are set to expire in 2021, and for an additional 475 units by 2030. If these contracts are not renewed, the affordability requirements and any subsidies will cease, and owners will be able to charge market-rate rents for these units. In addition to income requirements, there are a number of requirements common to all HUD-subsidized affordable housing units, regardless of program. Most notably, only citizens, permanent residents, or refugees and people with asylum status are eligible for rental assistance, which would exclude undocumented immigrants and those with other immigration statuses from units with project-based Section 8 subsidies. This makes for a total of 850 affordable units in the study area that

are available to residents without eligible statuses, amounting to 36.54% of the units in the area. Tenants are also screened for criminal records, “drug-related criminal behavior,” use of drugs or alcohol that would be considered to interfere with other residents, and sex offender registration; people with records of drug use or criminal activity are prohibited unless they have completed an approved rehabilitation program. This, of course, can exclude people who have struggled with substance abuse in the past or who have been convicted of nonviolent crimes, though project owners are allowed to consider cases individually based on the nature of the offense, the applicant’s degree of rehabilitation, and the potential effects on other household members and other residents. Finally, owners are allowed to deny tenancy to applicants with poor credit histories or whose ability to pay rent would be in doubt, which can actually exclude the most vulnerable residents.

### *Pacoima Land Ownership*

In order to better understand land ownership in Pacoima and how such ownership may generate or mitigate the displacement of Pacoima residents following major infrastructure investments, we classify and quantify property owners by type—Public, Corporate/ Institution, Trust, and Private Household—for all sites in the study area and determine the quantity of land owned by these entities. Table 3.3 below shows the percentage of parcels owned by entity in the study area. For the full spatial analysis, see Appendix 29.

Table 3.3. Landholder Types in Pacoima

| Category   | Percent of Parcels Owned By Entity |
|--|------------------------------------|
| Corporation                                      | 7%                                 |
| Trust  | 1%                                 |
| Institution                                      | 15%                                |
| Public   | 1%                                 |
| Private  | 76%                                |
| <i>Data Acquired from 2017 Assessor Tax Roll</i> |                                    |

Ownership in Pacoima by Square Foot (*Data Acquired from 2017 Assessor Tax Roll*)

Table 3.4. Ownership of 5 Largest Parcels in Pacoima

|    | Owner Name                        | Street Address           | Zoning Code | Category | Total Lot Area |
|----|-----------------------------------|--------------------------|-------------|----------|----------------|
| 1. | L A COUNTY                        | 12653 Osborne St.        | LAPF        | Public   | 6,679,474      |
| 2. | U S GOVT                          | -                        | LAOS        | Public   | 5,583,576      |
| 3. | U S GOVT                          | 10400 Glenoaks Blvd.     | LAOS        | Public   | 5,027,439      |
| 4. | CONSOLIDATED ROCK PRODUCTS CO     | 9136 Laurel Canyon Blvd. | LAA1        | Private  | 1,491,409      |
| 5. | L A CO CONSOLIDATED FIRE PRO DIST | 12605 Osborne St.        | LAPF        | Public   | 972,188        |

Table 3.4 above shows which entities own the five largest parcels in Pacoima.

The government owns the three largest, which include Whiteman Airport (county) and Hansen Dam Golf Course (federal). The public owns approximately the same amount of land as corporations. Homeownership rates relative to renter rates are similar when

comparing Pacoima to Los Angeles County; the homeownership rate for the county is 46% and renter tenure is 54%, while 48% of Pacoima households are renters and 52% are homeowners. This indicates that the number of renters and homeowners in the neighborhood is fairly even. With regards to absentee homeownership, approximately 25% of residentially-zoned properties have a different mailing address for property taxes. Such information is vital, as homeowners are likely to experience investment and rising land values very differently. As property tax increases are limited in California, homeowners would largely be protected from displacement, even as their property values rise. Homeowners would likely come out ahead whether they choose to remain in the neighborhood and benefit from the TCC and transit improvements or sell their property at a profit and move elsewhere. Renters, who are vulnerable to rent increases and evictions, are likely to be far less fortunate.

### **Research Questions and Hypotheses**

The analysis of current affordable housing supply and land ownership in Pacoima prompted two research questions and corresponding hypotheses specific to the experiences of tenants in Pacoima who do not have access to formal affordable housing:

#### *Question 1*

What are the current living conditions of unpermitted or permitted ADU residents? Do ADU residents feel that their housing conditions are safe and if not what are their concerns? What are the differences in residents' description of their housing

conditions and corresponding Fire, Building and Safety Codes for the City of Los Angeles?

*Hypothesis 1*

There are units that do not meet the code but residents do feel safe as well as units that don't meet the code and residents do not feel safe. We hypothesize that majority of illegal ADU renters will define their units as safe. Furthermore, people living in illegal ADU's owned by people with whom they have social or familial ties are more likely to describe their units as being safe and acceptable when compared to those without such ties.

*Research Question 2*

What tenant protections currently exist for ADU and non-ADU renters? Where are the gaps in de jure and de facto interpretation of these regulations? Do ADU tenants act on tenant rights that do exist and do they seek services provided to address tenancy issues?

*Hypothesis 2*

We expect that tenants do not seek legal services or tenant rights groups.

## **Methods**

To conduct our research, we employed three key methods: a policy analysis, a door-to-door survey, and semi-structured interviews.

### *Policy Analysis*

The policy analysis examines three topics: changes in ADU regulations in California and Los Angeles; renter protection laws at the state and local level, and the ways in which they do and do not protect renters of unpermitted, or even permitted backyard houses; and, lastly, code enforcement strategies for unpermitted housing, including ADUs as well as DIY live/work spaces, in cities across the country that exemplify a shift from a punitive to a rehabilitative approach. We call this approach *harm reduction*.

### *Surveys*

We conducted our door-knocking survey in the study area in collaboration with the ADU Data Collection Team. We focused on streets that already have or will have Transit Oriented Community development incentives once the East San Fernando Transit Corridor Project is complete. We also looked at neighborhoods in Sun Valley that are part of the TCC project boundaries. The ADU Data Collection Team administered surveys for homeowners with ADUs, homeowners without ADUs, and ADU tenants. We focused our analysis on the data from the 30 ADU Tenant Surveys we collected (Appendix 13).

The ADU Dweller surveys shed light on the relationship between tenants and landlords, the amenities tenants have access to, the unit's code compliance, and the number of tenants living in the unit. Examples of questions asked include: "*Does the ADU have a smoke alarm?*" "*Which of the following best describes your relationship to the owner?*" and "*How many adults live in the unit?*"

### *Interviews*

Door-knocking surveys allowed us to collect quantifiable data in a brief period of time, but were limited in their ability to convey the complex nuances of an ADU tenant's lived experiences. As a result, we decided to pair the survey data with interviews conducted at three events, described in Table 3.5 below. Understanding how personal interviewing people about their housing conditions could be, we created an interview protocol after our first event at Bradley Plaza (Appendix 13). From that event, we learned that people are more willing to talk one-on-one and that there are many challenges in facilitating group interviews, especially when discussing sensitive lived experiences.

Table 3.5: Interview Events

| <b>Setting</b>  | <b>Date/ Time</b>            | <b>Hired and Undergrad Help</b>  | <b>Other Teams Present</b>                                    | <b>People Interviewed</b> |
|---|------------------------------|--|---|---------------------------|
| Bradley Plaza   | April 27, 2019<br>4pm to 7pm | 1 Graduate Spanish Speaker<br>3 Undergraduate Spanish Speakers<br>2 Undergraduate Notetakers | Community Land Trust<br>ADU<br>Finance                        | 8 Women<br>2 Men          |
| <p>Bradley Plaza is located on Van Nuys Blvd, Pacoima’s primary commercial corridor. For this event we set up a table with a sign promoting free food and prizes in front of the Plaza, facing the sidewalk parallel to Van Nuys Blvd. We also had a UCLA Luskin table cloth to indicate our affiliation and avoid being perceived as suspicious. From 4pm to 4:45pm, a group of us conducted outreach to pedestrians walking by, to people doing laundry at the adjacent laundromat, and to residents of adjacent streets. At around 4:45 pm, our team began interviewing. This continued on a rolling basis, with 2-3 interviews occurring at a time. All but one of these interviews were with members of only one household at a time, and the only two people interviewed jointly were relatives or close friends.</p> |                              |  |   |                           |
| <b>Setting</b>  | <b>Date/ Time</b>            | <b>Hired and Undergrad Help</b>  | <b>Other Teams Present</b>                                    | <b>People Interviewed</b> |
| Mercado de Pacoima  | May 4, 2019<br>9am - 12pm    | 1 Graduate Spanish Speaker<br>1 Undergraduate Spanish Speaker<br>2 Undergraduate notetakers  | Community Land Trust<br>ADU<br>Finance<br>ADU Data Collection | 4 Men<br>3 Women          |



| <p>At Pacoima Beautiful’s monthly Mercado event, held at Pacoima City Hall, local residents can come and receive free, fresh produce to take home. For this event, our check in-station was on the first floor with a UCLA Luskin tablecloth, and a sign on a flat screen TV that mentioned a raffle that would happen for our three grand prizes that day. The ADU Data Collection team would speak to potential interviewees at the table and then, if they agreed to participate, escort them upstairs to be interviewed by one of the Tenant Protection team members. The room in which we held our interviews had one table with breakfast, one with games for children, and three more for interviews to take place. At this event we did one focus group as well as three one-on-one interviews.</p> |                      |   |                      |                    |
|---|----------------------|---|----------------------|--------------------|
| Setting   | Date/ Time           | Hired and Undergrad Help                                      | Other Teams Present  | People Interviewed |
| Pacoima Beautiful Community Inspectors’ Meeting   | May 6, 2019<br>Time? | 2 Undergraduate Spanish Speakers<br>1 Undergraduate notetaker | Community Land Trust | 1 Men<br>3 Women   |
| <p>Wanting a direct opportunity to speak with Pacoima Beautiful members, we arranged to hold an event after one of their meetings. An announcement was made during the community inspectors’ meeting about our project, and anyone who was interested and eligible came to our interview. We offered all interviewees lunch and then escorted them to a room we had reserved at Pacoima City Hall. The people at this event were interviewed together as a single focus group.</p>  |                      |   |                      |                    |

**Policy Analysis Findings**

*ADU Regulatory Changes*

Regulating and encouraging ADUs is not a new California state policy objective. The first ADU legislation, passed in 1982, established regulations for ADUs to encourage their creation while also maintaining local control and flexibility. In 1985, the city of Los Angeles adopted new code, which permitted second units through a conditional-use permit process, subject to local standards, such as size restrictions and parking

requirements (Koehn, 2018, p.7; LADCP, 2017, p. 2). In 2002, the California state legislature enacted AB 1866, which encouraged local jurisdictions to approve ADU construction ministerially. In 2017, the California State Legislature passed AB 2299 and SB 1069, which made ADU construction by-right statewide. Now, local jurisdictions in California must comply with the new state regulations, which reduce barriers, streamline approval processes, and expand capacity to obtain local permits. Effective January 1, 2018, the City of Los Angeles' ADU policies were declared null and void under the new state laws, which would take their place until the city adopted a new, compliant citywide ordinance. These new laws, AB 2299 & SB 1069, enacted the following key changes to ADU regulations:

- Single-family homes are permitted to one ADU per lot by right, while municipalities may still use their discretion to authorize units in multi-family zones as they see fit.
- Owner occupancy of the property is no longer required to build an ADU, though this change does not apply to the City of Los Angeles, which had no such requirement
- Local governments may prohibit the use of ADUs for short-term rentals (terms lesser than 30 days).
- Parking requirements are reduced to one space per bedroom or unit, and eliminated entirely if the unit falls within a half mile of a transit stop.
- As of January 1st 2018, all city ordinances that did not comply with the state code were rendered null and void and reverted to the base standards set by the state laws of 2017.

### Proposed City of Los Angeles Ordinance

A new Los Angeles ADU ordinance in accordance with state law was approved by the City Planning Commission in November 2018 and is now pending review by the City Council. The proposed ordinance does the following:

- Allows for moveable “tiny houses” to be used as ADUs
- Requires that in hillside areas, an ADU be fully contained within an existing accessory structure (or primary residence) that lawfully existed as of the ordinance
- Requires that ADUs be located in ways that do not preclude equine keeping
- Limits ADUs to two stories
- Prohibits detached ADUs in front of the home
- Relaxes building separation requirements, relying on building standards rather than zoning code (10 ft. separation).

According to the City of Los Angeles's latest Housing Progress Report, published December 2018, since the 2017 regulatory changes, as illustrated in Table 3.6, the city permitted 9,247 ADUs, of which 27% received Certificates of Occupancy, resulting in 1,769 new homes (LADCP, 2018). For comparison, the City of Los Angeles has approximately 480,000 single family lots and there are estimates of over 50,000 unpermitted ADUs (Mukhija, 2014).

Table 3.6: ADU Permit Applications by Type

| Permits Filed           | 2018 Q 4     | 2018Q3       | % Change  | 2018 Year-End | 2017 Year-End | % Change   | 2017-2018    |
|-------------------------|--------------|--------------|-----------|---------------|---------------|------------|--------------|
| <b>Addition</b>         | 525          | 517          | 2%        | 1,963         | 1,310         | 50%        | 3,273        |
| <b>Conversion</b>       | 605          | 619          | -2%       | 2,427         | 1,884         | 29%        | 4,311        |
| <b>New Construction</b> | 279          | 261          | 7%        | 1,039         | 624           | 67%        | 1,663        |
| <b>Total</b>            | <b>1,409</b> | <b>1,397</b> | <b>1%</b> | <b>5,429</b>  | <b>3,818</b>  | <b>42%</b> | <b>9,247</b> |

Source: Los Angeles Department of City Planning Housing Progress Report Oct-Dec 2018

### Unpermitted Dwelling Unit Ordinance

Also relevant to our research of tenant experiences and access to protections is the Unpermitted Dwelling Unit Ordinance (UDU), approved by the Los Angeles City Council on May 10, 2017 with the goal of increasing the City’s low-cost housing stock. The UDU Ordinance legalizes existing unapproved housing in multi-family zones in exchange for an agreement that property owners will keep the unit affordable for 55 years. Prior to the UDU Ordinance, the Los Angeles Department of City Planning found that 400-500 housing units were removed from the market *each year* as a result of the City’s enforcement inspections. The goal of the UDU program is to provide a way for landlords to keep their tenants in place, rather than having to remove the unit and evict the tenant. If the building was used for residential purposes before 1978, the entire building is covered by the Rent Stabilization Ordinance (see below), and UDU tenants have the same rights as all other tenants. Tenants are also not required to move out of an unpermitted unit while it is being brought up to code and going through the legalization

process, unless there are significant health/life safety concerns that pose an immediate danger to the tenant. In the case of immediate danger, enforcement agencies may require the tenant to move out of the unit until those concerns are addressed. Currently, there are very few instances where the tenant has had to leave. If tenants do have to leave, they would have a right to return to the unit (Cally Hardy, 2019). Unfortunately, the UDU Ordinance only applies to units on multi-family lots. This excludes the vast majority of unpermitted dwelling units in the TCC project area. However, the ordinance serves as a critical model for approving and legalizing unpermitted units and we will return to this model in our final recommendations.

#### *ADUs and the Rent Stabilization Ordinance (RSO)*

Los Angeles' Rent Stabilization Ordinance and its application to ADUs is particularly important to our research of ADU tenant experiences and access to protections. The RSO in LA was passed in 1978 and contains four primary benefits for tenants:

Limited Rent Increases: In general, rent can only be increased once per year for covered units in Los Angeles. There are two types of allowable rent increases: no-approval and approval. No-approval rent increases mean that the landlord does not have to apply to the Housing and Community Investment Department (HCID) to increase the rent. Types of no-approval increases include the annual allowable rent increase, which is based on the Consumer Price Index and cannot exceed an 8% increase, and vacancy decontrol, in which landlords can raise the rent of a rent-controlled unit to market rate once a tenant voluntarily moves out. An approval rent increase means the landlord must

apply to HCID and get permission to increase the rent beyond the allowable amount.

There are four types of approvals landlords can apply for: capital improvement, primary renovation, rehabilitation, or just and reasonable rent increases.

Rent Registry: All landlords of rent-controlled units must register with HCID each year and notify their tenants that the unit is rent controlled. Tenants can see if their property is rent controlled either through HCID or through ZIMAS, a website run by the City of Los Angeles. Landlords do have to pay a small fee in order to be registered that may be split with the tenant, but the amount is generally inconsequential.

Just Cause Eviction: Landlords can only evict tenants of rent-controlled units for at least one of fourteen allowable reasons. These are divided into no-fault and at-fault evictions. No-fault evictions are not caused by the tenant; instead, the owner may choose to occupy the unit themselves, to remove it from the market, or convert it to affordable housing. At-fault evictions occur when the tenant commits a non-protected activity such as violating the lease agreement, not paying rent, or causing a gang or drug related nuisance.

Relocation Assistance: Tenants in covered units who receive a no-fault eviction are entitled to relocation assistance.

Units not covered by the RSO do not receive any of these protections. The definition of a covered unit is very narrow; units with a Certificate of Occupancy issued after 1978 are not protected by the RSO. Single-family units are also exempt from the RSO. This poses a problem for ADUs. When the ADU is built or legalized (depending on the type of legalization program), the Certificate of Occupancy will have a current date and not be under the RSO. However, if the original building on the parcel was to be

rented out and it had a Certificate of Occupancy issued prior to October 1, 1978, then it would be covered by the RSO because the unit is no longer considered single-family. While some owners may end up renting both units or moving into the newer unit, there is little chance that a significant number of RSO units would be produced this way. This technicality therefore virtually prevents any RSO protections from benefiting ADU residents in the TCC grant project area.

### *Harm Reduction Code Enforcement Reforms*

Currently, code enforcement operations in the city of Los Angeles create barriers that impede compliance and eliminate affordable housing options. Directives often call for “discontinuation of use” rather than providing feedback on life-safety improvements and supporting residents in remaining housed. Code enforcement generates expensive fines for owners and/or the demolition of non-compliant units. Despite the significant policy shifts to make ADUs legal in California, strategies for already existing, but unpermitted units, are inadequate. Residents of unpermitted accessory dwelling units face multiple risks. First, they face the risk of substandard or unsafe housing conditions of the home. Second, they face penalization for lack of permits, and third they face possible displacement due to the demolition of the property.

There are policy models across the country that exemplify a shift from punitive code enforcement to a more rehabilitative code compliance process. These policy reforms seek to address life-safety hazards while also preventing displacement and preserving affordable housing. We call this approach “harm reduction”. A harm reduction approach to code enforcement could mean amnesty, financial support, anonymity, prioritizing

upgrades that address imminent life-safety hazards, providing replacement housing, working with intermediaries, etc. We reviewed policies that exemplify these harm reduction approaches to code compliance. We have also reviewed approaches to similarly-positioned housing, such as live/work DIY spaces. There are specific insights to be gained from how cities responded to unpermitted artist spaces after the 2016 Oakland Ghostship fire. All code enforcement reforms and policy changes for live/work spaces can and should apply for unpermitted accessory dwelling units.

The cities and counties examined include those that adopted policy reforms early on, such as Daly City, Ventura County, and Santa Cruz County, and those that adopted recent changes following the 2016 Ghost Ship fire, such as, Oakland, San Francisco, Seattle, Baltimore, and Denver. Table 3.7, below, summarizes the key harm reduction code enforcement approaches adopted by each local jurisdiction, as well as those proposed for Los Angeles. For the full analysis of the code enforcement policies, see Appendix 32.

*Table 3.7: Harm Reduction Code Enforcement Approaches*

|                   | Amnesty | Relaxed Standards | Fee Forgiveness & Financial Support | Inspection Checklist prioritizing life safety | Technical Assistance | Intermediary Partner & Anonymity |
|-------------------|---------|-------------------|-------------------------------------|---|----------------------|----------------------------------|
| Daly City         | X       | X                 | X                                   | X   |                      |                                  |
| Ventura County    | X       | X                 | X                                   |   |                      |                                  |
| Santa Cruz County |         | X                 | X                                   |   |                      |                                  |



|               |                    |   |                                 |   |   |   |
|---------------|--------------------|---|---------------------------------|---|---|---|
| San Francisco |                    |   |                                 |   | X | X |
| Seattle       |                    | X   | X                               | X | X |   |
| Baltimore     |                    |   | X                               |   | X | X |
| Denver        | X                  |   | X                               |   |   |   |
| Los Angeles   | Multi family only. | Limited to city planning Req. No relaxed building standards | Limited to LA MAS Pilot Program |   |   |   |

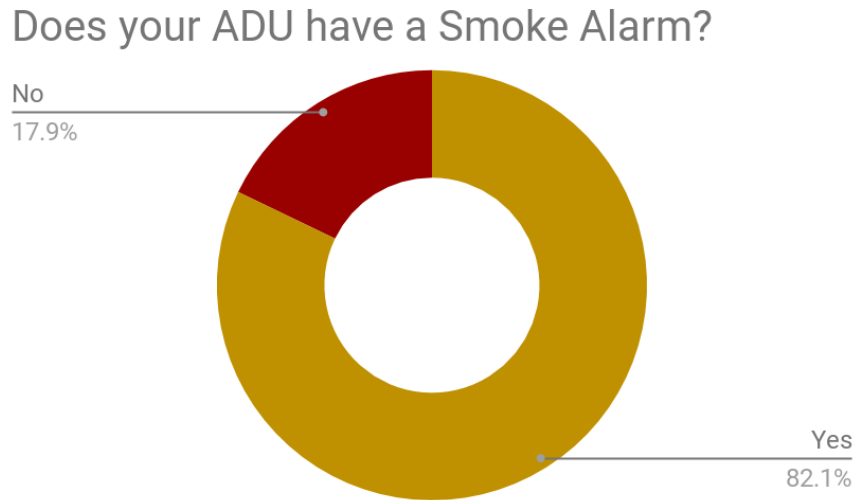
### Survey Findings

In total, we collected 28 ADU Dweller surveys, and 32 Homeowner with ADU surveys. We examined both homeowner and dweller surveys in order to cross-analyze how an owner versus a dweller responded to the same question about the ADU unit. We asked questions about living conditions and tenure relationships to help answer our first research question regarding the living conditions of ADU dwellers and how they compare to the City of Los Angeles’s Building, Safety and Fire Codes for legal ADUs.

#### *Living Conditions*

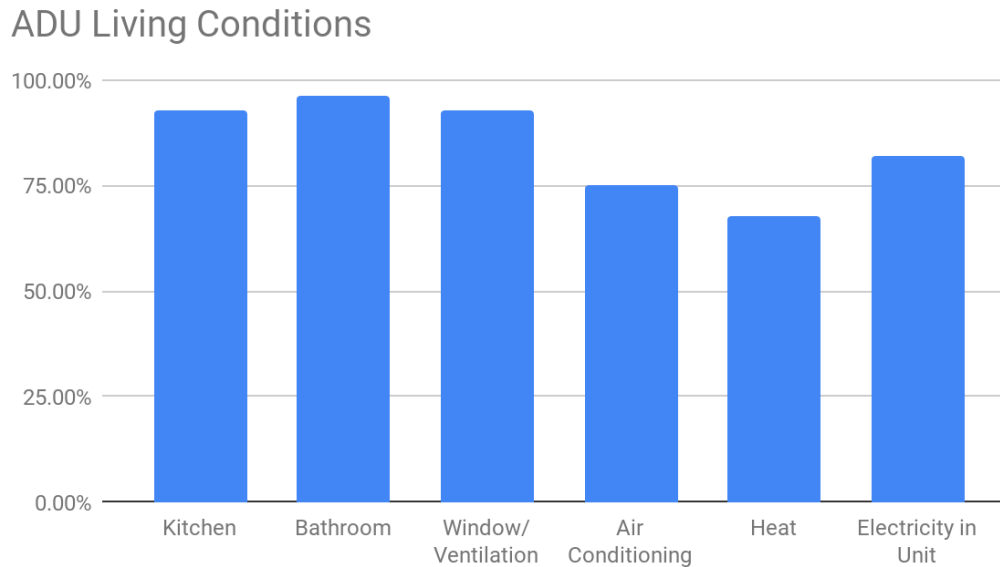
The City of Los Angeles Department of Building and Safety (LADBS) codes state that in order for an ADU to pass inspection and be deemed legal, it must have a smoke alarm in every bedroom. Thus, we asked residents “*Does your ADU have a Smoke Alarm?*” Figure 3.1 below indicates that 82.1% responded with “Yes” to that answer while 17.9% responded with “No”.

Figure 3.1. Percent of ADU Dwellers with a Smoke Alarm



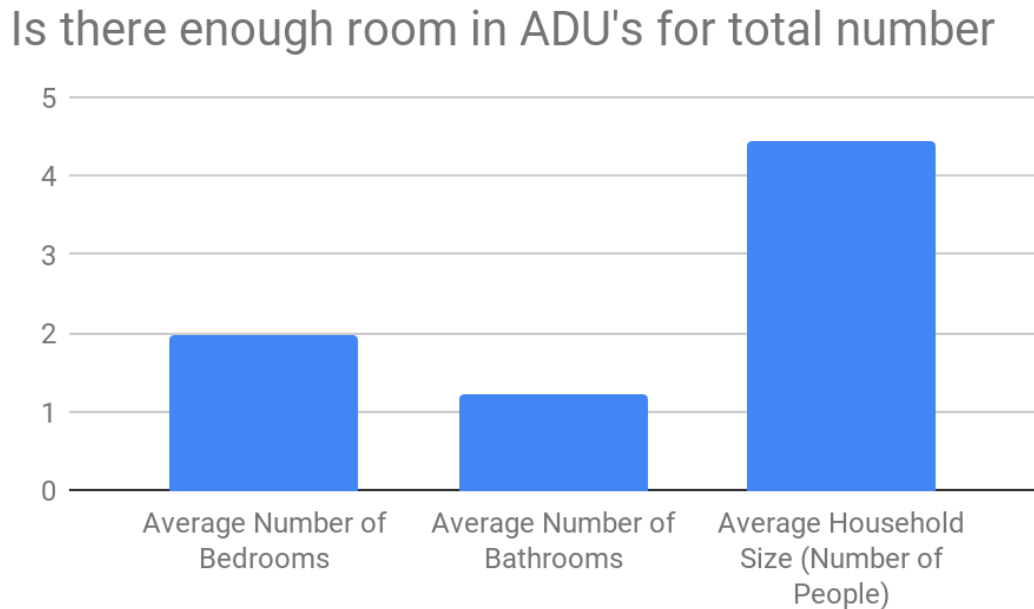
The LADBS Zoning Manual states that both kitchens and bathrooms are required for dwelling units. However, the codes and zoning manual do not stipulate a heating or air conditioning unit requirement, only a requirement for “natural ventilation in habitable rooms by means of operable exterior openings” (LADBS ADU Correction Sheet, 2018). This means that there must be some form of air circulation and natural light entering the unit. Nonetheless, we asked tenants about heat and air conditioning in their unit in addition to asking about kitchens and bathrooms, as we believe these are basic features of a unit without which residents would likely experience poorer health and quality of life. Figure 3.2 below indicates that 96% of respondents had a bathroom and a window or other system of ventilation. 92.8% reported having a kitchen while 82.1% said they had access to electricity in unit. Finally, 67.8% reported having a heating system and 75% had air conditioning.

Figure 3.2. ADU Living Conditions



In addition to amenities within the unit, we sought to understand how many people typically lived in a unit. Figure 3.3 below indicates that ADUs have an average of two bedrooms, one bathroom, and 4.4 residents. The average number of adults per unit was 2.8, while the average number of children was 1.7. The US Department of Housing and Urban Development (HUD) indicates that overcrowding occurs when there are more than two persons per bedroom in a unit. Under this definition, 45% of respondents lived in overcrowded units (HUD, 1998). This means that space and privacy are likely to be a problem for many ADU residents. Outliers for the number of bedrooms were four in one unit and the range of people per dwelling unit was between three and nine people.

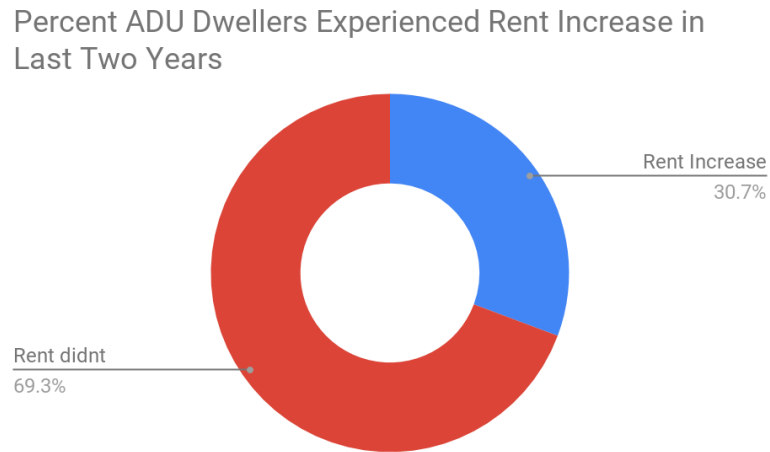
Figure 3.3. Average Number of Bedrooms, Bathrooms and Dwellers Per ADU



#### *Tenancy & Tenure Relationships*

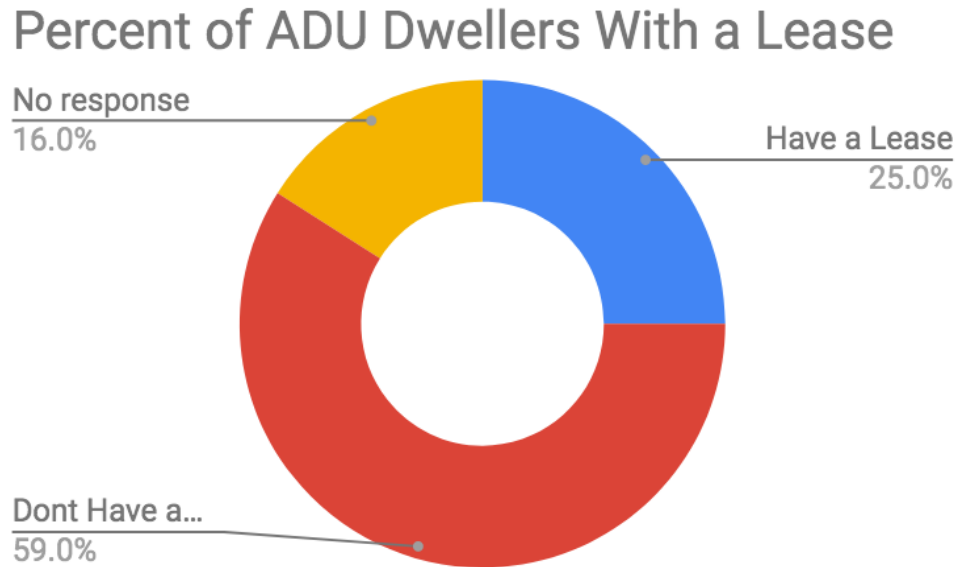
In order to obtain a preliminary sense of tenancy and tenure relationships, we explored questions regarding tenants' relationships with their landlords, including issues such as rent increases and lease agreements. First, we sought to understand how and if the lack of RSO protection for ADU tenants negatively impacted rental prices of ADUs. Thus, we asked: *has your rent increased in the past two years?* Figure 3.4 below indicates that 30.7% of respondents experienced a rent increase while 69.3% did not. Some respondents indicated the amount of the increase, with a range between \$45 and \$300 dollars per month. Finally only 37% of that 30.7% (3 respondents) knew the owner as a family member or friend before renting the ADU. Thus, those with no prior relationship with the owner (63%) were more likely to experience a rent increase.

Figure 3.4. Percent of ADU Dwellers with a Rent Increase in Past Two Years



In addition to these questions, we asked whether or not ADU tenants and owners signed formal lease agreements. Figure 3.5 below demonstrates that 25% of ADU dwellers do have a formal lease contract with the owner, while 69% reported not having one. This raised the question of why there was such a low number of lease agreements and if there is a correlation between lease agreements and tenants' relationships with their landlords.

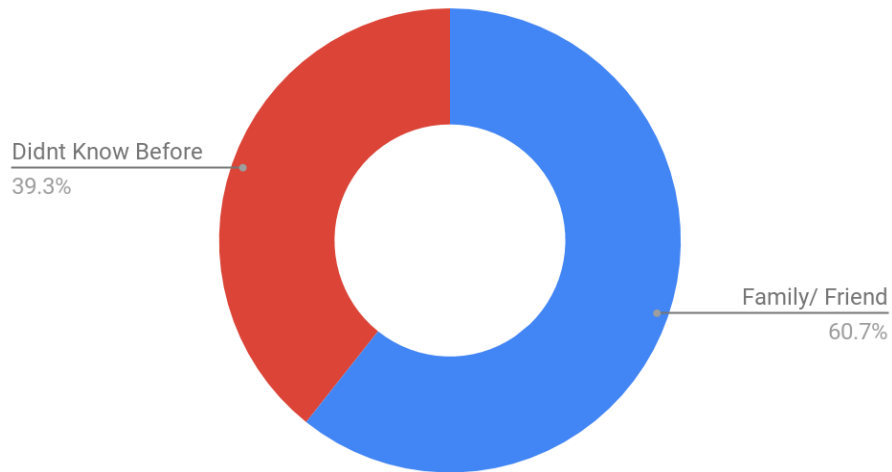
Figure 3.5. Percent of ADU Dwellers with a Formal Lease



One possible reason for the low rate of lease agreements may be that 60.7% of tenants reported renting from family members or friends (Figure 3.6) and 51.8% of ADU homeowners reported leasing to a relative or friend. From the ADU Dweller surveys, we learned that 21.4% of renters with a relationship to the homeowner had a lease agreement, while 36% of respondents with no prior relationship to the landlord had a lease agreement. ADU Homeowner surveys indicated that 60% of tenants with no relationship to the homeowner had a lease agreement, compared to just 6% of tenants with a prior relationship to the owner. This suggests that familial and social ties between tenant and landlord have significant impacts on the nature of the tenure relationship for homeowners and ADU renters alike.

Figure 3.6. Tenant Landlord Relationships (ADU Dweller Survey)

Which of the following best describes your



### Interview Findings

We conducted 11 interviews with 21 current and former ADU tenants over the course of three sessions: at Bradley Plaza on April 27th, at a Pacoima Beautiful event on May 4th, and at a Pacoima Beautiful community inspectors’ meeting on May 6th. A list of interviewees can be found in Appendix 16; their names have been changed in order to preserve their anonymity. Interviewees were primarily women and Spanish speakers, but spanned a wide age range including both teenaged and elderly residents. Experiences and living conditions also varied greatly, though were typically mediocre at best. Only two interviewees, both from the same household, described an experience that was outright positive, while several had very negative experiences involving evictions, overcrowding, poor maintenance, lack of kitchens or bathrooms, and conflicts with landlords. A few people described units that pushed the limits of habitability, with concrete floors, lock-

less doors, and, in one case, a unit whose interior space was completely undivided, with the bathroom area not only open to the rest of the room but directly adjacent to the kitchen. But while experiences and living situations both varied among respondents, a few patterns were very clear.

### *Legal Status of Unit*

First, the unit's legal status had a definite impact on the tenant's experience. City inspections posed a serious threat to tenants in unpermitted ADUs, as they could order the unit's demolition. One interviewee, Elena, told us that she had been evicted three times because the unit she was living in had to be torn down. In one instance, she was forced to leave behind a number of newly-purchased possessions and take only what she could carry; with rainy weather and no place to go, she ended up taking shelter at a hospital emergency room. Teresa's friend was similarly evicted after inspectors ordered the unit's demolition, though they were aware of their rights and were able to receive relocation assistance from the landlord. Alison, a woman who grew up living in ADUs, reported that her family often had to vacate a unit at a moment's notice when the property owner found out inspectors would be coming. Alison suspects, however, that many landlords were simply using this as an excuse to evict them. Another resident, Rosalía, had a similar experience: following a dispute with Rosalía's roommate, the landlord called inspectors to report the unit, thereby weaponizing its illegality to force out the tenants. The threat of inspection and subsequent eviction is therefore not only a cause of serious anxiety to many ADU tenants, but also one that can be exploited by landlords. Only one tenant we spoke to, Patricio, had called the city to report a problem in his home,



and he found them utterly useless; the inspectors never came, and, with the balance of power remaining in the landlord's favor, the issue went unresolved. Patricio expressed relief that he now lives in an apartment building with a formal lease, where he knows he will not be evicted if inspectors find the unit is not up to code and where the landlord has to make any necessary repairs.

### *Landlord-Tenant Relationship*

But while tenants of unpermitted ADUs were at high risk of eviction, those living in permitted units were not much better off; not one interviewee had a lease during the time they lived in an ADU, regardless of its legal status. This makes tenants highly vulnerable to displacement or exploitation, and they were often at the mercy of their landlord. Indeed, several interviewees described various ways that landlords took advantage of their position of power. Alison described how some landlords would steal her family's possessions, with one stealing their food from the shared refrigerator in the main house. An ADU Elena lived in had no kitchen, so she bought a small electric stovetop. Her landlord, however, wouldn't let her use it because he said it would waste electricity, and often told them not to use electricity in general. Natividad, who sublet a room in a house, had a similar problem with the house's renter, who would avoid turning on the house's air conditioning and discouraged Natividad and the other subletters from using their own fans to deal with the heat. The renter also dictated certain hours of the day when the households could eat meals. Patricio made a verbal agreement with his landlord that they would not take any legal action against each other, only to be taken to court after moving out. His landlord had finally agreed to fix the hole in the bathroom,

but at Patricio's expense; Patricio refused the offer, saying he would rather live with the hole than have to pay to fix it. Two years after leaving the unit, the landlord made the repairs and billed Patricio for them, taking him to small claims court in order to force him to pay. Patricio, lacking any legal assistance or representation, lost, and was forced to pay \$800 for repairs, which amounted to a large share of his savings.

For this reason, many interviewees' experiences were ultimately determined by their relationship with their landlord. Though conditions in Melissa's home were already fairly poor, things changed for the worse when her mother's previously good relationship with the landlord deteriorated following a rent increase. The landlord restricted the family's use of the front yard, making it far more difficult for Melissa to escape the lack of privacy in her family's one-room garage conversion. By contrast, Ofelia has won her landlord's favor through her family's renovations to the unit, her proactive approach to maintenance and security on the property, and the landlord's fondness for her children. The landlord has therefore paid for part of the costs of the repairs she made and is lenient if they are late on the rent, going so far as to give them a month free after Ofelia's husband was injured at work. Claudia by far had the best experience living in an ADU of all our interviewees. Her landlord of over twenty years has maintained relatively low rents, regularly checks in about issues and fixes them promptly, and added an extra bedroom for the unit without raising the rent. While Claudia described him and his late mother as being extremely kind and generous people, she also implicitly mentioned that much of her experience has been contingent on his continued goodwill. Like Ofelia, Claudia has paid for many repairs to the unit, generally splitting them evenly with the landlord, and she also makes a point to maintain the unit in good condition; part of the

reason for this, she said, was a concern that damaging their relationship could lead him to raise the rent or even evict her. Of the ADU tenants interviewed, then, the ones who had good experiences with their landlords were the two who paid the costs of upgrading or repairing the unit.

While Claudia mentioned maintaining a good relationship with her landlord as a reason for paying part of repair costs, she also presented it as a matter of obligation or tact—while she may not own the unit, she is the one using it. Other interviewees expressed similar sentiments, that the landlord was doing them a favor or that they didn't want to cause a fuss by raising issues, perhaps a result of the power that local landlords have over tenants. Beatriz, for example, had a problem with a leaking toilet that was only partially fixed by the landlord, but she didn't want to press the issue any further so as not to bother them. She also said that she does not want to ask them if the unit is permitted or not. In Justin's case, the problem was more personal; though he and his other family members would like to move out, his father is reluctant to because they are renting from his brother, Justin's uncle. Enrique also reported being somewhat unhappy living with his daughter in a crowded house, but does not want to complain since she has taken him in rent-free.

### *Overcrowding*

Crowding was an issue reported by the majority of interviewees, even those whose living conditions were otherwise adequate. Several interviewees lived in ADUs or houses that were shared with other households, but even those who had a unit to themselves typically had far more people than bedrooms due to large family sizes, low

incomes, and high rents. The four teenagers interviewed provided a sense of the toll that the lack of privacy and constant close contact could take on them as individuals and on the family as a whole. Justin sleeps on a couch in the living room now that his older brother has moved back in with the family. Kevin's family of five lives in a two-bedroom ADU, with Kevin sharing a room with his brother and often coming into conflict with him. With little space or privacy inside, Kevin often does his homework in the yard. Luís lives in a small house with nine people in it, which has a serious impact on his daily life. "There's no privacy, sometimes I get so tired and I want to lay down but I can't," he said, and he often sleeps in the living room simply because it has more privacy at night. Because of these conditions, Luís is always happy to leave the house, joining activities or even just spending time in the yard, though this is often a source of tension with his parents. While Melissa's relationship with her sisters and mother is better, the lack of privacy in their one-room unit can still be too much to bear. "The only alone time I get is when I'm on the bus," she said, and, like Luís, she often needs to leave in order to decompress, walking around the block or visiting her godmother's house. Melissa also feels the need to warn friends who come to visit, saying "don't be alarmed, my house is not as big as yours." It is perhaps for all of these reasons that Beatriz, when asked what changes she would like to make to her unit, said that she wished she could add a bedroom so that her oldest child, a 14 year-old, could have a room of their own.

### *Expanding Households*

In many cases, an expanding household could be a point of contention with landlords. Melissa's landlord raised the rent because her mother's boyfriend was staying

over frequently, considering him to be part of the household. When Natividad became pregnant with her second child while subletting, she faced hostility from the renter and other subletters; her rent was increased by \$85, which she saw as an effort to push her out of the house. In describing her positive experience with her landlord, one point that Claudia considered worth emphasis was that he has been very accepting of household changes. When her mother, Daniela, moved in with her, he not only allowed it but also built them a third bedroom without raising the rent. He showed a similarly open attitude towards a family living in another ADU on the property, who had a total of eight children.

### **Analysis**

Both the interview and survey findings complicated our understandings of the tenant experience in Pacoima and precipitated a change in thinking about the issue. The survey results showed that a majority of units meet basic habitability metrics like smoke alarms, air conditioning, and kitchens. In interviews, however, a different picture emerged. Even when tenants lived in units that met basic habitability standards, many still had complex and often negative experiences living in the unit. Upon reviewing our results, it became clear that our basic assumption underlying our initial approach and our survey questions was incorrect; rather than physical conditions, it was the relationship with the landlord that formed the common thread through all of our interviews and defined tenants' experiences. When physical issues did arise, they tended to be inextricably bound up with a tense or uneasy relationship with the landlord. In analyzing

this issue more deeply, we identified three primary dimensions of the landlord-tenant relationship: expectations between tenant and landlord, personal agency, and instability.

### *Expectations*

The most common way the tenant-landlord relationship appeared in interviews was through the misallocation of responsibilities. The tenants we spoke with often took on extra tasks that are technically the responsibility of the owner, and expressed ambivalence or nonchalance when asked why. While this is certainly compounded by the absence of lease contracts, which leaves landlords' and tenants' obligations without any formal legal backing and often undefined, many tenants also took on tasks that, legally, are the landlord's responsibility. This typically results in more work and expenses falling on the tenant.

Some tenants placed higher expectations on themselves because they did not know and did not want to ask for clarification. These tenants seemed to view themselves as a burden for the landlord. For example, Beatríz told us she felt that the landlord was “doing us a favor by letting us live there” and as a result did not want to ask about upgrades or whether the unit was permitted. Other tenants knew they were taking on responsibilities beyond what was required of them, but saw it as a way to earn the landlord's favor and forestall a potential rent increase or eviction. Claudia, for example, had a good relationship with her landlord. She was grateful that the landlord was accepting when she expanded her family, and even built them an extra bedroom. She has lived in the unit for 28 years and feels it is her responsibility as a tenant to maintain the unit, because she uses it even if she does not own it. She also mentioned, however, that

she wants to maintain a good relationship with the landlord to keep him from raising the rent or evicting them.

In all cases, the relationship between the tenant and the landlord acted as a weathervane for the tenant's security. Many times this happened when there was not a formal lease, which the survey found that 75% of ADU tenants lacked. A lease is not a guarantee of habitability, but it is a step towards properly allocating responsibility as long as the tenant can enforce the contract as effectively as the landlord.

### *Agency*

Having personal agency means having the freedom to make personal decisions about yourself and your family. Tenants we spoke with often expressed a lack of agency, which seemed to stem from a lack of control over their housing.

The survey results tell us that overcrowding is an issue among Pacoima tenants. There is an average of 4.4 people per unit, with an average unit being a 2 bedroom/1 bath. In interviews, tenants often told stories that suggested lack of control over their physical space. One of the youth we spoke with described how the landlord used to let them use the shared yard, which was then taken away. It made the interviewee frustrated, since the yard was a place they often went to escape their crowded unit. The small size of units and number of people living in them had pronounced physical and mental effects on tenants. Susana used to live in a larger unit with her daughter, which had space for entertaining and for her daughter to play. They needed to move into a smaller, lower-cost unit which had a much smaller kitchen and limited play space. Susana told us how the lack of a kitchen forced her to eat out more, which caused unwanted weight gain. She also limited

visits by family and friends because the space was so small, which made her feel isolated. She worried about the effects the isolation would have on her daughter. Other tenants shared similar stories, and noted how the isolation was a stark change from previous, more stable housing situations.

Agency sometimes collided with misallocated expectations between tenant and landlord in deleterious ways. Tenants might change their space to make improvements, and in the process take on responsibilities and costs that are usually borne by the landlord. Ofelia lived on the upper floor of a two-story ADU that had a carpeted bathroom. Ofelia took out the carpet and replaced it with tile, and also increased the height of the shower stall in order to fill it up with cool water on warm days for the children to sit in. The landlord was surprised that she wanted to take on this renovation, and ended up being so pleased with the work that he reimbursed her for the cost of the tile—but not for the costs of the other changes. Ofelia made a change to her physical space in order to increase her quality of life, but that ended up being a cost that she and her family would have to pay.

Tenants generally felt more agency when they not only knew their legal rights but felt supported in asking for them. There was a marked difference between tenants who were and were not Pacoima Beautiful members. Pacoima Beautiful members overall felt more secure in asserting their rights, especially if they had attended a housing-related workshop or received other tenant protection information. Being part of a community not only tied them to the neighborhood and made them want to protect it, but gave them the support necessary to negotiate with their landlord.



### *Instability*

Undergirding all our tenant stories is a general sense of instability. The effects of precarious housing are long lasting; as Alison explained, “Something can always happen. You never know when something will happen and just like that you’re on the streets.” This feeling of impermanence affects the way tenants make decisions. Survey results showed that, despite 53% of tenants describing their living situation as temporary, over 40% of those tenants had lived in the same unit for 4-7 years. Self-identifying as a temporary tenant might signify how tenants approach their housing. This can contribute to the misallocation of responsibility; if more vulnerable tenants are happy to simply have a roof over their heads, then anything else is therefore just a “favor”. It may also lead them to tolerate a sub-optimal housing situation in the hopes that something better will come along.

Rent increases, for example, leave many tenants feeling unstable in their home. Over 30% of tenants surveyed experienced an increase in the past year, ranging from an additional \$45 to \$300 per month. Many tenants noted a fear of rent increases in their interviews, sometimes leading them to take on more responsibility to prevent them. The median household income in the study area is \$56,557, which leaves little room for a rent increase in addition to other household costs like food or healthcare. This is in line with other data for both the City and County of Los Angeles. A recent report by Zillow noted that if Angelenos spend 2% more of their income on rent, approximately 4,227 people are likely to become homeless (Glynn & Casey, 2018). The stakes are high for tenants in the study area. We found that while bad conditions certainly do exist, so do conditions that

are adequate or even good. A bigger determinant of quality of life was the relationship between the tenant and landlord.

## **Conclusion**

In this chapter we seek to shed light on the current living conditions and experiences of Pacoima tenants living in ADUs. Our policy analysis examined recent changes to ADU regulations, current ADU tenant protections, and alternative approaches to code enforcement across U.S cities. Primary research methods involved a door-to-door survey in the study area and a series of semi-structured interviews with ADU tenants. The three dimensions discussed above—high expectations, lack of agency, and instability—have material and psychological effects on tenants and their families. These results run counter to traditional strategies to protect precarious tenants, which typically focus on regulating the physical structure through code enforcement and other means. The landlord-tenant relationship itself has often fallen to the courts to mediate, with varying results. Neither of these approaches are adequate. The legal system cannot be the primary arbiter of tenant-landlord relationships, and policy makers cannot only focus on enforcing rules for physical structures. More effective solutions should intervene in the landlord relationship to properly manage expectations, to increase tenant agency, and to create stable housing for all.

## *Recommendations*

The objective of the following recommendations is to improve the relationship between renters and owners. Based on our research findings, we advocate for people-

centered, rather than structure-centered, housing policy. While many of these recommendations focus on renters, they will benefit owners too. By protecting renters and improving their lives, owners will secure more stable and long-term tenancies, and therefore greater rental income and overall financial security.

### 1. Organize Renters and Owners—Build Agency

First, building upon the current work of Pacoima Beautiful, we recommend expanding ADU renter/owner organizing, education, and power building. This includes:

- Developing “know your rights” workshops.
- Partnering with non-profit defense attorneys who can provide legal advice at renter clinics when needed.
- Building upon the already successful *promotora* program to provide outreach and engagement with backyard house residents.
- Finding other local organizations focused on housing justice to expand organizational capacity.

Equipping residents with education about their rights and connecting them with one another will go a long way to eliminate feelings of “being alone” in one’s living circumstance and provide ADU residents with greater agency.

### 2. Reform Code Enforcement Policies and Practices—Ensure Clear Expectations and Foster Agency

Based on both our policy analysis and interviews with renters of ADUs, we recommend a series of harm reduction approaches that put people first and support them

if changes are needed, without imposing high costs on the owner or causing displacement of the renter. The goal of these reforms is to move code enforcement *away* from its focus on the physical structure; to see residents instead of violations, affordable housing instead of unpermitted units, and eviction prevention instead of code compliance.

*Unpermitted ADU Forgiveness Program:* At the city policy level, we recommend Los Angeles pilot an Unpermitted ADU forgiveness program for all unpermitted units, beginning in Pacoima. This will eliminate the fear of eviction for renters and of fines for owners. The city has already taken steps in this direction for multi-family lots and should expand it to single-family zones as well. A forgiveness program would go further in supporting residents through a compliance process than the new relaxed building standards set by the state and adopted by the City of Los Angeles.

*Life-Safety Grading System:* Once an owner or renter feels secure enough to come forward to say “my unit is not permitted”, more work must be done to ensure any life-safety hazards are addressed. Simultaneously, this process must center people by supporting the renter in staying housed and maintaining the unit’s affordability. Thus, we recommend that the city adopt a life safety grading system that prioritizes the most critical safety upgrades and provides financial assistance to make those upgrades. There are models for this in cities across the country. This approach moves away from a binary of “compliant” and “noncompliant,” and instead meets people where they are at to support people remaining in the same unit.

*Intermediary Partner & Anonymity:* Next, we found trust to be a key issue discussed in interviews with ADU renters. ADU renters expressed a lack of trust in city processes and code enforcement officers. Thus, we recommend that the city build trust by allowing

residents to remain anonymous and working with already established community groups such as Pacoima Beautiful. This is a reform that Pacoima Beautiful could initiate independently, drawing upon their promotora network to provide outreach to and engagement with ADU owners and renters, as well as technical assistance regarding building codes.

### 3. Affordability Covenants—Build Stability

Next, providing an affordability guarantee is critical to regulating the tenure relationship between renter and owner. In addition to the obvious benefit of preserving affordable housing, it removes the potential of a rent increase from the table, which can be a key point of tension between owner and renter that creates experiences of instability, uncertainty and lack of agency.

Due to limitations caused by state law, simply expanding rent control to all newly permitted ADUs is not feasible. A law known as Costa Hawkins restricts rent stabilization to units constructed prior to 1978 in Los Angeles. The City of Los Angeles' current permitting process means that an unpermitted unit would receive a Certificate of Occupancy upon legalization; the Certificate of Occupancy would have a current date and therefore not meet the 1978 RSO cut-off date. This conundrum cannot be addressed without reforming the state law.

We therefore offer an alternative in order to ensure affordability of Pacoima ADUs and protect current tenants from rising rents and displacement. We recommend that the city, partnered with Pacoima Beautiful, provide a fee waiver as well as subsidies for infrastructure improvements for ADUs in exchange for a 10-year affordability

contract. This is similar to the Los Angeles County Department of Regional Planning pilot program. The 10-year affordability contract would limit rents to a level affordable to household earning 35% of area median income (AMI) for 10-years; thus ensuring affordable rents without the rent stabilization ordinance.

#### 4. Housing Stabilization Policy—Clear Expectations, Greater Agency, Long-term Stability

Lastly, our research demonstrates that ADUs are an important part of Pacoima’s housing stock. People spend their entire lives living in unpermitted garage conversions or backyard houses. We must recognize this fact in how we conceive of and advocate for renter protection policies going forward. A future iteration of rent control and other tenant protections, for example, must incorporate ADUs, no matter their permitting status, in order to ensure that all housing tenure relationships are fair and work well for everyone.

None of these recommendations can work on their own. A Life Safety Grading System, for example, will not maintain affordability. In conjunction with an affordability contract, expanded renter protections, greater education, and an improved relationship between owners and renters, however, affordability and protection from displacement could be achieved. Ensuring that there is more fairness and balance between the renter and owner will increase housing security, neighborhood stability, and make sure that investments such as the TCC grant benefit everyone who lives in Pacoima. We should not limit our policy thinking to singularly focus on legalization, permitting, or code compliance of the physical structure because, as we have found, it is the relationships that

determine physical conditions, habitability, and quality of life for Pacoima residents living in backyard houses.

# Chapter IV

## ADU Financing:

**What formal ADU financing is available for Pacoima-Sun Valley homeowners, and how are they paying for ADU construction and upgrading?**

Written By

Zacharias Gardea & Marlene Salazar

### Abstract

We evaluated the formal financial products available to Pacoima-Sun Valley homeowners and evaluated if these products are accessible to them. To conduct the assessment, we compared existing loan policies and current homeowners financial status. Our findings show that project area homeowners face financial obstacles that prevent them from qualifying for a loan. Even in the absence of traditional financing, homeowners have continued to construct and finance accessory dwelling units (ADUs) using personal savings. Based on our interviews with key financial players and project area homeowners, we recommend three action items designed to expand access to affordable capital to Pacoima-Sun Valley homeowners to increase the overall supply and legalize unpermitted ADUs.

*Keywords: Traditional financing, loan policies, financial status, accessory dwelling units, affordable capital*



## **Introduction**

The housing market in Los Angeles has received wide media attention due to its lack of affordability in the rental market and skyrocketing home values. The communities of Pacoima and Sun Valley in the Northeast San Fernando Valley are not immune to the effects of a tight housing market. In its anti-displacement plan for the Transformative Climate Communities grant, Pacoima Beautiful (PB) explicitly targets accessory dwelling units (ADUs) as a critical tool to combat displacement pressures resulting from the grant's green reinvestments. To encourage the supply of naturally affordable ADUs, construction costs must be within the realm of financial feasibility for Pacoima homeowners.

The State of California in 2017 passed legislation easing zoning and permit regulations for Accessory Dwelling Units (ADUs) with the hopes of making total cost more affordable for a larger segment of homeowners. One of the biggest hurdles since then has been navigating financing options for homeowners who wish to build or remodel ADUs. Many conventional lending programs do not consider ADUs as a source of income or even an asset, which limits and sets strict processes to finance ADUs. Examining underwriting practices is an important aspect to understand the current lending landscape and begin to identify financial barriers homeowners experience.

## **Project Background**

Pacoima-Sun Valley is a dense, suburban community of the San Fernando Valley largely made up of Latinos (89%) and immigrants (46%) (Green Together 2017, 2). The project area's median household income, according to the American Community Survey

2017 (ACS) is \$50,375 (ACS 2017). Due to the overcrowding nature of the housing market, nearly a quarter of units in the community have more than one occupant per room (Green Together 2017, 2). The need to better utilize large single-family lots to accommodate more housing has spurred the supply of both unpermitted and permitted ADUs.

Central to PB's policies to avoid the displacement of vulnerable residents, ADUs offer the potential for naturally-occurring affordable housing that conforms to existing neighborhood character and integrity. Additionally, ADUs provide opportunities for multi-generational living and create financial benefits for low-income homeowners. Pacoima-Sun Valley residents have already displayed a preference for ADUs, as an estimated 30% of residences have a second living unit on the property (Green Together 2017, 2). With a large degree of residential lots over 8,000 square feet, the land use opportunity exists to expand the supply of ADUs. However, the high costs to construct an ADU in Los Angeles, along with the inaccessibility to leverage financing, makes the prospects bleak for homeowners of a low-income community like Pacoima-Sun Valley.

### **Research Questions and Hypotheses**

The following research will evaluate the current financing, construction costs, and underwriting process of ADUs. Pacoima Beautiful has developed an anti-displacement plan and has incorporated the production of ADUs as an important strategy. The area is comprised of many existing ADUs and Pacoima Beautiful, along with other groups, are currently developing different ways to address the issue community members face: lack of affordable financing. Based on estimates from Hausable (2019), a cost of a 600 square

foot ADU in Pacoima can range from \$90,000 to \$150,000 depending on whether it is a renovation or new construction job, respectively. With project area median household being nearly \$23,000 below the City level, many households do not have sufficient capital in savings accounts to afford an ADU; thus, affordable loans and credit become much more significant. With these financial obstacles in mind, we focus on the following research questions through its research collection: What are the formal financial products available to Pacoima-Sun Valley homeowners for ADU financing? Are existing products accessible to these homeowners? If not, how are they financing their ADUs?

We hypothesize that traditional lenders are limited in the products they offer, because of unique lending risks associated with financing ADUs. Furthermore, based on strict underwriting standards for conventional loans and household financial data, we hypothesize that project area homeowners have a low borrowing capacity. Finally, to organically fill the financing gap that exists for homeowners of low-income and equity, we expect that households have used personal savings and/or credit cards to finance the high construction and upgrading costs of ADUs.

## **Methodology**

Our methodology consists of three components: financial landscape analysis, community interviews, and financial stakeholder interviews. A description of each phase is below.

- Financial Landscape Analysis: An in-depth examination of existing literature as well as current financial conditions. This phase of our methodology aims to

provide information on the local economic context of the study area as well as an overview of the literature on the topic.

- **Community Interviews:** The objective of community interviews is to gather information from homeowners who own an ADU in our study area to determine potential obstacles they face when financing construction or upgrading. It is critical to consider what these interviews reveal and identify potential patterns experienced by local homeowners. Due to the sensitive nature of financial status, instead of holding focus groups, we conducted interviews on an individual basis.
- **Financial Stakeholder Interviews:** The goal of this phase is to collect information from local financial experts about existing loan products and policies geared towards ADUs and to provide an opportunity to better understand challenges lenders face when disbursing those products.

We created the research design process to better understand the experience of Pacoima-Sun Valley homeowners who own an ADU. Each section aims to gather data to develop our recommendations. We designed interview protocols to guide the discussion in the interviews and to collect the most amount of information as possible. A copy of each protocol can be found in Appendix 17.

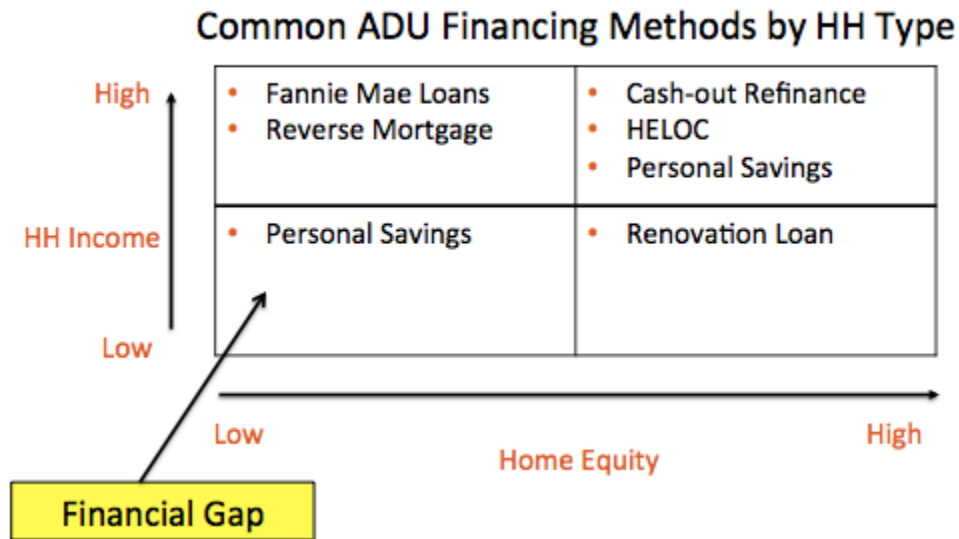
### **Literature Review: ADU Financial Products and Borrowing Capacity**

The current landscape for ADU financing is limited, as ADU-specific loan products have not been widely developed. ADUs are not yet a common enough product for financial institutions on a large scale to craft specific financing that addresses

differences between single-family and multi-family lending. For this reason, homeowners must find creative methods to fund their ADU conversion and construction costs.

Due to high construction costs, a financing barrier exists for a significant number of low, fixed income households with high debt, bad credit, and/or low-home equity. As illustrated in Figure 4.1, homeowners of lower financial status face limited financing options to cover capital costs for ADU improvements. For this reason, there is increasing interest from local governments, nonprofits, and financial institutions focused on economic justice to consider creative ways to expand access to affordable capital to encourage the supply of ADUs in lower income communities like Pacoima-Sun Valley.

Figure 4.1. Common ADU Financing Methods by Household Type



Source: Center for Community Innovation, UC Berkeley.

According to UC Berkeley's 2017 survey of ADU-building homeowners in three key cities on the frontline in this field- Portland, Seattle, and Vancouver- nearly 45% strictly used personal resources like savings or credit cards to finance the ADU (Center for Community Innovation 2017, 11). Another 40% borrowed against built-up home equity, and 4% borrowed against the future value of the property after completion of the ADU. In the cases where homeowners leveraged private financing, credit unions and regional banks were more willing partners than national banks to provide lending. Common private financing that homeowners leverage to fund ADU construction are Home Equity Line of Credit (HELOC), cash-out refinance, renovation loan, and personal savings (Center for Community Innovation 2017).

A HELOC is a second mortgage with a fixed interest rate and monthly payments for homeowners to tap built-up equity. HELOCs are ideal for smaller loan amounts that can be paid back in the short term. This product can be similarly described as a credit card, since borrowers have the option to pay interest only without having to repay any principal, and it comes with a revolving credit line. HELOCs typically have an amortization period of 30 years and loan-to-value from 80-100% of the appraised value of the home (Propel Studio n.d.). HELOCs are best for high equity, high income households who can leverage built-up equity on the property.

With a cash-out refinance, a borrower who leverages built-up equity and cashes out the difference between the new, higher loan and the existing mortgage owed. With a fixed rate and 30-year amortization, a cash-out refinance leads to higher monthly payments than a HELOC, but the principal and interest remain constant through the life of the loan (Propel Studio n.d.). Once again, high-equity, high-income households are

ideal for this product, since they can take advantage of low interest rates for refinancing or take out a second mortgage if rates are high.

With a renovation loan, the borrower has the ability to finance both the primary residence plus the costs associated with the ADU. The increased value of the property expected after construction of the ADU factors into the loan amount. Renovation loans are typically more difficult to obtain considering the special application requirements and higher closing costs (Center for Community Innovation 2017, 12). Renovation loans are ideal for low equity, high income households who demonstrate an ability to repay, but may not have enough equity to leverage.

Households of higher socioeconomic status who have the ability to leverage investments, rely on friends and/or family, and use personal credit cards have little financial stress when deciding whether to personally finance or borrow from an institution. On the flip side, low-equity, low-income households typically do not have significant cash savings, relatives with deep pockets, or large enough credit lines to afford ADU development. A homeowner who only has personal savings to finance an ADU is in a difficult position, considering the high development costs. This presents a financing gap that is relevant to Pacoima, considering the project area's relatively low household borrowing capacity.

### *Underwriting Criteria*

With low-to-moderate household incomes largely found in Pacoima-Sun Valley, a need exists to access additional financing to cover project costs. For this reason, it is integral to understand the borrowing capacity of homeowners in the study area.

Determining how much a household can borrow depends on five critical financial factors. Commonly referred to as the “Five C’s of Credit,” households should meet thresholds related to credit history, capacity, collateral, capital, and conditions, in order to obtain favorable loan terms and rates (Wells Fargo n.d.).

Lenders will use income, monthly expenses, and debt like credit cards and personal loans, to determine the homeowner’s ability to afford and make repayments. Credit history is a critical variable for lenders, as higher scores suggest greater reliability that repayments can be made on schedule, and importantly, this can help borrowers obtain higher loan amounts. Credit scores vary by the product, but the common thread throughout is that higher credit scores receive better terms and rates because they are more trustworthy.

Another indicator lenders examine is capacity, which takes into account the borrower’s ability to comfortably make payments. Capacity is generally evaluated using the debt-to-income ratio, which compares existing and new debt with pre-tax income. Collateral takes the value of an asset that is offered as security for the repayment of the loan, and subtracts the amount of existing debt on that collateral, resulting in equity. Lenders prefer households with equity built-up to ensure that the borrower can leverage the asset, if needed, to make payments.

Capital can include employment income, rental income, savings, investments, and other assets that can be used to repay a loan; finally, at its most fundamental, conditions relating to how the money will be spent. The underwriter will examine these and other documents to assess eligibility. Although ADUs provide an added source of income,



lenders undervalue them due to the lack of comparable properties and level of risk during the construction process.

## **Interview Findings**

### *Existing Financial Landscape: Local Key Players*

Financial institutions are creating loan policies that help finance the construction of ADUs. We interviewed top financial stakeholders from the Southern California region with the intent to gather additional information about existing loan products and policies offered to homeowners, as well as stakeholder challenges faced through the loan process.

We interviewed the following four financial institutions: Genesis LA, Self-Help Federal Credit Union, U.S. Bank, and Pacoima Development Federal Credit Union. All of these financial institutions have an ADU loan policy on the books, but none have disbursed such a product to a Pacoima-Sun Valley homeowner. Later, we will discuss if the products we spoke about with these financial institutions are accessible for project area homeowners.

### *The Backyard Homes Project Pilot Program*

Genesis LA, Self-Help Federal Credit Union, and LA-Más have partnered on The Backyard Homes Project. The program is an affordable housing initiative which aims to support homeowners in building an ADU in exchange for “renting their unit out to a Section 8 voucher holder for a minimum of five years” (LA Mas 2018, 4). Participants will receive the following items: free project management, affordable design and construction services, optional financing in the form of a permanent mortgage product

and other supporting services. Participants have two ways to participate in this program; each option offers different levels of support. Option A offers financing, design, and construction support, while Option B offers design and construction support only. In addition to the package of services offered by LA-Más, Self-Help Federal Credit Union offers application assistance to homeowners interested in the pilot program.

The objective of the program aims to be a one-stop-shop for homeowners willing to build an ADU that brings construction costs down by providing multiple floor plan designs. The program targets people who are asset rich, but income poor, according to Lillian Mayer, Special Projects Manager at Self-Help Federal Credit Union (2019). Although Pacoima residents fit the description of the loan's target population, Pacoima residents have had difficulties qualifying for the loan because of high debt burden rates, as stated by Tom De Simone, President and CEO of Genesis LA (2019). Taking out an additional loan on top of an existing home mortgage would be an added expense a household may not be able to afford. The pilot program has two people who have been pre-qualified, but loans have not closed yet.

Mayer also shared the loan underwriting process. Unlike other loans, the loan underwriting is done manually. The program is still new and there are no current underwriting patterns identified thus far. In addition, the loan takes into account future income received from tenants when evaluating a homeowner's sources of income. This helps financial institutions consider how a homeowner's income will be impacted after the ADU is constructed. High risk loans are balanced by a loan guarantee funded through a JP Morgan Chase grant of \$650,000. Once construction is completed, the guarantee is removed and revolved to another ADU loan.

### *U.S. Bank*

After the recent state ADU legislation pass, Karyn Jones, U.S. Bank Mortgage Loan Officer, helped create a U.S. Bank ADU loan product for the state of California (2019). Jones had previous experience with construction loans and sought this opportunity to roll out an ADU policy at the bank. She mentioned three prevalent strategies for ADU financing that center on current valuation and after-improved value of the property. Two of the three products are first mortgages with the third acting as a second lien mortgage. Jones explains the third option as the most popular route homeowners have taken to finance an ADU. The second mortgage considers the after-improved value of the property once ADU construction has finished, allowing the homeowner to leverage a higher loan amount in the present. One major caveat to these products is that they are collateral-based, which requires the property to have enough built-up equity to draw upon. For this reason, Jones has not financed lower-end households; instead closing loans with middle-of-the-road households largely in metropolitan areas across California.

Throughout the state, Jones has disbursed an estimated 15-20 loans per month, suggesting a strong demand from the marketplace for ADU-specific financial products. Due to growing market demand, she believes the ADU loan policy that she has crafted for U.S. Bank will inevitably evolve to consider future rental income received from an ADU, making the product more accessible for low-income borrowers. Based on the deals Jones has closed, the largest obstacle homeowners face is the construction cost, which can reach upwards of \$250,000 for a 300 to 600 square foot, free-standing ADU.

Noteworthy, the loan product has not been disbursed to a project area homeowner. Instead, Jones mentioned beach communities and metropolitan cities of higher socioeconomic status as areas where she has had success in offering the ADU products. After describing the demographics of Pacoima-Sun Valley, Jones suggested the Federal Housing Administration (FHA) 203K fund as the most viable product. The FHA 203k offers more flexible underwriting guidelines and loan terms for lower end households and will be discussed deeper in the following section. However, Jones mentioned that contractors often deny a project if the fund is involved because of its high administrative costs and delayed fund dispersal. For example, the initial draw (loan payments) is 50% of the estimated material and labor costs. Then, a homeowner prepares Draw Request forms for additional funds. This long, drawn out process can dissuade construction contractors from taking on projects that incorporate this product.

#### *FHA 203(k) Loan Products*

The FHA insures two 203(k) mortgage products- Full and Streamlined- that are offered by approved private lenders to prospective home buyers or homeowners looking to refinance. These mortgage loans are intended to expand homeownership for borrowers who do not traditionally qualify for conventional private products due to poor credit history and/or high debt. The full FHA 203k is typically for larger improvements over \$35,000, while the streamlined is for more cosmetic projects under the aforementioned threshold. In ADU terms, the full 203k is more appropriate for ground-up or garage conversion projects while the streamlined version is best for existing units that require a bathroom and/or kitchen installment.

Both products are designed for home improvement upgrades (with differences in maximum loan amount and repair scale), require upfront mortgage insurance premium of about 1.75% of the total amount and 0.85% annually (broken into monthly payments), and accept down payments as little as 3.5% for credit scores above 640. FHA products also have liberal DTI requirements; more than a quarter of FHA borrowers have back-end DTI ratios of 50% or more (Miller 2019). In contrast, conventional, private loans require credit scores above 720 and 20% down payment for mortgage loans.

#### *Pacoima Development Federal Credit Union*

Roberto Barragan is the current Principal of Aquaria Funding Solutions and founded the Pacoima Development Federal Credit Union (Pacoima CU). Although the organization has an ADU loan policy on the books, Pacoima CU has not closed such a loan with a Pacoima or Sun Valley homeowner. Barragan shared that the credit union is experiencing internal stress, limiting the level of risk it can endure (2019). The product's underwriting policy takes into consideration a household's income and the income generated by an ADU. As part of the underwriting process, the credit union accounts for the applicant's FICO credit score. According to Barragan, a multi-generational household is a stronger applicant for a loan because one-family member with the highest credit score and income can be the main borrower on the loan. Like the previous two loan policies, Pacoima CU offers application assistance, but Barragan noted that while application assistance is an important element, Pacoima-Sun Valley homeowners must learn about two key items: permitting process and selecting license contractors.

## **Are these Products Accessible to Pacoima Homeowners?**

We answer this question by generalizing findings from six project area homeowners. Four homeowners have an existing, unpermitted ADU on their property, two have desires to construct a back unit, including one who made a three-bedroom addition to the main residence. Only one homeowner built an ADU from the ground-up; the others were existing when the homeowners purchased the properties. The three other homeowners who have an existing ADU, but did not build it from the ground-up, have financed bathroom or exterior upgrades to the unit. All of the homeowners interviewed are perceived to be Latinx; 66% of people interviewed spoke Spanish as the primary language. All the interviewed homeowners we interviewed seemed to be between 35 to 65 years old.

In the following section we present loans available to Pacoima-Sun Valley homeowners: The Backyard Homes Project, U.S. Bank, FHA 203(k), and Pacoima Federal Credit Union loan policy. We provide underwriting criteria for each loan product while analyzing the viability of these loan products in the project area.

### *The Backyard Homes Project Pilot Program*

For this program, Genesis LA and Self-Help Federal Credit Union developed a unique, permanent mortgage to fund ADU construction costs. The terms of the product are as follows (LA Mas 2018, 7):

- Fixed rate, no permanent mortgage insurance
- Terms of 30, 20, 15 & 10 years are available
- Interest rate is based on loan-to-value

- Credit score of at least 580

In addition to these loan underwriting terms, the program requires that the homeowner contribute \$3,500 in pre-development costs and \$700 plus 4% of the total project amount for loan processing costs. For a one-bedroom, 500-600 square foot, new construction ADU, the program estimates total costs to range from \$160,000 to \$200,000. Taking the low end of the estimate, 4% of the \$160,000 equates to \$6,400. In order to participate in the program, a willing homeowner would require savings of at least \$10,000 to afford associated costs. Using the same method for a 400 square foot studio garage conversion costing a minimum of \$75,000, a homeowner would need \$7,200 in savings.

None of the project area homeowners we interviewed have between \$7,200 to \$10,000 in personal savings to spend towards participating in the program. Although all six homeowners meet the credit score threshold, household income below area median income in Los Angeles County, and property site conditions, the exorbitant pre-development and loan processing costs make this program inaccessible for the Pacoima homeowners interviewed.

#### *U.S. Bank*

Based on our conversation with Jones, it became even clearer that households of lower end socioeconomic status have limited financial options for an ADU. Jones did not want to share specific underwriting criteria for the loans, which makes it difficult to evaluate Pacoima-Sun Valley homeowners' qualifications for the mortgage products she offers. However, it is worth comparing the financial status of the homeowners we

interviewed with the thresholds and underwriting criteria we do know. For starters, the products offered have a loan minimum requirement of \$100,000 for improvements made on the property. This loan minimum serves as an obstacle for high debt-holding households that may not feel comfortable borrowing such a large amount.

To better understand how the loan products would impact Pacoima-Sun Valley homeowners in real terms, we utilized U.S. Bank's mortgage loan calculator (U.S. Bank, n.d.) to estimate the loan amount and interest rate that the average project area homeowner can receive based on our interviews. Looking at the Home Equity Loan offered at U.S. Bank, this second mortgage allows homeowners to draw a lump sum amount from the property's existing equity good for home improvement projects. The loan calculator factors credit score, property value, mortgage-owed, property location, and desired loan amount. Averaging the financials of the six homeowners interviewed, we inputted a credit score rating of "680-729 Good," a property value of \$500,000, a remaining mortgage balance of \$350,000, and a conservative loan amount of \$75,000.

The resulting estimate provides fixed rates for various term lengths and total amount paid after interest. For a 15-year term, fixed APR of 6.64%, and monthly payments of \$659.12, the total amount paid comes out to \$118,642. Considering that four of the six homeowners collect average monthly rent of \$825, the monthly payments of the loan become digestible. The biggest factor for homeowners will be the amount of built-up equity in the property to leverage more favorable rates and higher loan amount. The products offered by Jones include features that help prospective borrowers qualify. Two such features include loan application assistance and interest-only monthly payments for the first 12 months, even if the project is completed within the first year.



### *FHA 203(k) Loan Products*

As Jones described, the FHA 203(k) products are the most viable for Pacoima-Sun Valley homeowners suffering from poor credit and/or high debt. The low down payment of 3.5% expands the prospects of homeownership to home buyers with low savings. For refinancing purposes, the credit score threshold of 640 meets the average score (692) of the six homeowners interviewed. The DTI ratio ceiling of 50% covers roughly two homeowners, where with conventional loans, all would have difficulty qualifying. However, the upfront mortgage insurance adds an obstacle for households with low savings. For a mortgage of \$500,000, the upfront cost equates to \$8,750 annually and the monthly installments come out to \$354. The logic behind these products is that the down payment is considerably lower at 3.5% than conventional loans at 20%, so not only is mortgage insurance necessary in case of default, but less money is spent upfront even with the premium cost.

### *Pacoima Federal Credit Union*

Although Pacoima Credit Union has an ADU loan policy on the books, our contact was not willing to share the exact underwriting criteria and thresholds for the product, so we were unable to confidently make a determination. But we can infer that since this product has not actually rolled out to a Pacoima or Sun Valley homeowner the product is either inaccessible, or the Credit Union is not in a financial position to take on risky borrowers.

## How Homeowners are Financing ADUs in the Absence of Accessible Capital

It is important to describe the financial status of homeowners in the community. We interviewed six project area homeowners and out of respect for privacy, we labeled each homeowner A-F. Patterns emerged from the interviews that provide greater context into the financial status of Pacoima-Sun Valley ADU homeowners. Table 4.1 provides a list of improvements by household with an estimated total project cost and funding source. A majority of ADU projects are upgrades, as opposed to ground-up construction, and that is reflected in project costs, which is why we see all but one project costing under \$23,000. Most pertinent to our research question is that three of the five homeowners who have financed improvements to their property, either to the ADU or main residence, drew funds from personal savings. Households D and F borrowed a \$100,000 loan from Wells Fargo and a \$16,000 home equity line of credit from a credit union, respectively. A majority of households who had financed ADU improvements drawing funds from personal savings suggests a disconnect with formal financing.

*Table 4.1. ADU Improvement and Costs*

| <b>Household</b> | <b>Project Description</b>                   | <b>Total Project Cost</b> | <b>Funding Source</b>       |
|------------------|--|---------------------------|-----------------------------|
| Household A      | Roof upgrade and exterior paint              | \$6,000                   | Personal Savings            |
| Household B      | Bathroom upgrade                             | \$3,500                   | Personal Savings            |
| Household C      | No ADU; wants to build                       | N/A                       | N/A                         |
| Household D      | Three-bedroom addition to the main residence | \$100,000                 | Wells Fargo Renovation Loan |

|             |   |                    |                    |
|-------------|---|--------------------|--------------------|
| Household E | Bathroom upgrade                              | \$9,000            | Personal Savings   |
| Household F | One-bedroom attached ADU and carport addition | \$16,000 + \$7,000 | Credit Union HELOC |

Of particular concern, virtually all of the homeowners interviewed suffer from high debt, specifically from credit cards. As Table 4.2 indicates, four of the homeowners disclosed their credit card debt amounts ranging from \$4,000 to \$20,000. One of the two homeowners who did not share their total credit card debt, disclosed that they pay \$580 monthly towards that specific debt. The monthly credit card payments range from \$200-\$500. The level of credit card debt aligns with feedback received from financial institutions that have been interviewed. Multiple key players highlighted the prevalence of high debt totals, which impacts the borrowing capacity of households by increasing risk for lenders.

*Table 4.2. Household Debt by Credit Card and Mortgage*

| <b>Household</b> | <b>Total Credit Card Debt</b> | <b>Mortgage-owed</b> |
|------------------|-------------------------------|----------------------|
| Household A      | \$10,000                      | \$400,000            |
| Household B      | \$20,000                      | \$184,000            |
| Household C      | N/A                           | \$450,000            |
| Household D      | \$4,000                       | \$190,000            |
| Household E      | N/A                           | \$240,000            |
| Household F      | \$4,000                       | \$105,000            |

On top of credit card payments, all six homeowners obtained a mortgage loan to help pay for the purchase of the property. As Table 4.2 demonstrates, the mortgage amounts range from \$105,000 (in 1984 dollars) to \$450,000. Four of the homeowners disclosed monthly mortgage payments of \$1,400, \$2,200, \$2,500, \$3,500. Of the five homeowners who financed improvements to their property, all were making mortgage loan payments when they either leveraged a financial product or drew from personal savings.

Interestingly, five of the six homeowners identified water and utilities as the highest monthly housing expense, aside from mortgage payments. The outstanding homeowner had bought their property three weeks prior to the interview, so they did not have an opportunity to analyze household expenses.

*Table 4.3: Household Income from Employment and Rent*

| <b>Household</b> | <b>Annual Household Income</b> | <b>Monthly Rental Income</b> |
|------------------|--------------------------------|------------------------------|
| Household A      | \$150,000                      | \$1,000                      |
| Household B      | \$55,000                       | N/A                          |
| Household C      | N/A                            | N/A                          |
| Household D      | \$35,000                       | \$650                        |
| Household E      | \$50,000                       | \$1,000                      |
| Household F      | \$30,000                       | \$650                        |

In addition to sharing sensitive information like debt, five of six homeowners disclosed incomes generated from employment and rent, if applicable. As Table 4.3 shows, annual household incomes range from \$30,000 (in 1984) to \$150,000. Monthly

income by household is \$2,500, \$2,916, \$4,166, \$4,583, \$12,500, respectively. To supplement employment earnings, four of the six households generate rental income from either an ADU or spare bedrooms. The rental incomes range from \$650 to \$1,000.

The disconnect with formal financing can be partly explained by how well homeowners qualify for traditional loan products. One way to examine this is debt-to-income ratio, which helps lenders measure the borrower’s ability to manage monthly payments and repay debts. Private lenders typically want to see a DTI ratio under 43% and as you can see, the majority of homeowners we interviewed fall above that threshold. From our six interviewed homeowners, we were able to roughly estimate a DTI ratio for four.

*Table 4.4: Household DTI ratio and Credit Score*

| <b>Household</b> | <b>DTI ratio</b> | <b>Credit Score</b> |
|------------------|------------------|---------------------|
| Household A      | 38.40%           | 735                 |
| Household B      | 54.55%           | 610                 |
| Household C      | N/A              | N/A                 |
| Household D      | 88.32%           | 725                 |
| Household E      | 61.06%           | “Good”              |
| Household F      | N/A              | 700                 |

As Table 4.4 demonstrates, only one falls under a DTI ratio of 43%. Household A, who earns the highest combined income of \$150,000, has a DTI ratio of roughly 38.40%. The three other homeowners sport DTI ratios of 54.55%, 61.06%, and 88.32%. All four have made improvements to either an ADU or the main residence. Household D-

-with a DTI ratio of 88.32%--borrowed a \$100,000 loan from Wells Fargo to finance a three-bedroom addition to the main residence. Interestingly, the homeowner recounted that Wells Fargo reached out initially to discuss the potential of adding an ADU to the property, which sparks questions about appropriate lending, considering they must have been aware of the household's poorly qualified financial status. The high levels of DTI ratios present significant lending risk for financial institutions, as this suggests that these homeowners have an inability to afford to take on another expense like an ADU loan.

Another important loan underwriting criteria is credit score and history. Five of the six homeowners shared what they believe to be their credit rating, with four disclosing a number. As Table 4.4 shows, credit scores range from 610 to 735, with one homeowner describing their credit as "good." Additionally, three of the five homeowners who provided a sense of their credit also stated that they had not experienced late payments.

In summary, the community interviews shed some insight into the personal financials of some Pacoima-Sun Valley homeowners. Although many would like to obtain a loan, there was a general sense of mistrust towards formal banking. Instead, most project area homeowners used personal savings to finance ADU improvements. Also, ADU financial products are not accessible to these homeowners based on their DTI score and existing debt.

While formal lending has become inaccessible, the area has encountered a rise in private loans that have targeted especially vulnerable homeowners. Several of our interviewees received calls from lenders offering all-inclusive services to build an ADU. The services included a loan, permits, and construction. With a rise of private loans,

Pacoima-Sun Valley homeowners are in a unique place and must be informed on how to better navigate the ADU process.

## **Recommendations**

From our findings, we see that Pacoima-Sun Valley homeowners construct and maintain their ADUs generally without traditional private financing for reasons that center on their low borrowing capacity and the inaccessibility of the loan products. As a result, we target our recommendations to expand access to affordable capital and information related to ADU construction to better equip the Pacoima community.

### *1. Pacoima-Sun Valley Revolving Loan Fund*

Our first recommendation is a revolving loan fund (RLF) that we think can be created specific for Pacoima-Sun Valley to close the private financing gap for lowerend households. The idea is that PB finds a willing foundation to grant a certain amount of money to capitalize the loan fund. This grant will then be given to Pacoima CU to administer and distribute funds to homeowners looking to finance an ADU. Pacoima CU can distribute low-interest, favorable-term loans that can provide affordable capital and lower the overall lending risk of the homeowners if they still need conventional, private loans to fund the difference (CDFA Spotlight n.d.). The loan will be repaid to the loan fund with minimal interest gained, and then distributed back out to the next homeowner.

Public participation in the creation of an RLF is essential. Finding a willing government partner for capitalization provides legitimacy and assurance for nonprofit and private-sector actors. The most viable public source partner will come from City Hall

and/or Sacramento, although choosing an agency will need to be determined by an overseeing organization in charge of forwarding the efforts of the RLF origination. The natural government contacts should be County Supervisor Sheila Kuehl, Councilwoman Monica Rodriguez, and State Representative Tony Cardenas.

## *2. Navigating the Construction Process*

Our next recommendation focuses on helping project area homeowners navigate the construction process more easily and efficiently. The proposal is a combination of key action steps that should take place in order to better equip prospective borrowers with navigating loan application, permit process, and construction periods. These actions directly respond to concerns from homeowners and financial representatives that information regarding recent state and local ADU policies are not easily accessible to disengaged, non-English speakers, low technology savvy residents. From our interviews, we identified two key elements that homeowners had questions about.

Certified Contractors Pipeline: Firstly, based on their feedback, there appears to be an absence of a centralized source for homeowners to access to choose the right ADU contractor. For this reason, we propose to PB to collaborate with the City of LA to create a collated ADU contractor pipeline to make the decision for homeowners less time consuming and more trustworthy.

Permit Process Awareness: Secondly, homeowners simply did not know the exact way to permit their existing units. For this reason, we recommend to PB to partner



with the City of LA to hold community meetings to inform homeowners how to legalize and obtain permits for their ADU. Residents should be better informed on how to legalize and obtain a permit for their ADU. Community workshops centered on how best to navigate the City's entitlement process is key to help mitigate predatory activity from businesses who take advantage of uninformed homeowners. This recommendation stems from the desire for greater access to information that community members echoed during the interviews.

These two action items can play a beneficial role for the community, since many members had questions about how to obtain a permit and how to legalize their ADU. These steps help demystify the fear many community residents have by informing local homeowners of the steps they can do to better prepare themselves for the ADU construction process.

### *3. Community Financial Literacy Education*

Our last recommendation centers on financial literacy education to better equip homeowners on ways to improve their financial status. To ensure that Pacoima-Sun Valley households improve their borrowing capacity to maximize financial resources to fund the high cost of ADU construction, we propose to PB to partner with the Pacoima CU to offer community workshops and classes focused on money management strategies that include saving, investing, budgeting, and income planning.

A common thread across most of the homeowner interviews is a distrust with financial institutions, specifically banks. Due to this weariness of formal institutions, homeowners were more willing to engage with organizations who spoke Spanish-- even

if the products offered appeared predatory in nature with high interest rates. As was the case with multiple homeowners that we interviewed, small, local companies contacted the households via telephone having known the personal name of the households they were calling. These businesses offered financial assistance for ADU construction with little evidence of traditional financial backing. This occurrence provides even more credence for a trusted local organization to provide financial literacy resources for Pacoima residents.

## **Conclusion**

The inability to access conventional capital due to low borrowing capacity of Pacoima-Sun Valley homeowners, as a result of high debt, raises alarm as the study area has many existing, unpermitted ADUs. Considering this, our recommendations aim to expand access to affordable capital and information related to ADU construction, permitting, and financing for project area homeowners. We propose the creation of a revolving fund, the formation of formalized public information portals for ADU construction, and the expansion of community financial literacy education. Moving forward, we encourage PB, local financial institutions, and public officials to continue on-the-ground work, research, and community outreach to better understand the financial systems in place in Pacoima-Sun Valley with the intent to develop more targeted policy and products that expand affordable financing to this community.

# Chapter V

## Gathering Building Blocks:

### Community Land Trusts

Written By

Anna Figel, Taylor Holland, and Stephanie Law

#### Abstract

Los Angeles is one of the least affordable cities for both renters and homeowners, and a lack of affordable housing can be devastating for residents as it can lead to eviction, displacement, and homelessness. Our research is focused on how community land trusts (CLTs) can serve as an anti-displacement method in Pacoima-Sun Valley. We explored CLTs in Los Angeles to uncover the processes necessary for establishing a CLT, with particular focus on land acquisition. We then evaluated land acquisition opportunities in Pacoima-Sun Valley based on community priorities. Lastly, we brought homeowners into the research process with the purpose of determining the level of willingness to sell or lease part of their property to a CLT as an alternate method of land acquisition. We end with the recommendation that the organization that operates the CLT should determine the community's priorities, choose a CLT model and land acquisition strategy, assess financial feasibility, identify opportunities for land acquisition, and build strategic partnerships to ensure that the CLT is successfully established and able to thrive.

*Keywords: community land trust, anti-displacement, displacement avoidance plan, land acquisition, affordable housing*

## **Introduction**

The Transformative Climate Communities grant's Displacement Avoidance Plan (DAP) identified community land trusts (CLTs) as a potential method for combating displacement. The DAP outlined specific action items which included collecting baseline information and developing a profile of the most suitable land for a CLT, detailing specific land acquisition strategies, conducting research on CLT best practices, gauging community interest, and identifying funding sources needed to develop a CLT. In addition to the action items listed in the DAP, our research also looked at the possibility of a CLT as an alternate method of financing and constructing accessory dwelling units (ADUs) on the CLT property to increase the affordable housing stock.

CLTs are community-driven organizations that acquire and hold land, removing it from the speculative market. The goal of the CLT is to provide permanent affordability for residents. CLTs have been successfully implemented throughout the United States in various models, such as purchasing land with existing homes or purchasing undeveloped land for development. CLTs are more likely able to offer long term stability because of this divorce of land value from the home. CLTs have the potential to provide these vulnerable populations with the opportunity of not only affordable rental housing, but at times even homeownership, and these land trusts aim to mitigate displacement due to rising rents, land speculation, and gentrification. Additionally, many CLT boards of directors are comprised of one third residents, one third leaseholders, and one third public

officials or stakeholders. Boards typically include residents and community members, allowing for direct input and participation in the decision-making process surrounding community assets. This is a direct method to ensure community voices are uplifted and highlighted, and decisions of change and growth that will impact them will continually involve their input.

Pacoima Beautiful is well established within the community and has gained the trust of many residents. Additionally, the organization already has the experience and network to conduct thorough outreach and planning in the community. As land acquisition is a complex and often slow process to carry through successfully. Because Pacoima Beautiful already possesses the tools and resources needed to work with the community, this research is intended as a guide to land acquisition strategies as a way to better inform the organization about the likelihood of establishing a scattered site CLT utilizing Pacoima homeowners' backyard space as a possible, nontraditional method for acquiring land.

In this paper, we examine the variables necessary for establishing a successful CLT and provide an overview of the strategies and conditions in which a CLT can thrive. We then identify our research questions to analyze the processes and procedures for land acquisition for a CLT in Pacoima-Sun Valley (Northeast San Fernando Valley) and explain our hypotheses and methodology. In the following section, we list our findings from our interviews with CLTs in Los Angeles and Pacoima-Sun Valley homeowners, and the last section outlines our five recommendations for Pacoima Beautiful to consider if pursuing a CLT.

## **Key Factors for a CLT's Success**

We conducted secondary research to inform and guide our own research on CLTs, and the findings from this secondary data research are compiled in the form of a white paper titled *What Makes a Community Land Trust Work?* (See Appendix 23 for full content and findings). We examined existing literature and resources on community land trusts and explored studies that provided insight into the successes, failures, and challenges of CLT formation as a part of this secondary research. Our review identified six major factors that impact the success rate of CLTs which we have briefly compiled below.

The first variable we identified is the issue of financing and land acquisition. Simply put, there can be no CLT without land. Land is extremely costly, especially in the Los Angeles area, and having to purchase land creates a substantial barrier without the proper financing mechanisms. Most often a CLT purchases land for incorporation, but there have also been instances in which a third party donated the land or seized it under eminent domain. However, these last two scenarios are much less common because land is an expensive commodity and therefore is hard to acquire and not freely given.

The second variable we identified is external support. Community and political buy in, meaning support from community organizations, local politicians, and actual residents, is a necessity. A CLT simply cannot take off without the support of these key players as they all make significant contributions to the formation of a CLT and are important members to place on the CLT's board of directors. A government entity is also able to provide potential funding for land acquisition, or even provide a land donation, so

its support is highly necessary. Community organizations are essential because they can potentially take on the daily operations of the CLT.

The third variable we identified are legal conditions. Creating a CLT is extremely complex, meaning the legal parameters surrounding land use and zoning, land transfers, and financial structures must be favorable and address CLTs specifically. Otherwise, a CLT will spend more time and resources on navigating property, tax, and corporate laws separately, providing more opportunities for the CLT to fall short in the land acquisition process. Some states, including California, have laws in place that specifically address CLTs, providing clearer guidelines on how they are able to operate. CLTs must navigate a combination of property, corporate, and tax laws that govern their operations. A community will end up spending extra time and money to navigate and comply with this web of laws and regulations if they formed a CLT in a state without a comprehensive CLT statute. The CLT may also face additional legal challenges that could prevent it from operating as a typical CLT, such as laws that do not allow for the traditional 99-year ground leases (Decker 2018). Laws that define property tax assessment can also create a prohibitive financial burden to a CLT, as well as greatly impede its ability to maintain housing affordability over time. A CLT might have to hold a property for months or years before it can be leased to a new homeowner. In the meantime, the CLT could be responsible for paying the property tax on that land, jeopardizing the financial security of the organization. (Decker 2018).

The last three identified variables all fall under the organization of the CLT: concept, stewardship, and staffing. A clear mission and goal for the CLT is necessary to properly formulate the CLT's purpose and structure so no individual, organization, or

government entity is left out or unclear on any aspect of the CLT. This is to ensure the smooth operation of the CLT which will provide the CLT with the best opportunity for success. Stewardship is another important factor for a strong foundation as a CLT is not only about the home and land but about the residents as well. Stewardship includes providing education, resources, and outreach to ensure that residents are cared for and truly understand the CLT's function and mission. Lastly, trained and paid staff is crucial to the CLT's daily functions, and it is important to have staff members who are trusted and knowledgeable about relevant laws, finances, and code compliances.

We kept all of these success factors in the forefront of our research and chose to focus our research questions on the issue of land acquisition which will be discussed in the next section. Land acquisition is a complex process involving many moving parts, and we felt that concentrating our research in this area would be most beneficial to help Pacoima Beautiful.

### **Research Questions and Hypotheses**

We examined two questions to analyze land acquisition for a CLT in Pacoima or the Northeast San Fernando Valley. First, we examined the possibilities and processes for land acquisition in the project area. We hypothesized that land acquisition would likely require public funds or government land donations. Because CLTs are often operated by nonprofits, it is unlikely they would have the cash on hand to outright purchase the amount of land necessary for housing. However, our research found that instances of public funding and land donation were rare. Additionally, the strong real estate market in Los Angeles and ever-increasing land costs make it difficult for a nonprofit to acquire



land without subsidy, financing assistance, or donation from the public sector. We believed if a nonprofit was able to purchase housing parcels, then single-family homes would be the most feasible processes due to the manageable and known buying process.

Our research also explores under what circumstances Pacoima-Sun Valley homeowners are willing to sell or lease all, or part, of their land for the purpose of a community land trust. Given the large lot sizes and abundance of single-family homes in the project area, we believe there is a unique opportunity for a CLT to acquire land through partial land sales from homeowners. We also assumed some homeowners would consider selling part of their property to generate additional income. However, given privacy and autonomy concerns, we expected homeowners who have an ADU, or who wish to add an ADU, would also consider selling underdeveloped land on their property. We hypothesized that the financial incentive of selling part of the land would not supersede privacy needs.

## **Methodology**

Our research consisted of a mixed-methods approach. We conducted multiple interviews with key staff and volunteers from CLTs in Los Angeles as well as homeowners within the TCC project area. We then performed an analysis of the land strategies identified through these interviews, augmented with secondary data information from a selection of white papers authored by the members of this comprehensive project.

Between March and April 2019, we interviewed 16 Pacoima homeowners living in the project area. The interviews consisted of open-ended questions to reveal in-depth

information about their views on their land. We tested several scenarios, such as their willingness to sell if Pacoima Beautiful was the buyer, their willingness to sell unused portions of their backyard, or their willingness to sell if a wall or fence was erected to separate the main dwelling structure from the CLT structure. By testing different scenarios, we were able to identify under what circumstances Pacoima homeowners are willing to sell or lease all, or part, of their land for the purpose of a CLT.

We also interviewed nine people connected to the establishment (or attempted establishment) of CLTs in Los Angeles, a community advocate who attempted to establish a CLT, and a legal organization which helped establish CLTs in Los Angeles. For the purposes of this report, we focused on Beverly Vermont Community Land Trust, T.R.U.S.T. South LA (originally Figueroa Corridor Community Land Trust), and Tierra Libre Community Land Trust. We chose these three CLTs as case studies because they are operating within the city limits of Los Angeles, under the same regulatory and legal conditions a CLT in the Northeast San Fernando Valley would have to work under. In our conversations, we not only asked how these organizations funded their land acquisition, but also their strategy in selecting parcels. Our conversations explored ways to mimic their successes as well as learn from their challenges.

### **Data Limitations**

Though we were able to conduct multiple in-depth interviews with rich data, our study had the following limitations. While we were able to speak with a large number of individuals about the Los Angeles CLTs, we were only able to get the resident perspective from the Beverly Vermont Community Land Trust. Regarding the Pacoima

homeowners, our sample size was not large enough to make sweeping conclusions about homeowners within the TCC project area. In addition, most of our interviews with homeowners were conducted through UCLA undergraduate student researchers who acted as translators. Because we had to rely on translators to relay information, answers may have been misconstrued throughout our conversations.

## Findings

Our research on existing community land trusts in Los Angeles and conversations with homeowners in Pacoima has shown that the processes involved in establishing and sustaining a CLT in the Northeast San Fernando Valley will be complex. Listed below in Table 5.1 are the summary findings of the interviews with CLTs in Los Angeles as well as those with Pacoima homeowners. More detailed narrative descriptions of each CLT experience and homeowner feedback follow in subsequent sections.

*Table 5.1. Summary of Research Findings*

| <b>Theme</b>  | <b>Details</b>  |
|---|---|
| <i>Community Land Trust Interviews</i>                    |   |
| <b>Opportunistic and Strategic Acquisition Strategies</b> | Land acquisition has occurred through an array of mechanisms, some opportunistic and others more strategic. This includes land transfers from local governments, targeting expiring covenants, and neighborhood relationships and networks. In Los Angeles, there is no clear method that has proven more successful than others. |
| <b>Length of Acquisition Process</b>                      | It can take a long time to acquire larger properties. Many factors that are outside of the control of a CLT, such as environmental testing and remediation, can slow down the process.  |

|  |  |
|--|--|
| <b>Adverse Impacts</b>                     | Acquiring properties with existing residents can have adverse impacts. If site redevelopment is necessary, existing residents can be displaced during the construction period. Also, CLTs require more involvement than typical tenant-landlord relationships because of the ownership component. Not all tenants are looking for increased responsibilities. CLTs which acquire properties with residents must plan for this. |
| <b>Partnerships</b>                        | Strategic partnerships with community members or technical experts, like legal entities, are key in navigating the complex financial and development processes of establishing a CLT.  |
| <b><i>Pacoima Homeowner Interviews</i></b> |  |
| <b>Reluctance to Sell Land</b>             | Homeowners are reluctant to sell portions of their land. Reluctance to sell stemmed from an unwillingness to fully give up a portion of their property and the uncertainty surrounding a partial sale. However, there was some interest in selling the entire property.  |
| <b>Openness to Long-Term Land Leases</b>   | While there is no interest in selling part of their property, some homeowners are open to long-term land leases for part of their backyard.  |
| <b>Additional Income as a Motivation</b>   | Older homeowners who have finished paying their mortgage are less interested in selling or leasing their land because they do not need the income to pay off large debts or expenses. Homeowners stated that the main motivation to sell or lease their land was for income generation.  |
| <b>Unclear legal parameters</b>            | Although there is interest in the opportunity for an additional income source, there are many questions and concerns about the financial and legal implications of selling a portion of land or adding an ADU onto the property.   |
| <b>Trust in Pacoima Beautiful</b>          | Almost all homeowners are more comfortable with a community organization like Pacoima Beautiful establishing a CLT rather than a government entity.  |

In the following sections, we provide a breakdown of each CLT interview and explain the land acquisition process they pursued along with lessons learned. We also dive into the homeowner interviews and focus groups, detailing our findings.

## **Beverly Vermont Community Land Trust (BVCLT)**

### *Persons Interviewed*

Lois Arkin, BVCLT Co-Founder

Questa Gleason, BVCLT Board Treasurer

Adriana Swain, BVCLT Board Secretary

Dr. Adonia Lugo, BVCLT Board President

Lara Morrison, BVCLT Co-Founder and Former Board President

### *Overview*

Established in 1993, activist Lois Arkin founded the BVCLT, which they envisioned as a community of cooperative living and permanently affordable housing. The CLT, which operates the LA Eco-Village, now owns multiple parcels in Koreatown in an effort to create socially, physically, and economically cooperative environments in Los Angeles. Over their 26 years of operation, Koreatown residents have found reasonably priced housing and commercial space in their buildings.

BVCLT owns three consecutive land parcels on Bimini Place. The organization maintains two of the buildings through a ground lease to the Urban Soil/Tierra Urbana Limited Equity Housing Co-op. This co-op provides 50 units of below market share-owners and renter housing. BVCLT manages the third building as affordable rental housing, with a dozen units covenanted for specific low income categories.

Though BVCLT started with strictly residential uses, they now maintain a community learning garden through a partnership with the Los Angeles Unified School District (LAUSD). LAUSD owns the land across the street from BVCLT's parcels, and

approached BVCLT to manage the land. The learning garden includes various types of vegetation native to Southern California and is home to six chickens in the care of BVCLT. In addition, a new quarter-acre acquisition on the corner of Bimini Place and 1st Ave is slated for affordable and environmentally-sensitive commercial space, a cafe, a hostel, and event space for community members. The 26-year-old trust serves as an example of successful property use alternatives to traditional market-rate housing. Figure 5.1 identifies the parcels owned by BVCLT.

*Figure 5.1. BVCLT-owned parcels are shown in the map below.*



*BVCLT-owned parcels are designated by yellow dotted lines. The green dotted line shows the LAUSD-owned land, the learning garden, which BVCLT manages.*

*Parcel 1: 117 Bimini Place, acquired in 1993*

*Parcel 2: 123 Bimini Place, acquired in 1998*

*Parcel 3: 3550-3556 White House Place, acquired in 2015*

*Parcel 4: 3554 W 1st St, acquired in 2016*

*Basemap Source: Google Maps satellite image (May 13, 2019)*

### *Land Acquisition*

BVCLT started with one site at 117 Bimini Place in Koreatown. Since its inception it has continued to expand and purchase multiple adjacent parcels in the area as they have become available.

BVCLT does not use conventional banking services. Until recently, funding for land acquisition and property rehabilitation came from donations, rental fees, and land leases, as well as through revenues generated by BVCLT's technical assistance service. In a particularly novel approach, BVCLT and resident members have tackled financial limitations by using grassroots crowd-sourcing through the establishment of an Ecological Revolving Loan Fund (ELF). According to Gleason, ELF looks for "livability-minded investors" to loan money for the purpose of land acquisition and redevelopment expenses. Investors make loans to ELF for 18 months to 10 years. BVCLT then pays interest out quarterly at a 1.25% rate. Using ELF, BVCLT has received over \$2 million in acquisition and redevelopment funds (Personal communication, April 20, 2019).

In addition to their ELF, BVCLT approached Genesis LA, a local Community Development Financial Institution (CDFI), in 2015 to obtain a loan to acquire a fourplex at 3550-3556 White House Place. By sidestepping traditional banks, BVCLT was able to negotiate favorable rates and better loan terms. In fact, Genesis LA allowed BVCLT to wait four years before making their first loan repayment, until the CLT finished repairs on the property and was able to generate additional income.

BVCLT relied on their existing community network to identify available parcels in their neighborhood. As a long-standing neighborhood institution, BVCLT board

members and residents developed relationships with neighboring property owners, residents, and businesses. Because of their relationships, property owners alerted the trust when they were ready to sell their land. As a result, BVCLT was able to leverage this network in order to receive early warnings about properties in the area as well as purchase the properties without competition from other buyers.

### *Lessons Learned*

Our interviews with BVCLT revealed the innovative ways the organization funds their work, particularly their land acquisition, without relying on conventional loan services. Also important to their land acquisition strategy was which land they looked to obtain. According to Arkin, when BVCLT began their search for land in 1992, the neighborhood in which they ultimately settled was considered undesirable (Personal communication, May 12, 2019). In fact, the neighborhood was a hot spot during the 1992 civil uprising throughout the city. After the uprising, those in the real estate market perceived the area as crime-ridden, which meant BVCLT did not have competition for the land and that the land was relatively inexpensive. The first purchased parcel had a large, highly-distressed structure built in the 1920s. Figure 5.2 shows the state of the building interior when the land was purchased.



*Figure 5.2. Original condition of LA Eco-Village building as seen in the bike room.*



*Residences and communal living spaces in 117 Bimini Place have been remodeled for habitation, but the communal bike room depicts the condition of the building upon purchase. Photo taken by authors.*

During rehabilitation, the trust used cost-effective, sustainable materials to upgrade the rooms. For example, flooring in rehabilitated rooms was made with locally-sourced corkboard. By moving forward with land that seen by others as unappealing and using low-cost materials during redevelopment, BVCLT kept expenses low and within their revolving loan fund capacity.

## **East LA Community Corporation (ELACC)**

### *Persons Interviewed*

Osvaldo Garcia, Real Estate Development Project Manager

### *Overview*

ELACC is a respected housing nonprofit that believes in “community-driven development, equitable housing, transformation through socio-economic justice, and building wealth through financial empowerment” (ELACC, n.d.). In the past, ELACC has been a traditional affordable housing developer who developed housing deemed affordable to those with a median household income below the national government’s housing affordability index. Recently, ELACC began pursuing a CLT project in Boyle Heights—a neighborhood facing deep conflict over encroaching gentrification and displacement. ELACC’s CLT work will focus on developing programs for shared equity among occupants as well as a rent-to-own option.

The organization’s goal is to try new ways to develop affordable housing and neighborhood assets because traditional affordable housing development is tough: funding is competitive and regulations - not neighborhood need - set income limits. In traditional affordable housing development, Low-Income Housing Tax Credits (LIHTC) encourage private developers to fund affordable housing. Developers sell these tax credits to investors to raise equity for their construction, which allows them to borrow less in loans and charge lower rents as a result. However, developers must compete against each other to be awarded the tax credit from this program. The competitive nature of the

program results in a lack of guaranteed funding for those attempting to develop affordable housing. The U.S. Department of Housing and Urban Development (HUD) sets income regulations for affordable units based on regional area median incomes. Because income levels are on a regional scale, their requirements can vary with income levels seen on a neighborhood scale. Additionally, CLTs guarantee affordability in perpetuity, whereas traditional affordable housing only guarantees affordability for a set amount of years (typically 30).

Over the past few years, ELACC established a new strategic plan in hopes of pursuing innovative opportunities to build community capacity to steward land. Its program, the Tierra Libre Community Land Trust, will jumpstart the first CLT in East LA to address the challenge of resident ownership of land and increasing access to affordable housing. ELACC has the components for success within its existing structure - real estate development, resident leadership development, and financial capability - which sets Tierra Libre apart from other CLTs in Los Angeles. For example, BVCLT had experience in the components of real estate development when it was established. Tierra Libre is a partnership between ELACC staff and community residents, with ELACC providing pro bono technical expertise.

### *Land Acquisition*

Tierra Libre, unlike the other CLTs we have studied, acquired low-cost land first, and then decided to establish a CLT. ELACC acquired three vacant lots in Boyle Heights through a land transfer as part of HUD's Neighborhood Stabilization Program (NSP). HUD's NSP provides assistance to state and local governments to acquire and

redevelop foreclosed or blighted properties in their communities. The City of Los Angeles acquired the three “blighted” properties and transferred to ELACC for redevelopment.

As part of the redevelopment process, ELACC embarked on a multi-year engagement process to identify what community members hope to see on the ground. Because of the community-oriented nature of CLTs, ELACC’s real estate department has not been the lead on Tierra Libre. Instead, ELACC’s arts and culture department has been vital in the CLT establishment and engagement.

### *Lessons Learned*

Though Tierra Libre is still in the visioning stages, ELACC leaders have found City and County officials open to the idea of CLT development. However, through their experience they have found the legal complexities of transfer require further active assistance to ease implementation. Because of this, Garcia believes it is necessary for public officials to acknowledge the changing social and economic landscape and further encourage the establishment of land trusts (Personal communication, May 6, 2019). With policies to lighten the legal and tax burdens on cooperative and shared ownership endeavors, public officials could make clear their support for these efforts.

**T.R.U.S.T. (Tenemos que Reclamar y Unidos Salvar la Tierra) South LA (originally  
Figueroa Corridor Community Land Trust)**

*Persons Interviewed*

Sandra McNeill, Co-Founder and former Executive Director

Gilda Haas, Co-Founder

Oscar Monge, Community Development Manager

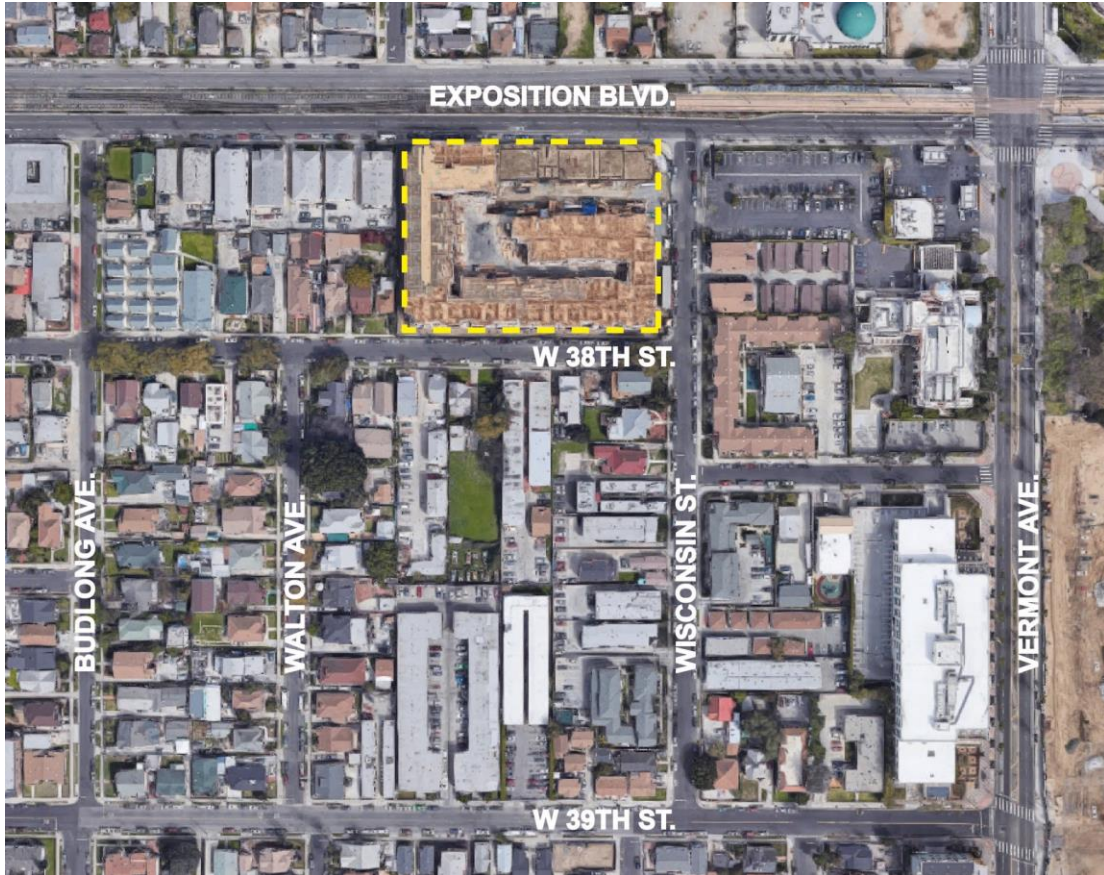
*Overview*

Established in 2005, T.R.U.S.T. South LA (T.R.U.S.T.) is a community land trust organization based in the neighborhoods south of Downtown Los Angeles. Its mission is “to serve as a steward for community-controlled land; to be a catalyst for values-driven, community-serving development; to build awareness and community leadership in issues of housing, transportation and recreation; and to create programs and initiatives that encourage community building and economic opportunity,” (T.R.U.S.T, n.d.).

*Land Acquisition*

To date, T.R.U.S.T. South LA has had three major land acquisition projects. Each has been distinct in both the type of land as well as the methods used for procurement.

Figure 5.3. Site of Rolland Curtis Gardens, T.R.U.S.T. South LA's first acquisition.



*Rolland Curtis Gardens is designated by yellow dotted lines in the map above. Basemap Source: Google Maps satellite image (June 1, 2019)*

The first property T.R.U.S.T. acquired was Rolland Curtis Gardens, a 2.3 acre parcel purchased in 2012. The property is located a block southwest of the Expo/Vermont Station on the Expo light rail line, near Exposition Park and the University of Southern California (See Figure 5.3). At the time of purchase, the property held an aging apartment complex with 48 units which had an expiring affordability covenant. Although T.R.U.S.T. had been in negotiations to purchase the property, the owner decided not to sell. Instead he began evicting tenants after the covenant expired, with plans to convert

the property into housing targeting University of Southern California (USC) students. Following a 15-month campaign, the owner capitulated and sold the property for \$9 million. By the end of that year, T.R.U.S.T. and development partner Abode Communities initiated a participatory planning process for the design of the new development. Opening this year, the new development at Rolland Curtis Gardens includes 140 affordable housing units for families and 9,000 square feet of community-serving retail space.

Figure 5.4. Site of Slauson and Wall property, T.R.U.S.T. South LA's second acquisition project.



*The entire brownfield site is designated by dotted lines in the map above. Yellow lines indicate the section to be owned by T.R.U.S.T. South LA and intended for housing development. Green lines indicate the section to be owned by the City of LA and made into a park. Basemap Source: Google Maps satellite image (June 1, 2019)*

The second property in T.R.U.S.T.'s portfolio is Slauson and Wall, a seven acre brownfield site that is intended to be developed into a park, affordable housing, and possibly commercial space as well (See Figure 5.4). T.R.U.S.T. would own 3 acres which would hold the housing and commercial space and the City of LA's Recreation and Parks Department would own and manage the four acre park (T.R.U.S.T., n.d.). Due to a series of circumstances that were out of T.R.U.S.T.'s control, the site lay dormant for nine years and the organization is still in the process of finalizing the acquisition. When the



organization first began looking at the property in 2008, it was a project of the Community Redevelopment Agency of the City of Los Angeles (CRA/LA). T.R.U.S.T. was working to receive the land through a land-transfer from the CRA/LA, which would have been heavily subsidized. However, in 2012, the California Supreme Court's decision in *California Redevelopment Association v. Matosantos* led to the sudden and unexpected dissolution of the CRA/LA, with the Slauson and Wall property falling under the jurisdiction of the Housing and Community Investment Department of Los Angeles (HCIDLA).

In addition to the delays resulting from the CRA/LA complications, the property was also in need of environmental remediation. Not wanting to incur the substantial costs involved with this process, T.R.U.S.T. engaged in an exclusive negotiation agreement (ENA) to be able to purchase the property once it was cleaned up. The City of Los Angeles began the clean up efforts last year, but the ENA has expired and T.R.U.S.T. is currently trying to negotiate an extension. Furthermore, the city is also looking at different processes for awarding land and is considering a long term land-lease (possibly for 99 years) rather than a land transfer. This raises a big question for T.R.U.S.T. South LA: why should they put themselves in the middle of this long drawn out process if they will not even own the land in the end?

Most recently, T.R.U.S.T. began a demonstration pilot of its Community Mosaic Multi-Family Project, a scattered-site strategy to preserve naturally occurring affordable housing (NOAH) by rehabilitating and converting small multi-family structures into limited equity housing cooperatives. In this model, T.R.U.S.T. owns the land and the residents jointly own and manage the building. The goal is to maintain affordability for

future owners through the limited-equity portion and to empower residents by having them be responsible for the governance as well as financial and property management of their own housing (T.R.U.S.T., n.d.). T.R.U.S.T. acquired the pilot property through a philanthropic grant which covered the down payment.

What may be of particular interest to a Northeast San Fernando Valley CLT is that T.R.U.S.T. has plans to expand the Community Mosaic project to single-family housing. With the Community Mosaic Single-Family Accessory Dwelling Unit (ADU) model, T.R.U.S.T. would like to acquire and rehabilitate existing single-family homes with the intention of constructing new ADUs on the properties (T.R.U.S.T., n.d.). It has not yet acquired any properties to pursue this model.

Additionally, T.R.U.S.T. South LA developed an early warning system to identify other properties that might be acquired for the program. The system involves a network of community members who will call the agency to alert the organization when a small multi-family property might be going on the market soon. T.R.U.S.T. indicates that residents will contact the organization when they observe certain changes in their community such as repainting a home or other renovations. Additionally, residents will reach out if they have simply heard from neighbors that a property will be potentially going up for sale. The organization has already received calls from tenants whose buildings will be sold, asking for T.R.U.S.T. South LA to try to acquire the building so they will not be displaced. The early warning system is an innovative strategy to promote participatory action within the community and have the residents assume a critical role in displacement avoidance.

### *Lessons Learned*

The experiences of T.R.U.S.T. South LA showcase the difficulty in balancing the need to quickly preserve and increase the affordable housing stock of an area and promote community engagement in the development of land. As seen with T.R.U.S.T.'s three different land acquisition projects, the type of property can provide different challenges or opportunities to achieving these goals.

A single large acquisition, such as Rolland Curtis Gardens or Slauson and Wall, has the potential to provide a larger number of affordable housing units compared to more modest properties with single-family housing or small multi-family housing, as in the Community Mosaic Program. However, the acquisition and development costs are much higher than the smaller properties, which can make a successful acquisition more difficult. In the case of T.R.U.S.T. South LA, these higher costs necessitated development partners and multiple funding sources which complicated and lengthened the acquisition process. Furthermore, a brownfield site like Slauson and Wells requires extensive remediation, which can take years and incur high costs.

In a hot market like the neighborhoods surrounding USC, acquiring land to maintain affordability is a matter of urgency and T.R.U.S.T. must be able to act quickly to take advantage of acquisition opportunities. The CLT has already lost opportunities to buyers who are able to pay cash-in-hand while T.R.U.S.T. was trying to pull together the necessary loans. Additionally, the property value may dramatically increase in a matter of weeks. One property that T.R.U.S.T. was interested in purchasing jumped from \$400,000 to \$1 million in a month.

The developer and landlord roles that T.R.U.S.T. must inhabit as a CLT has sometimes put it at odds with its role as a tenants' rights advocate. T.R.U.S.T. South LA encountered significant difficulties due to acquiring properties that already had tenants living on them. In the case of Rolland Curtis Gardens, an unintended consequence of the acquisition was that approximately 25 households were displaced during the years of demolition and construction. Although the displaced tenants were given the right of first-return as well as financial and staff assistance to locate interim housing, many faced significant difficulties in finding new places to live due to racism and landlords unwilling to accept Section 8 vouchers. In the case of the Community Mosaic program, the current tenants were relocated for a much shorter 2 week period during renovations. However, T.R.U.S.T. recognizes the need to provide existing tenants more extensive education about the realities of living in a cooperative housing model prior to acquiring a property. Tenants did not fully understand what cooperative ownership entailed despite knowing about the cooperative housing model T.R.U.S.T. South LA promoted and wanting the organization to acquire their building to keep their housing affordable. This led to misunderstanding and disappointment from tenants after acquisition.

### **Homeowners**

Our research group spoke with a total of 16 Pacoima homeowners during the course of our data collection. Due to the complicated nature of a CLT, we did not explicitly explain to homeowners what a CLT was during our interviews and focus groups. We felt that explaining a CLT would produce more confusion among homeowners as a CLT is an untraditional housing concept. We adopted a more step-by-

step approach and started off by asking the homeowners if they already had an existing accessory dwelling unit (ADU) on their property or not, and if they did have one, we asked about the tenants. We then asked homeowners if they would be willing to sell or lease part of their property (specifically backyard space) to an outside agency if the agency was able to finance and construct a new ADU. Depending on how the homeowners responded, we would explore their reasoning for wanting to or not wanting to participate in such a program. We then asked homeowners about certain stipulations such as the need to personally select tenants or not and whether or not they felt comfortable with a community organization, such as Pacoima Beautiful, running the program.

#### *Willingness to Lease or Sell*

Of the 16 Pacoima homeowners, seven indicated that they would be willing to lease their backyard property in order to finance and construct an ADU for affordable housing. One homeowner indicated that she would be willing to not only lease her backyard, but she would be willing to sell her entire property to a CLT if she could still reside on the property.

All seven homeowners who were willing to lease their backyard space cited the additional income from the land lease as well as the rent income as the primary reason to participate. However, the homeowners who were willing to lease part of their property brought up the issue of legality as they realize many ADUs are unpermitted. The homeowners indicated that they would be especially interested if the process would create a legal ADU.

### *Tenant Selection and Management*

All homeowners who indicated that they would be willing to lease their backyard for this program stated that they would feel much more comfortable if they were able to select tenants themselves or somehow take part in the selection process, at the very least. Many said they would feel more comfortable with having someone they already know as a tenant, and if they could not handpick their tenant(s), they would want to be part of the organization's or government agency's selection process to vet candidates to ensure the tenant(s) they received were respectful and responsible. Six of the seven homeowners who were willing to participate cited issues with previous tenants or had stories from other homeowners who have had an extremely difficult time with past tenants. Lastly, all of the homeowners indicated that they would prefer an outside entity, whether a community organization or a government agency, to run the program and act as a "landlord" to avoid souring homeowner and tenant relationships.

### *Preference for Community Organization Run Program*

Of the seven homeowners willing to lease their land, all but one homeowner indicated that they would be open to having a community organization such as Pacoima Beautiful lead such a program. They cited their confidence in Pacoima Beautiful's ability to fight for the community and to understand the community's needs as opposed to a government organization. One homeowner indicated that though she trusts community organizations more, she would rather a government organization run the CLT because

she does not know how much influence a community organization would have in the political realm.

### *Unwillingness to Lease or Sell*

On the other hand, there were nine Pacoima homeowners that reported they would not be open to selling or leasing either part of their backyard space or their whole backyard in order for an ADU to be built on the property. However, of these nine homeowners who were not interested, three indicated that they would not consider selling or renting due to space constraints. These three homeowners indicated that their backyards were too small to either construct an accessory dwelling unit, or they already had an ADU and would not want to lose more space should a second ADU be built. Of these same nine homeowners who did not express an interest, two of them indicated that though they would not want to sell or lease their own property, they could understand the logic and appeal behind the idea, especially if the homeowner is having financial difficulties or having a hard time constructing their own ADU. One of these two homeowners who indicated that they could see the reasoning behind this program indicated that, though he would not sell or lease his backyard, he would consider selling his entire property to the CLT for affordable housing should he decide to move altogether.

The most common reason homeowners provided for not wanting to sell or rent their backyard space was that it is too small to construct an ADU or to construct an additional ADU. Other reasons provided include the following: 1) backyard is being frequently used as a play area for small children; 2) homeowners would rather keep

ownership of their land; 3) homeowners already have connections and resources to construct an ADU themselves; 4) there would be a loss in privacy as the homeowners would have to share space such as the driveway and backyard; and 5) would only consider participating in a program should there be a significant loss in income such as a loss of employment.

### *Homeowner Concerns*

Another logistical concern that each homeowner at both focus groups (total of 11 homeowners) expressed was the issue of increased property tax should they agree to add an ADU on their property. The seven homeowners who indicated that they would be interested in leasing their backyard space cited that their property taxes will increase, and they are more inclined to agree if they knew the income from the land lease will cover the increase in property taxes. Additionally, these same homeowners indicated that they had questions about the utility bills. Should an actual program develop, the homeowners would prefer the utility bills to be separate so the homeowners are not responsible and would not be negatively affected should the tenants decide not to pay their bills. These homeowners indicated that they are wary of “bad tenants” who are reckless, not responsible, and do not pay their rent on time.

Additionally, the long eviction process was a major concern for the homeowners who were willing to rent their backyard property. As previously mentioned, the homeowners who were willing to lease their land indicated that they would rather have either a community agency such as Pacoima Beautiful or a government agency serve as the “landlord” to avoid these complications. The four homeowners in these two focus



groups who stated that they would not be interested in selling or renting their backyard also cited these two reasons, increase in property tax as well as homeowner tenant relationships, as reasons they would not be interested in participating.

### *Data Limitations*

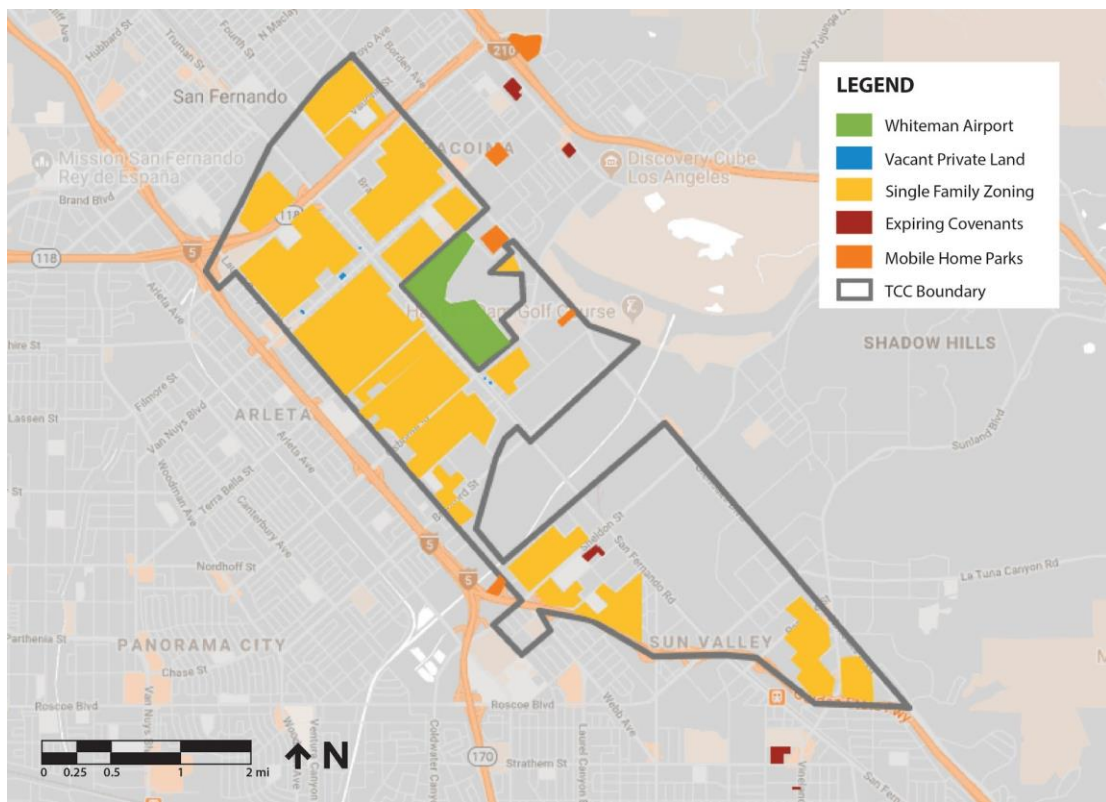
The homeowners that we interviewed were almost evenly split between being willing to lease their backyard property and not being interested in this type of program. However, we are mindful of the data limitation for this research on land acquisition strategies through Pacoima homeowners. This data collection consists of a small sample size of Pacoima homeowners, and though this particular strategy for land acquisition may still be unclear at this point, there is certainly a level of interest among homeowners which Pacoima Beautiful can further explore.

### **Analytical Framework for Evaluating Land Acquisition Opportunities**

In addition to the interviews conducted with Los Angeles community land trusts and Pacoima homeowners, we also analyzed possible property types that might be suitable for acquisition in the project area. This analysis stemmed from the interview findings and our initial research into CLTs and the Pacoima-Sun Valley community, leading us to focus on land acquisition strategies based on five property types: 1) Whiteman Airport; 2) privately-owned vacant lots; 3) single-family homes; 4) affordable housing properties with expiring covenants; and 5) mobile home parks. The map in Figure 5.5 provides a geographic representation of the properties that might be most feasible for CLT acquisition. As shown in the map, single-family homes comprise a

majority of the land along with Whiteman Airport, which is owned by Los Angeles County. However, the possibilities are much fewer for acquiring vacant private land, expiring covenant properties, and mobile home parks. Our analysis draws from white papers written about vacant private lots, property owners, formal affordable housing, and mobile home parks in the project area (See Appendices 25-29).

Figure 5.5. Property types available for CLT land acquisition



Basemap Source: Google Maps

“Vacant Land Viable for Housing Development in Pacoima” identifies vacant parcels that are suitable for housing development within the TCC project area. The paper examined generalized zoning regulations for the City of Los Angeles to determine if

housing could be developed on-site and found 10 small parcels, with varying degrees of feasibility (Ma 2019, 2). As seen in the blue areas in Figure 5.5, vacant parcels are a small portion of the land in Pacoima-Sun Valley. However, there are Q conditions tied to each parcel, which implies there are special site conditions and restrictions that require new structures to be compatible with surrounding properties. The Q conditions could make housing development unrealistic on several lots. In total, Ma found that the 10 parcels have a combined base unit capacity of 672 units (Ma 2019, 2). With nearly 700 units, excluding possible density bonuses, vacant lands have the potential to significantly add to the housing stock in order to decrease displacement.

“Who Owns Pacoima” looks into the people or entities that own properties in Pacoima and explores absentee homeownership rates as well. The paper found that an overwhelming majority (76%) of properties in Pacoima are privately owned, followed by trusts (63%) and corporations (28%) (Mashian 2019, 10). However, though homeowners own the most percentage of properties, Los Angeles County owns the largest property in Pacoima, Whiteman Airport, which is underutilized (Mashian 2019, 18). Additionally, 25% of properties in Pacoima do not have home addresses that match their mailing address, which demonstrates a significant amount of absentee homeowners (Mashian 2019, 28). This invites the question of whether or not absentee homeowners are renting out their homes with the hopes of selling when new investment enters the area.

“Mobile Home Parks at Risk of Displacement” and “Data on Mobile Homes in Pacoima” describe the mobile home landscape in Pacoima-Sun Valley and the extent to which mobile home parks in the area are susceptible to displacement. The papers identify two major mobile home parks that lie within the TCC project area: Glenoaks Mobile

Home Park with 70 lots and Shelter Isle with 60 lots. Within a mile of the project area, there are three mobile home parks that are home to over 300 additional lots: Shadow Hills with 96 lots, Blue Star Mobile Park with 186 lots, and Laurel Canyon Mobile Home Estates with 60 lots (Holland 2019, 1). With nearly 500 mobile home lots in Pacoima's immediate area, mobile homes are a significant contributor to the affordable housing stock. Additionally, this demonstrates just how many mobile home residents are susceptible to displacement should the mobile home parks be targeted for investment and redevelopment.

In "Affordable Housing Supply and Access in Pacoima," Hagar surveys the existing formal housing supply in the project area and its surroundings - namely Pacoima, Sun Valley, and Arleta - and analyzes why they are not adequately addressing local needs. For the purposes of researching land acquisition possibilities for a Northeast Valley CLT, we looked at Hagar's findings on housing projects with affordable covenants expiring by 2030. Following T.R.U.S.T. South LA's model of tracking expiring covenants to purchase Rolland Curtis Gardens, these properties provide an opportunity to preserve a large number of affordable housing units before they revert to the more expensive private market, all with one purchase. Hagar found that one property in the project area has 65 units with expiring affordability contracts set to expire in 2021. Additionally, five projects within a mile of the project area have a total of 335 units with affordability contracts set to expire in 2021 and another two projects with 475 units with affordability contracts set to expire between 2021 and 2030 (Hagar 2019, 3). These projects are noted in the map of the project area in Figure 5.5.

Using the data from these papers, we created an analytical framework based on six criteria to assess each property type’s suitability as a land acquisition model for a CLT. For all criteria, each property type was rated either low, medium, or high, with high being the most desirable. Table 5.2 shows the results of our analysis, followed by more detailed rationales for the criteria ratings given to each land acquisition strategy. We then used this model to inform some of our recommendations, outlined in the next section.

*Table 5.2.* Analytical framework for suitability of land acquisition strategy to a CLT

| <b>Evaluation Criteria</b>    | <b>Whiteman Airport</b> | <b>Vacant Private Land</b> | <b>Single-Family Homes</b> | <b>Expiring Covenants</b> | <b>Mobile Home Parks</b> |
|-------------------------------|-------------------------|----------------------------|----------------------------|---------------------------|--------------------------|
| <b>Land Affordability</b>     | High                    | Low                        | Medium                     | Low                       | *                        |
| <b>Fast Acquisition</b>       | Low                     | Medium                     | High                       | Medium                    | Medium                   |
| <b>Level of Impact</b>        | High                    | Medium                     | Low                        | Medium                    | Medium                   |
| <b>Replication Potential</b>  | Low                     | Medium                     | High                       | Medium                    | Medium                   |
| <b>Community Composition</b>  | Medium                  | Medium                     | High                       | High                      | High                     |
| <b>Displacement Avoidance</b> | Medium                  | Medium                     | Medium                     | High                      | High                     |

Sources: Authors derived analysis conclusions based on information from “Who Owns Pacoima” (Mashian 2019), “Mobile Home Parks at Risk of Displacement” (Holland 2019), “Data on Mobile Homes in Pacoima” (Law 2019), and “Affordable Housing Supply and Access in Pacoima” (Hagar 2019).

### *Land Affordability*

The first criterion is the affordability of acquiring a single property. For obvious reasons, the less a CLT needs to spend on acquiring land, the better. The discussions with ELACC and T.R.U.S.T. South LA showed that the city and county have both been open to donating publicly-owned properties in the past, through a low cost land-transfer. Although the county-owned Whiteman Airport is currently in operation, there is the possibility that the county could decide to donate the property in the future through a land-transfer. If that were to happen, a CLT would pay a nominal price (e.g. \$1), making the affordability high.

Single-family homes would be the next most affordable property-type, in terms of cost per acquisition. A quick survey of single-family homes for sale in Pacoima in May 2019 shows that the asking prices are generally between \$450,000-\$700,000. However, although the cost to acquire the property is comparatively less than larger property types, like larger affordable housing apartment complexes, only one or two housing units are currently allowed which means the cost per unit is typically higher than other options.

Unlike a government owned property such as Whiteman Airport, privately owned vacant lots would be more expensive to purchase. Privately owned lots are less likely to be donated to a CLT, and because real estate is highly coveted, we anticipate that the landowners of the vacant lots in Pacoima would not be interested or compelled to sell their land to a CLT without turning a profit. Therefore, if the CLT's priority is lower land costs, this may not be the best option.

We are unable to determine the land affordability of mobile home parks at this time. None of the three mobile home parks in Pacoima are currently for sale, and

therefore we do not have the data to analyze and formulate an accurate depiction of whether or not land acquisition would be high, medium, or low for mobile homes parks.

The expiring covenant properties in the Northeast Valley are large multi-family properties with an approximate average of 80 units per property (Hagar 2019, 3). As mentioned in the findings from the conversations with T.R.U.S.T. South LA, it cost \$9 million to acquire the 48 unit Rolland Curtis Gardens property. A new CLT might expect to pay a similar amount for a comparable expiring covenant property in the project area, especially if the owners are planning to let the covenants expire and charge market-rate rents. This would make the acquisition cost for a single expiring covenant property very high.

### *Fast Acquisition*

The process and length of time for acquiring a property can vary greatly. The reason we are looking into a CLT model is to prevent the displacement of existing residents in the project area, so timing is an important factor. The improvements from the TCC grant and other local infrastructure projects will likely result in rising real estate prices, so a CLT will probably need to acquire land quickly to be able to preserve as much affordable housing as possible.

As we learned with the Slauson and Wall example, a large publicly-owned industrial property could be low cost but might take years to successfully acquire since it is subject to the whims of political and environmental regulations. Acquiring vacant private land and expiring covenant properties might be more straightforward than

Whiteman Airport, but the cost and complications of buying larger properties could still take months, or even years.

However, a buyer with cash-on-hand can purchase a single-family home almost instantly. A CLT would more than likely be interacting directly with the homeowner themselves when purchasing single-family homes which would drastically cut down on the length of acquisition time. Theoretically, there would be less bureaucratic tape to maneuver when completing a transaction with a homeowner.

Lastly, the timeframe for mobile home park land acquisition could either be relatively quick or drawn out based on the landowner. Mobile home parks are somewhat large parcels of land that are typically privately owned. Similar to single-family homes, the CLT would be dealing directly with the landowner, however the land size and existing residents can complicate the purchase of a mobile home park.

### *Impact Level*

What is the potential level of impact that a single acquisition might have on increasing or preserving the affordable housing stock in the area? The 187 acres of Whiteman Airport provides a huge potential for building a large number of affordable housing units on one property. A single mobile home park or expiring covenant property would be smaller than the airport, but could still preserve dozens or even hundreds of affordable units. If the CLT is willing to work within one mile of the TCC project area, a single acquisition could preserve and create up to 430 affordable units. The vacant land parcels are also much smaller than Whiteman Airport, but they allow for the potential to construct reasonably sized multi-family housing units. This would be more than the two



units that would be currently permitted on single-family properties. However, if it is possible to upzone the property in the future, the CLT could add additional units.

### *Replication Potential*

In addition to the potential impact of a single acquisition, it is valuable to consider the overall impact of a land acquisition model by analyzing the replicability of the model. In other words, how many opportunities are there to purchase a certain type of property? Whiteman Airport is the only developed large-scale and publicly-owned site in the project area, so its replicability is low. Similarly, there are only three mobile home parks in Pacoima (Law 2019, 3). Although there are more opportunities for vacant private land (ten identified parcels) and expiring covenant properties (up to eight within a mile of the project area with covenants expiring by 2030), they are low in comparison to the amount of land dedicated to single-family zoning (Ma 2019, 2; Hagar 2019, 3; Mashian 2019, 32). Single-family homes will allow for a CLT to have multiple purchasing opportunities due to the sheer number of privately owned homes in Pacoima-Sun Valley, therefore allowing a CLT to expand quicker than other large-scale land purchases.

### *Community Composition*

In addition to creating affordable housing opportunities for low-income populations, a CLT would also help existing residents to stay in the community in the same types of housing that they already enjoy. As existing structures in the Northeast San Fernando Valley, the acquisition of single-family homes, expiring covenant properties, and mobile home parks does not require new development, meaning the

composition of the community will remain as-is. We rated these properties high in community composition because there will not be development of uncharacteristic buildings. Additionally, under a CLT, the housing would still be available to the low-income populations who currently reside on these properties. Vacant private lots and Whiteman Airport would require significant redevelopment as there are either no existing structures on the land, in the case of the vacant lots, or there are existing structures that are not suitable for housing, in the case of Whiteman Airport. Although building new development will contribute to the affordable housing stock, it can also change the current neighborhood composition in Pacoima which could be a point of contention among community members.

#### *Displacement Avoidance*

Our last criterion considers what the overall impact is that a land acquisition model might have on displacement avoidance, rather than a single property. Although many housing units could potentially be built on the Whiteman Airport property, it could take years or even decades to actually acquire the property and build the housing units. Depending on zoning limits, the ten vacant private parcels could add hundreds of affordable housing units, but again these could take a few years to build. With single-family properties, there will likely be many more opportunities for acquisition, and the housing already exists. However, the total number of units that the model can provide is limited by the low density limits on the properties. For these reasons, we gave all three medium ratings.

However, expiring covenant properties would have a high ability to achieve displacement avoidance. Even one acquisition of an expiring covenant property would preserve dozens of affordable housing units before they can revert to market rate prices. If a CLT were to purchase all eight properties within a mile of the project area with covenants set to expire by 2030, it would preserve nearly 900 affordable housing units in the Northeast San Fernando Valley. The same reasoning can be applied to the mobile home parks in the area. A single acquisition can help preserve dozens of affordable housing units, while purchasing all five could preserve nearly 500 mobile home lots.

## **Recommendations**

Pacoima Beautiful and the Council for Strategic Growth have the daunting, but very important, task of trying to combat the future displacement of current residents in Pacoima-Sun Valley. The community identified community land trusts as a strategy to achieve this, but as our research has illustrated, there are many models to choose from and many factors to take into account. Based on our research findings and analysis of the land acquisition models used by existing Los Angeles CLTs, we recommend that Pacoima Beautiful or another local entity take the following series of actions to move forward with determining the feasibility of a Northeast San Fernando Valley CLT.

### *1. Determine Community Priorities*

Although you need land for a Community Land Trust, all of our secondary source research and CLT interviews reinforce that the community element is equally important, if not more so. Therefore, as part of Pacoima Beautiful's outreach in the community, it

should not only educate about CLTs and cooperative living models, but also clarify exactly what the community wants to achieve with a CLT, as well as the order of priorities. Is it more important to create as many affordable units as possible, or to create opportunities for homeownership? Is it also important to prevent business displacement? The answers to these questions will drive the next step of choosing a model for land acquisition.

## *2. Choose a CLT Model and Land Acquisition Strategy*

Once the community clarifies the priorities and purposes for a CLT, Pacoima Beautiful or another organization can use the analytical framework we developed to determine which CLT model and land acquisition strategies are most appropriate. For example, if the most important priority is to preserve and create as many affordable housing units as possible, then it does not make sense to purchase single-family homes.

However, if timing is a large concern because of the major infrastructure improvements coming to the area in the next three years, then it might be better to focus initial time and resources on purchasing a few single-family zoned properties before prices start skyrocketing. They will require less initial capital for a downpayment, the purchasing process is likely to be more straightforward, and there is an abundance of supply. If the CLT focuses on larger lots (e.g. 10,000 sq ft or larger), then there is the possibility of constructing additional housing units down the line, if changes in zoning allow for higher density in the future.

Or, if the two goals are of relatively equal importance, the CLT should look to affordable housing properties with covenants expiring in the next five to ten years.

Although there is a higher upfront cost, with one purchase the CLT could preserve a large existing supply of affordable housing and potentially increase it by developing additional units. In this scenario, it would also be important to have a clear plan to ensure that existing residents do not become displaced as a result.

### *3. Assess Financial Feasibility*

Once there is a better sense of the preferred model and strategies, Pacoima Beautiful or another organization should conduct a financial assessment of the selected strategies. Further research must be conducted into specific costs, such as down payments and rehabilitation and development expenses. Additionally, what are the funding mechanisms? Potential funding sources that should be further investigated include loans from community development financial institutions like Genesis LA, capacity building grants from the Grounded Solutions Network CLT Accelerator (Grounded Solutions, n.d.), the US Department of Housing and Urban Development Community Development Block Grant (HUD CDGB, n.d.), and the City of LA Pilot Naturally Occurring Affordable Housing (NOAH) Loan Program (City of LA 2018).

If the financial analysis shows that none of the land acquisition strategies are financially feasible, there are alternative models to the traditional CLT that should also be further researched. The Chicago Community Land Trust is an atypical CLT model that does not actually include land acquisition. Instead, properties included in the trust maintain long-term affordability strictly through 99-year deed covenants that require homes to be resold to income-qualified buyers at an affordable price. Although the CLT is a nonprofit organization, the City of Chicago staff manages it (Chicago CLT, n.d.).

Additionally, the Northeast San Fernando Valley community would need to work closely with city or county staff to implement a CLT should they want to pursue a similar model.

The interviews and focus groups with homeowners also highlighted another possible alternative to the traditional CLT model. There is strong interest among Pacoima homeowners to lease part of their backyards to organizations that would build ADUs and rent them to low-income households. Pacoima Beautiful or another organization can look into programs that are already doing similar work, and either partner with them or create a similar program.

#### *4. Identify Opportunities for Land Acquisition*

If the community decides to move forward with creating a CLT, the next step would be to identify likely properties for acquisition. This includes official channels of inquiry into properties, like conversations with the City and County about opportunities to incorporate public land into a CLT. Staff can also track the properties with expiring affordability covenants identified in Hagar's paper and make initial inquiries with the building owners to see if they would be open to selling.

Pacoima Beautiful should also take advantage of its existing networks and create an early warning network to identify smaller properties that might be sold. Community inspectors can note when there are improvements on properties that indicate they might be sold soon, and promotoras can talk about the CLT with community members and request for them to inform the organization when someone might be planning to sell. It will be harder for a CLT to find affordable properties as speculation increases, so having

these relationships increases the likelihood that an owner will sell to a CLT for a reasonable price.

### *5. Build Strategic Partnerships*

A key component to the successful creation and ongoing existence of the Los Angeles CLTs we spoke to is the partnerships built to create their legal structures, financing mechanisms, and development strategies. Pacoima Beautiful should start developing some of those same partnerships as soon as possible. It should reach out to the Legal Aid Foundation of Los Angeles and Genesis LA who have worked with all three of the CLTs we spoke with. The organization can begin discussing the options and next steps to create the legal and financial components that will need to be in place before acquiring the first piece of property. Additionally, a new Northeast San Fernando Valley CLT should join the California Community Land Trust Network (CCLTN) to learn from other California CLTs and advocate for policy changes to make it easier to start and maintain a CLT.

### **Conclusion**

Los Angeles is one of the least affordable cities in the US and lacks an affordable housing stock to support its current residents. As a result, Los Angeles renters and homeowners are vulnerable to eviction, displacement, and homelessness. CLTs have served as an anti-displacement method in Los Angeles and as such, are a viable option for Pacoima to combat displacement as a result of TCC investments.

Pacoima Beautiful is a well-established community-based organization that has gained the trust of many residents. The organization has the experience and network to conduct thorough outreach and planning in order to establish a CLT. We understand that land acquisition is a complex process, therefore this research is intended to guide Pacoima Beautiful's acquisition strategies in an effort to avoid displacement for current residents. We recommend that Pacoima Beautiful first determine the community's priorities, then choose a model and land acquisition strategy, assess financial feasibility, pinpoint opportunities for land acquisition, and strengthen strategic partnerships to ensure a CLT's success.



## Conclusion

Our research illustrates the ways in which Pacoima residents reinvented single-family housing to meet their housing needs. In Pacoima multiple families live in multiple units on single-family lots. Residents spend their whole lives in ADUs and families build ADUs to house their extended family or generate additional income. Our research tells this more complicated story, which helped us form a clearer picture of the Pacoima housing market's strengths and shortcomings in meeting the needs of residents.

There is a common narrative amongst policymakers that ADUs are naturally more affordable and must be formally legalized. Similarly, it is presumed that large multi-family projects are the most accessible and feasible CLT structure for Los Angeles. In many ways, our findings complicate these assumptions. While we found that ADUs are an essential part of the housing stock and that CLTs are successful in other Los Angeles neighborhoods, our research revealed a number of unexpected findings. For example, we found a wide variety of ADU typologies, beyond the typical garage conversion and backyard unit, with up to four families living on the same lot. We learned that the relationship between an ADU tenant and owner determine the tenants' quality of life, including rent prices and the units' conditions. Homeowners, we discovered, have high debt-to-income ratio preventing them from accessing bank products for ADU construction or permitting. We found willingness among Pacoima homeowners to use their land for alternative CLT models. Our findings reveal that Pacoima's housing landscape is more complex than researchers and policymakers, including us, assumed.

With this knowledge, we provide a framework for anticipated displacement challenges over the next three years of TCC investments. As community advocates, researchers, and policy makers we cannot ignore the complexity residents live out on a daily basis. Instead, we must come together to rethink how we continue to meet the needs of all residents as the community continues to evolve.

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# Glossary

## **Accessory Dwelling Unit (ADU)**

Also known as a backyard unit, granny flat, or casita, an ADU is a secondary dwelling unit with complete independent living facilities for one or more persons and generally takes three forms:

- Detached: The unit is separated from the primary structure
- Attached: The unit is attached to the primary structure
- Repurposed Existing Space: Space (e.g., garage) within the primary residence is converted into an independent living unit

## **By-Right Construction**

By-right means that the project is permitted under the current zoning and does not require any legislative action or public hearing.

## **Built Form**

The physical space created by structures on a given parcel or block. This definition includes both indoor and outdoor spaces, and the term *structures* is meant to include buildings, fences, sidewalks, and streetscape

## **Certificate of Occupancy**

The Certificate of Occupancy is issued after a unit's final inspection ensuring it meets all regulatory standards.

## **Conditional Use Permit (CUP)**

A CUP is required for certain land uses which may need special conditions to ensure compatibility with surrounding land uses. These uses are specified under "Uses Subject

to Permits” in the zones or specified in a Community Standards District (CSD). To be approved, a CUP must be consistent with the existing adopted General Plan, including local area and community plans, which reflect the County’s policy regarding land use, and the Los Angeles County Code Title 22 Planning and Zoning.

### **Community Land Trust (CLT)**

CLTs are community-driven organizations that acquire and hold land, removing it from the speculative real estate market. The goal of the CLT is to provide permanent affordability for community residents.

### **Main Home**

The primary dwelling unit on a given property, typically the largest unit that faces the street.

### **Tiny House**

A structure intended for the separate, independent living quarters of one household for year-round residence that meets all of the following: (a) Is licensed and registered with the California Department of Motor Vehicles; (b) Cannot move under its own power; (c) Has a room of at least 120 square feet and total floor area of not less than 150 and no more than 430 square feet of habitable living space, including bathrooms and fixed counters.

### **Transit Stop**

For the relevant laws cited in this report, a transit stop is a site containing an existing rail transit station, a ferry terminal served by either a bus or rail transit service, or the intersection of two or more major bus routes with a frequency of service interval of 15 minutes or less during the morning and afternoon peak commute periods.

# Appendices

## Comprehensive Project: Complete List of Appendices

### *ADU Typology Team*

1. Youth focus group workshop instrument
2. Original drawings from youth focus group
3. Focus group participants' site plans diagrammed for analysis
4. Interview Protocol

### *ADU Survey Team*

5. Main Unit Tenant Survey (English & Spanish versions)
6. ADU Tenant Survey (English & Spanish versions)
7. Frequency of responses to Main Unit Tenant Survey
8. Frequency of responses to ADU Tenant Survey
9. SAS (Statistical Analysis System) Cross-Tab Tables
10. Pacoima Beautiful Survey Toolkit
11. North San Fernando Valley CoStar Submarket Report
12. Interview Protocol

### *Tenant Experience Team*

13. Interview Protocol
14. Evolution of Interview Question
15. Post-Interview Worksheet
16. Interviewees

### *ADU Financing Team*

17. Interview Protocol

### *Community Land Trust Team*

18. Interview Guide Protocol
19. Focus Group Protocol

### *Student White Papers*

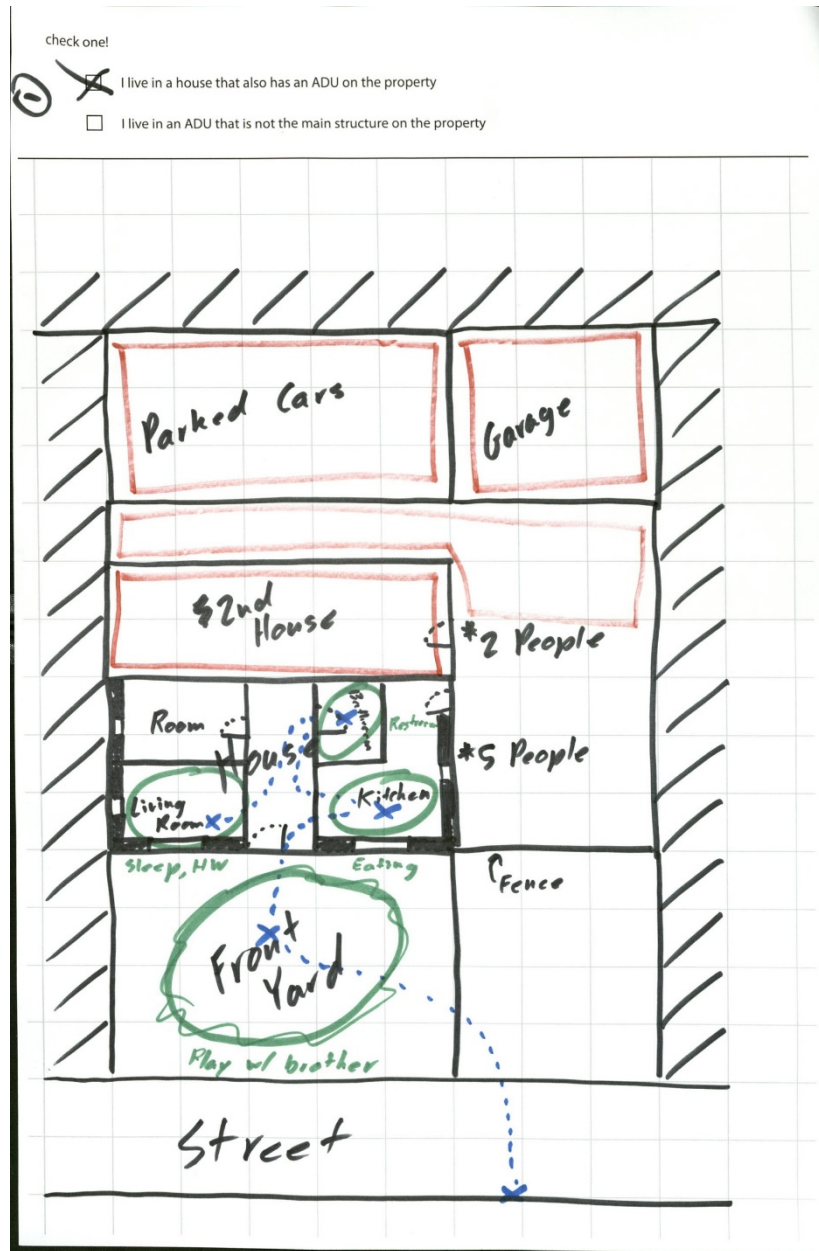
20. *Overcrowded Households in Pacoima*, by Dora Armenta
21. *Assessment of Available Funding Sources and Models for Accessory Dwelling Unit Upgrading Program in the City and County of Los Angeles*, by Cate Carlson
22. *Transported Spatial Practices: Latinos In American Urbanity*, by Thomson Dryjanski
23. *What Makes a Community Land Trust Work?*, by Anna Figel
24. *Can Pacoima Homeowners Leverage Existing Private Financing to Construct an ADU?*, by Zacharias Gardea
25. *Formal Affordable Housing Supply in Pacoima*, by Jonathan Hagar
26. *Mobile Home Parks at Risk of Displacement: An Analysis of How Residents Resisted Displacement*, by Taylor Holland
27. *Mobile Home Parks in Pacoima*, by Stephanie Law
28. *Vacant Land Viable for Housing Development in Pacoima*, by Raisa Ma

29. *Who Owns Pacoima?*, by Ashley Mashian
30. *Building Power to Fight the Inevitable: Tenant Organizing is the First Step in Stopping Displacement*, by Jessa Orluk
31. *At Close and Common Quarters: The Rise of Micro-Units and Co-Living in the Modern Los Angeles Market*, by Mike Peterson
32. *Reforming Code Enforcement: Strategies for Protecting Residents of Unpermitted Dwelling Units*, by Kaitlyn Quackenbush
33. *An Informal Number: Estimating ADUs in Pacoima*, by Jeffrey Ross
34. *Who Can Get an ADU Construction Loan?*, by Marlene Salazar
35. *Cumulative Vulnerabilities and Burdens in Pacoima*, by Mario Sandoval



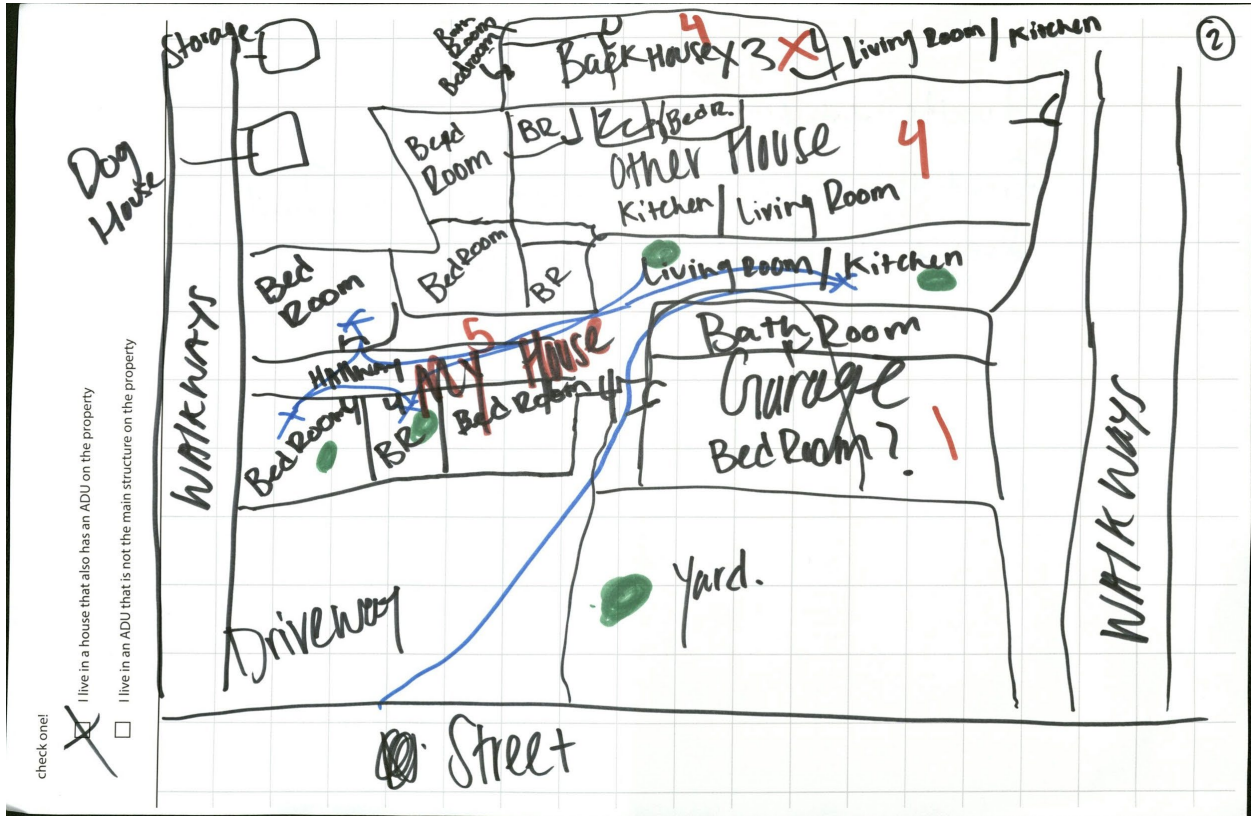
## Appendix 2: Original drawings from youth focus group

### a. Participant 1



Appendix 2: Original drawings from youth focus group

b. Participant 2





## Appendix 2: Original drawings from youth focus group

### c. Participant 3

check one!

I live in a house that also has an ADU on the property

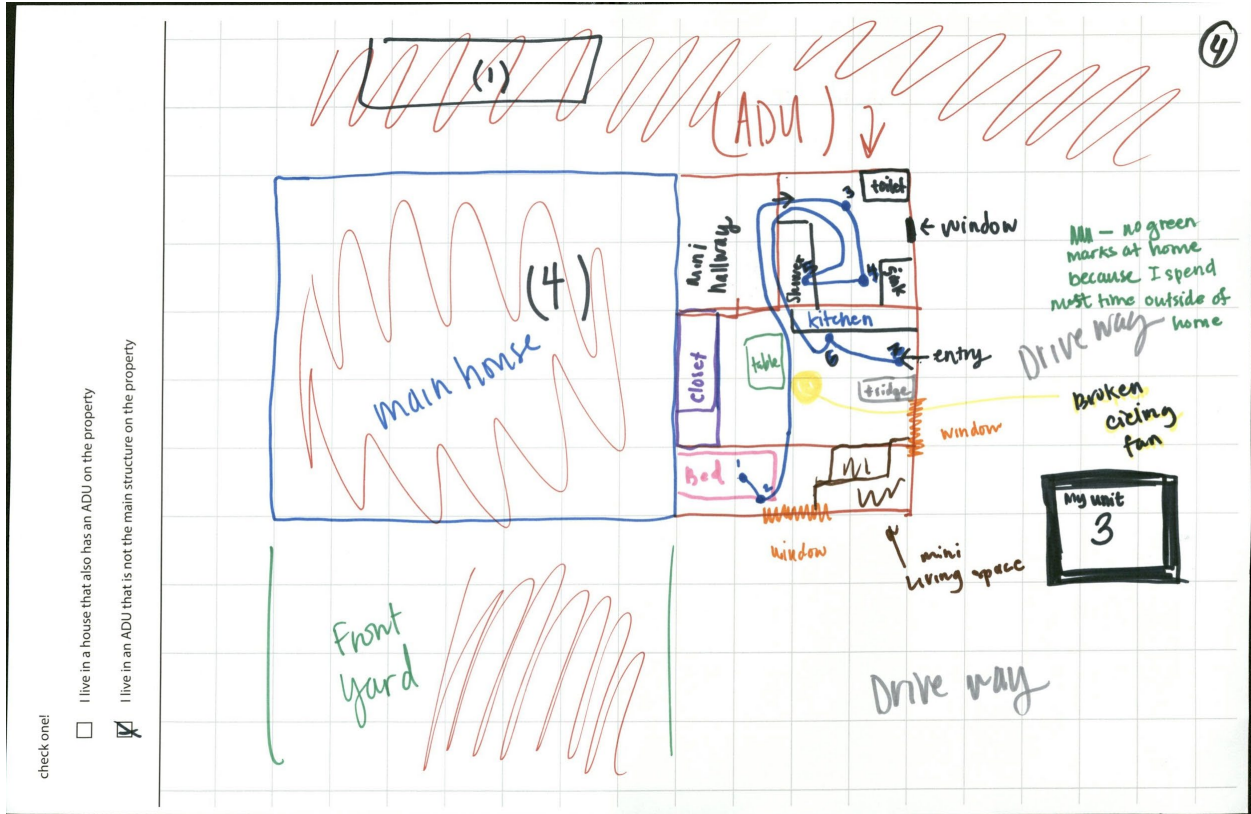
I live in an ADU that is not the main structure on the property

(3)

The drawing is a hand-drawn floor plan on a grid background. It shows a rectangular property divided into two main units. The top unit is labeled '2 people' and contains a 'Living Room', a 'Bedroom', and a 'Back Yard'. The bottom unit is labeled '3 people' and contains a '1st floor' and a 'Front Yard'. The drawing includes various details such as doors, windows, and fenced areas. There are also some handwritten notes like '1 people' and '2 people' near the top and right edges of the drawing. The drawing is signed 'Participant 3' in the top right corner.

Appendix 2: Original drawings from youth focus group

d. Participant 4



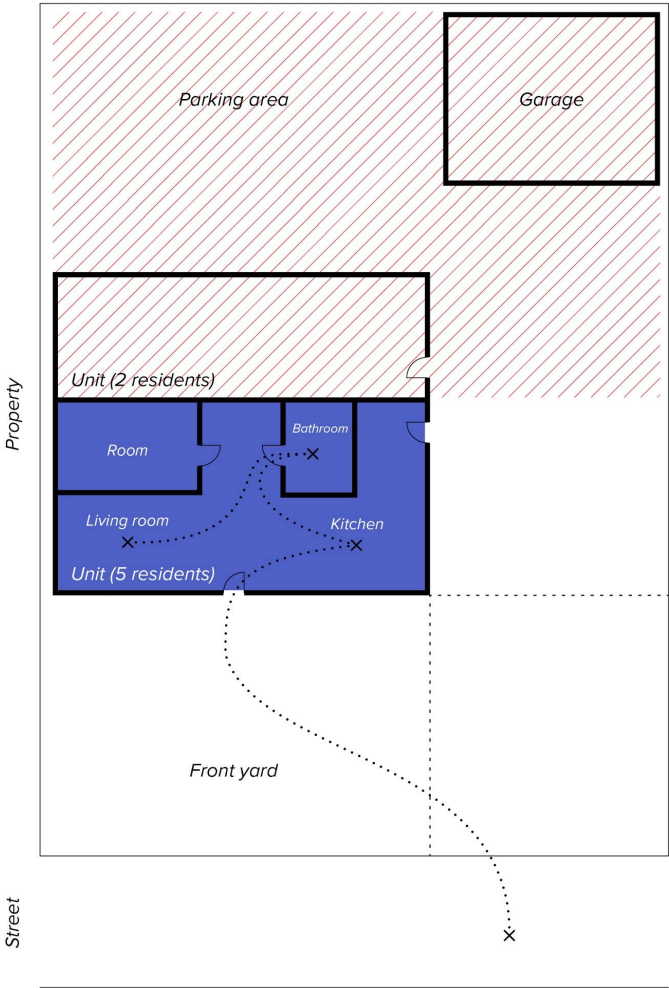
## Appendix 2: Original drawings from youth focus group

### e. Participant 5

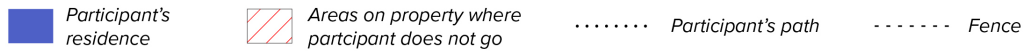


**Appendix 3: Focus group participants' site plans diagrammed for analysis**

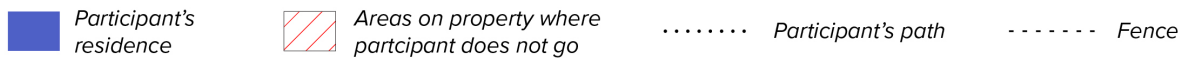
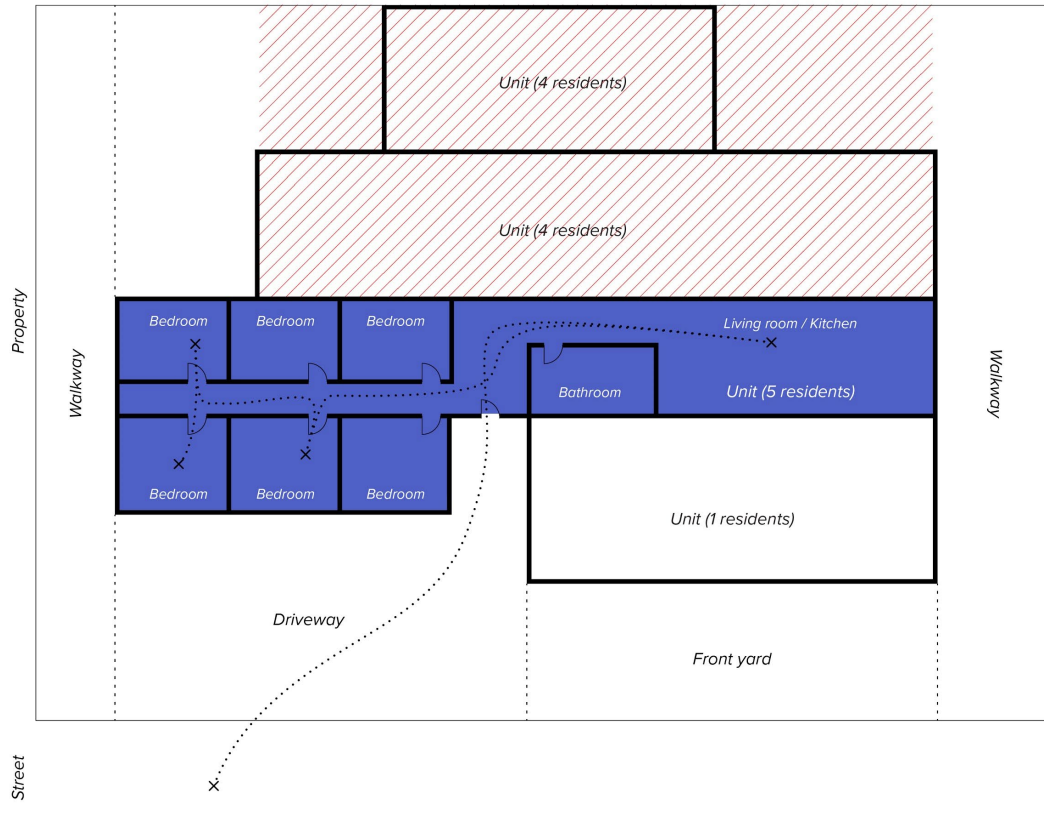
Participant 01



### Appendix 3: Focus group participants' site plans diagrammed for analysis

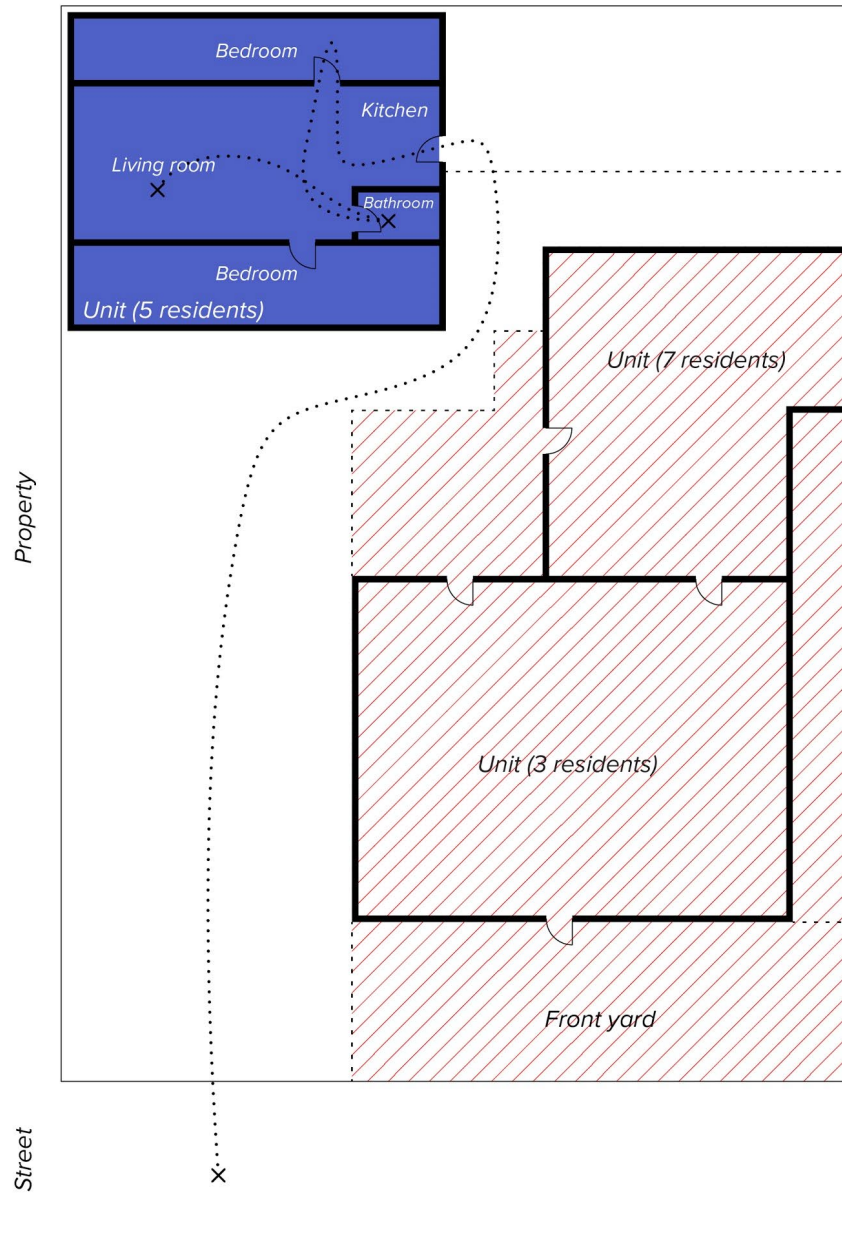


Participant 02

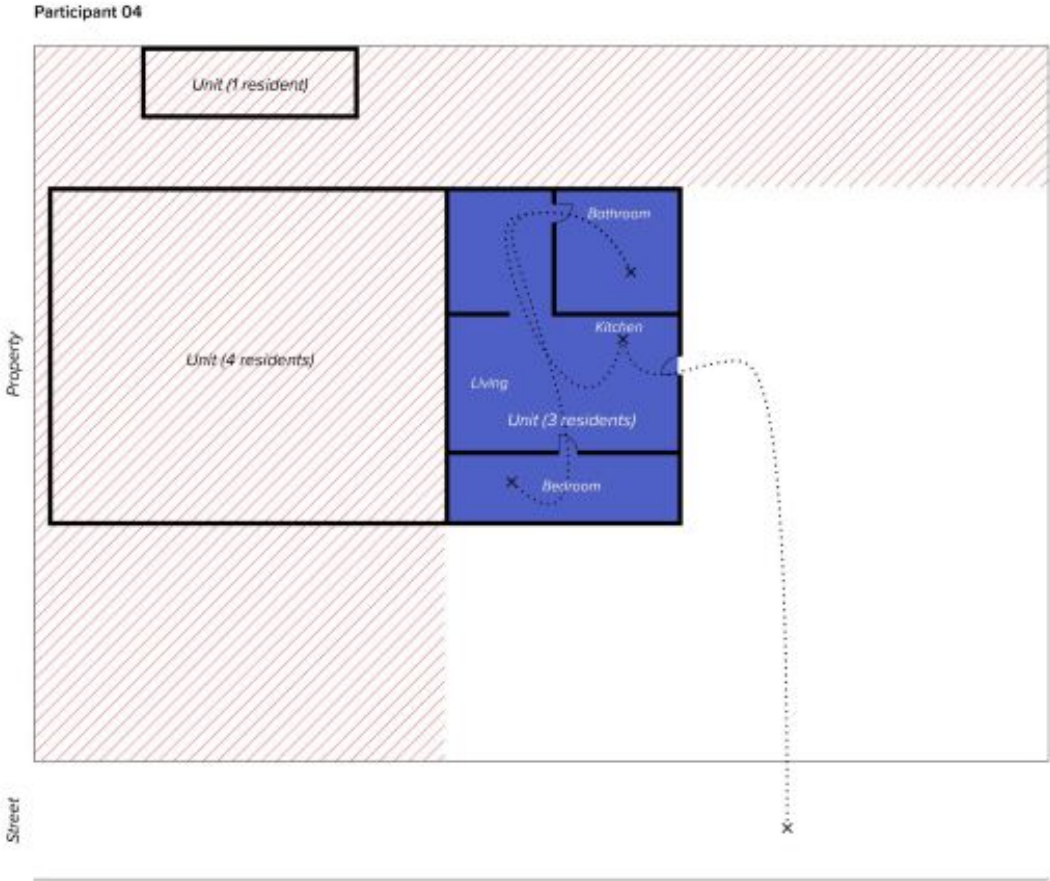


**Appendix 3: Focus group participants' site plans diagrammed for analysis**

**Participant 03**

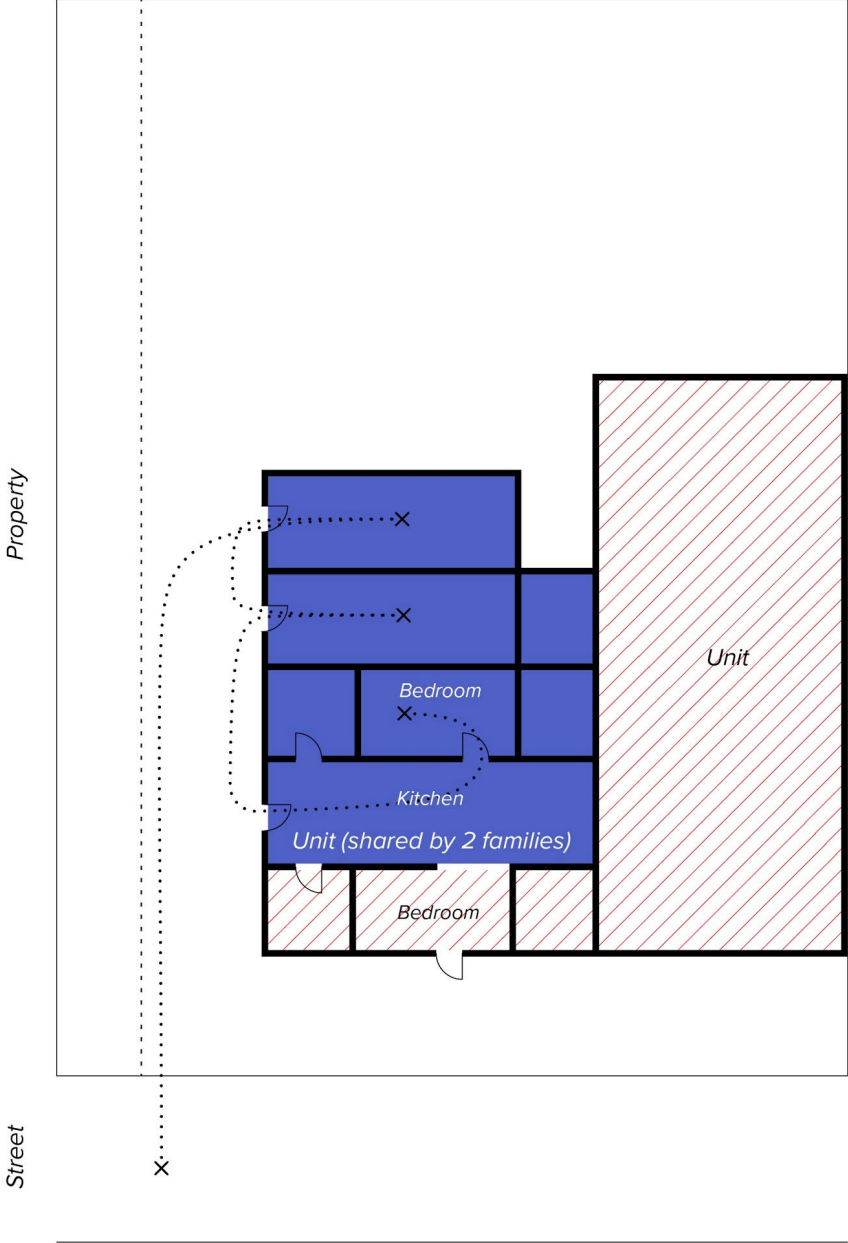


Appendix 3: Focus group participants' site plans diagrammed for analysis



Appendix 3: Focus group participants' site plans diagrammed for analysis

Participant 05





## APPENDIX 4: ADU Typology Interview Protocol

### Landscape Group Interview Protocol - OWNER

*Interviews will take place with at least one UCLA student and one hired translator, who will facilitate the English to Spanish and Spanish to English translations. In the case of the translator being a YUTEP youth group member, there will also be a Pacoima Beautiful staff member present.*

#### **Part I: Introduction**

This is an interview for a research project looking at the role of accessory dwelling units (ADUs) on the built form and social conditions in the Pacoima neighborhood. We are interviewing people who rent or own an ADU, garage conversion or second unit detached from the main house. The interviews run for approximately 45 minutes to an hour. You have the ability to stop the interview at any time, for any reason. We would like to record the interview with your permission. The information that you provide will be entirely confidential and anonymous. No names or specific locations will be mentioned in the report, only summary information. You will be provided with a gift card at the end for your participation.

#### **Part II: Verbal consent:**

Do you understand your rights as they relate to being interviewed?

Do you consent to being interviewed?

Can we audio record the interview?

#### **Part III: Questions**

### QUESTIONS FOR HOMEOWNERS

#### **1. Household characteristics (people and structures)**

- a. How many people are in your household (*defined as social unit in residential unit*)?
- b. How many people live on the property in total?
- c. How many households are there on the property?
  - i. How many people live in the MH?
  - ii. How many people live in the second unit(s)?
- d. Do people share rooms?
  - i. How many people per room?

#### **2. Physical nature of dwellings**

- a. **(This question should be answered by UCLA team)** *What type of building units exist on the property? (Base these questions on observations at the time)*
  - i. *Garage*
  - ii. *New Construction*
  - iii. *Adaptation*
  - iv. *Single-family house*
  - v. *Private rooms*
- b. *For each building unit: Are each of the following amenities present? If so, how many?*

## APPENDIX 4: ADU Typology Interview Protocol

- i. Bedrooms
  - ii. Kitchens
  - iii. Bathrooms
  - iv. Washing facilities
  - v. Communal spaces
  - vi. Outdoor spaces
  - vii. Parking spaces
  - viii. Heating/Air conditioning
  - ix. Internet/phone
  - x. Garbage/recycling
  - xi. Drinking water
  - xii. Are there any amenities that we missed?
- c. Why did you construct or renovate the second unit(s)? [**Landlord only**]
- i. Did you construct it yourself?
    1. What level of construction knowledge do you have?
    2. What level of construction training do you have?
    3. How did you access construction materials?
    4. Did you have any interaction with government entities during this process?
  - ii. If not, how was it constructed?
- d. Have you modified any part of the property/building units in an effort to house more people?
- e. Have you modified any part of the property/building units for any other reason?
- f. Is there anything that you would like to modify or change that you haven't done yet?

### 3. Rental Logistics / Location-based social networks

- a. How did you find the home you own?
- b. Where did you live before your current residence?
- c. Do you have family or friends in this area? On your block?
- d. Were there economic opportunities that influenced your decision to choose this residence?
- e. How long have you had the second unit(s)?
- f. Do you know other people owning or living in second units?
- g. When did you start renting the second unit?
- h. Do you receive rent for your second unit(s)?
  - i. If so, how is the rental payment transaction handled?
- i. How did you find the individual(s) to rent your ADU?
  - i. Did you know them before renting to them? If yes, how?
  - ii. If no, what has that experience been like?
- j. Who handles the maintenance of the buildings on the property?
- k. Do you have access inside of the second unit?
- l. Do your residents have access into the main house?

### 4. How residents use the space

## APPENDIX 4: ADU Typology Interview Protocol

- a. What is your relationship with the other residents on the property?
- b. Are there any restrictions on access to various spaces on the property?
- c. Are there any spaces that you share usage of?
- d. Do any of the residents conduct business on the property?
  - i. If so, what kind?
- e. Do any of the residents use the property for any community activities?
- f. How are household costs divided among the various residents?
  - i. For utilities?
  - ii. For improvements?
  - iii. For maintenance?
- g. Do any of the residents on the property help each other by caring for children, seniors or anyone else?
- h. Are any other amenities on the property shared among all residents?
  - i. For example: car, food, etc
- i. Do residents participate in any form of exchange for goods or services?
- j. What level of privacy do you feel you have from residents in the other unit?

### **QUESTIONS FOR RENTERS**

#### **1. Household characteristics (people and structures)**

- a. How many people are in your household (*defined as social unit in residential unit*)?
  - i. Follow up question: Need to define home/family/household
- b. How many households are there on the property?
- c. How many people live on the property in total?
  - i. How many people live in the MH?
  - ii. How many people live in the second unit(s)?
- d. Do people share rooms?
  - i. How many people per room?

#### **2. Physical nature of dwellings**

- a. **(This question should be answered by UCLA team)** *What type of building units exist on the property? (Base these questions on observations at the time)*
  - i. *Garage*
  - ii. *New Construction*
  - iii. *Adaptation*
  - iv. *Single-family house*
  - v. *Private rooms*
- b. *For each building unit:* Are each of the following amenities present? If so, how many?
  - i. Bedrooms
  - ii. Kitchens
  - iii. Bathrooms
  - iv. Washing facilities
  - v. Communal spaces
  - vi. Outdoor spaces
  - vii. Parking spaces

## APPENDIX 4: ADU Typology Interview Protocol

- viii. Heating/Air conditioning
- ix. Internet/phone
- x. Garbage/recycling
- xi. Drinking water
- xii. Are there any amenities that we missed?
- c. Have you modified any part of the property/building units in an effort to house more people?
- d. Have you modified any part of the property/building units for any other reason?
- e. Is there anything that you would like to modify or change that you haven't done yet?

### 3. Rental Logistics / Location-based social networks

- a. How long have you lived in this unit?
- b. Where did you live before your current residence?
- c. Was there a specific reason you chose to live in a second unit?
- d. Do you know other people living in or owning second units?
- e. How did you find this unit to rent?
  - i. Did you know your landlord before renting from them? If yes, how did you know them?
  - ii. If no, what has that experience been like?
- f. Do you pay rent for your second unit(s)?
  - i. If so, how is the rental payment transaction handled?
- g. Who handles the maintenance of the buildings on the property?
- h. Do you have access inside of the main house?
- i. Does the landlord have access to the unit, meaning can they come in when they want?
- j. Do you have family or friends in this area? On your block?
- k. Were there job or economic reasons you chose to live here?

### 4. How residents use the space

- a. What is your relationship with the other residents on the property?
- b. Are there any restrictions on access to various spaces on the property?
- c. Are there any spaces that you share usage of?
- d. Do any of the residents conduct business on the property?
  - i. If so, what kind?
- e. Do any of the residents use the property for any community activities?
- f. How are household costs divided among the various residents?
  - i. For utilities?
  - ii. For improvements?
  - iii. For maintenance?
- g. Do any of the residents on the property help each other by caring for children, seniors or anyone else?
- h. Are any other amenities on the property shared among all residents?
  - i. For example: car, food, etc
- i. Do residents participate in any form of exchange for goods or services?
- j. What level of privacy do you feel you have from residents in the other unit?

**APPENDIX 5: Pacoima Beautiful y UCLA Luskin Departamento de Planificación Urbana  
Encuesta de Unidades de Vivienda Secundarias (Forma para Habitante de Residencia  
Principal)**

*Gracias por participar en la encuesta. Sus respuestas son completamente anónimas. Por favor, **no** incluya su nombre o dirección en este formulario.*

**1. ¿Cuánto tiempo has vivido en la casa principal? Escribe su respuesta.**

\_\_\_\_\_ años

Cuenta de SoCal Gas

Acceso a Internet

Otro: \_\_\_\_\_

**2. ¿Cuántas hogares viven en su propiedad?**

- 1  
 2  
 3  
 Más de 3

**8. ¿Cuál de las siguientes opciones describe mejor su relación con el residente de la unidad secundaria/casita?**

- Amigo(s)  
 Miembro(s) de la familia  
 No conocía al inquilino antes

**3. ¿Cuántas unidades secundarias/casitas hay en su propiedad?**

- 1  
 2  
 3  
 Más de 3

**9. ¿Cuántos vehículos tienen usted y los habitantes de la unidad secundaria/casita en la propiedad? Escribe su respuesta.**

\_\_\_\_\_ coche/s para residencia principal  
\_\_\_\_\_ coche/s para vivienda secundaria/casita

**4. ¿En qué año se construyó la casita? Escribe su respuesta.**

\_\_\_\_\_

**10. ¿Cómo se está utilizando la unidad secundaria/casita?**

- Como una residencia principal, pero al momento está vacío  
 Como una residencia principal y actualmente está ocupado  
 Al momento, no se usa para nada  
 Por los habitantes de la casa principal como una habitación adicional o espacio de trabajo  
 Para rentas de corta duración (menos de 1 mes)  
 Como una propiedad de alquiler a largo plazo  
 Otro: \_\_\_\_\_

**5. Escoge la siguiente opción(es) que mejor describe la construcción de la unidad secundaria/casita.**

- Conversión de garaje  
 Conversión de almacenamiento  
 Nueva unidad conectado o dentro de unidad principal  
 Nueva estructura separada

**6. ¿La unidad incluye una cocina?**

- Si  
 No  
 Se comparte con la casa principal

**7. ¿Hay algún espacio compartido o servicios compartidos en la propiedad? Marque todo lo que corresponda.**

- Cocina en residencia principal  
 Baño en residencia principal  
 Lavadora/secadora  
 Jardín  
 Espacio de estacionamiento en la propiedad  
 Patio  
 Cuenta de DWP

**11. ¿Cuánto pagó usted o alguien más para poder construir su unidad secundaria/casita?**

- Menos de \$ 5000  
 \$ 5001 - \$ 10,000  
 \$ 10,001 - \$ 30,000  
 \$ 30,001 - \$ 50,000  
 \$ 50,001 - \$ 100,000  
 \$ 100,001 - \$ 150,000  
 Más de \$ 150,001

**APPENDIX 5: Pacoima Beautiful y UCLA Luskin Departamento de Planificación Urbana  
Encuesta de Unidades de Vivienda Secundarias (Forma para Habitante de Residencia Principal)**

**12. ¿Cuáles fueron las mayores dificultades en la construcción de su unidad secundaria/casita? Seleccione todas las respuestas adecuadas.**

- Proceso de permisos
- Restricciones de diseño
- El costo de la construcción
- Obtener financiamiento
- Solicitar un contratista
- Conexiones de servicios públicos
- Retiros del lote o restricciones de altura
- Otro

**13. ¿Aproximadamente, cuánto cobra de renta en la unidad secundaria/casita por mes?**

- \$0
- Menos de \$ 400
- \$ 400- \$ 600
- \$ 600- \$ 800
- \$ 800- \$ 1,000
- \$ 1,000- \$ 1,200
- Más de \$ 1,200

**14. ¿Cuánto tiempo ha vivido en Pacoima?**

\_\_\_\_\_ años

**15. ¿Qué fue lo que más impactó su decisión de vivir en Pacoima? Marque todo lo que corresponda.**

- Oportunidad de trabajo
- Habilidad para comprar y ser dueño de una casa.
- Rentas bajas
- Nací aquí y / o crecí en Pacoima
- Estar cerca de la familia

**16. ¿Dónde trabajas?**

- En Pacoima
- En el Valle de San Fernando
- Fuera del Valle de San Fernando

**17. ¿Tiene un contrato de arrendamiento formal con el inquilino de la ADU?**

- Si
- No

**18. ¿Está la unidad secundaria/casita construida con permiso o sin permiso legal?**

- Con Permiso
- Sin Permiso

**COMENTARIOS: ¿Cuáles son otros detalles notables que debemos saber sobre su unidad secundaria/casita?**

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**FOR SURVEYOR USE ONLY:**

**SURVEY ID:** \_\_\_\_\_

**ID should include Surveyor Initials - Date (MM/DD/YYYY) - # Survey for the Day**

*(Example: AA-4/17/2019-#5; collected by Anne Alvarado on April 17, 2019; fifth survey completed for the day)*

**Respondent Type:** \_\_\_\_\_

Indicate if respondent is Main House Dweller or ADU Dweller

**Other Notes:**

# APPENDIX 5: Main Unit Tenant Survey

## Pacoima Beautiful & UCLA Luskin Department of Urban Planning

Thank you for participating in the survey. **Your answers are completely anonymous. Please do not include your name or address on this form.**

**1. How long have you lived in the main house? Write in answer.**

\_\_\_\_\_ years

**2. How many units (households) are on your property?**

- 1
- 2
- 3
- More than 3

**3. How many ADUS are on your property?**

- 1
- 2
- 3
- More than 3

**4. What year was the ADU built? Write in answer.**

\_\_\_\_\_

**5. Select the option/s below that best describes the construction of the ADU.**

- Garage conversion
- Storage conversion
- Attached unit or within main house
- Detached new structure

**6. Does the unit include a kitchen?**

- Yes
- No
- It is shared with the main house

**7. Are there any shared spaces or shared utilities on the property? Check all that apply.**

- Kitchen in main house
- Bathroom in main house
- Laundry
- Garden
- Parking space on the property
- Yard
- DWP Bill
- SoCal Gas bill
- Internet
- Other: \_\_\_\_\_

**8. Which of the following options best describes your relationship to the current ADU resident?**

- Friend/s
- Family member/s
- Did not know tenant prior
- Other: \_\_\_\_\_

**9. How many cars do you and the ADU tenants keep on the property? Write in answer.**

\_\_\_\_\_ car/s owned by main unit household

\_\_\_\_\_ car/s owned by ADU household

**10. How is the ADU currently being used?**

*Note: Short-term housing is defined as a stay less than 1 year. Long-term housing is defined as a stay longer than 1 year.*

- As long-term primary residence, and is currently occupied
- As long-term primary residence, but is currently vacant
- Not currently being used for anything
- By the main house occupants as an extra room or other work-space
- For short-term housing (less than 1 year stays)
- Other: \_\_\_\_\_

**11. How much did you or someone else pay for your ADU to be constructed?**

- Under \$5000
- \$5001 - \$10,000
- \$10,001 - \$30,000
- \$30,001 - \$50,000
- \$50,001 - \$100,000
- \$100,001 - \$150,000
- Over \$150,001

**12. What were the biggest challenges in building your ADU? Select all that apply.**

- Permitting process

# APPENDIX 5: Main Unit Tenant Survey

## Pacoima Beautiful & UCLA Luskin Department of Urban Planning

- Design constraints
- Paying for the cost of construction
- Obtaining financing
- Finding a contractor
- Utility connections
- Lot setbacks or height restrictions
- Other

### 13. Approximately how much rent do you charge on the ADU per month?

- \$0
- Below \$400
- \$400-\$600
- \$600-\$800
- \$800-\$1,000
- \$1,000-\$1,200
- Above \$1,200

- Job opportunity
- Ability to buy and own a home
- Affordable rents
- I was born here and/or grew up in Pacoima.
- To be near family

14. How long have you lived in Pacoima?  
\_\_\_\_\_ years

15. What most impacted your decision to live in Pacoima?  
Check all that apply.

### 16. Where do you work?

- In Pacoima
- In the San Fernando Valley
- Outside of the San Fernando Valley

17. Do you have a formal lease agreement with the tenant of the ADU?

- Yes
- No

18. Is the ADU currently permitted or unpermitted?

- Permitted
- Unpermitted

**COMMENTS: What are other notable items we should know about your ADU?** (E.g. Any challenges to the maintenance of the ADU, what benefits exist having an ADU tenant, is rent from the ADU used as a form of income, etc?)

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### FOR SURVEYOR USE ONLY:

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*(Example: AA-4/17/2019-#5; collected by Anne Alvarado on April 17, 2019; fifth survey completed for the day)*

**Respondent Type:** \_\_\_\_\_

Indicate if respondent is Main House Dweller or ADU Dweller

**Other Notes:**



**APPENDIX 6: Pacoima Beautiful y UCLA Luskin Departamento de Planificación Urbana  
Encuesta de Unidades de Vivienda Secundarias/Casitas (Forma para habitante)**

*Gracias por participar en la encuesta. Sus respuestas son completamente anónimas. Por favor, no incluya su nombre o dirección en este formulario.*

**CARACTERÍSTICAS DE UNIDADES DE VIVIENDA  
SECUNDARIAS/ CASITAS**

**1. ¿Tiene la unidades de vivienda secundarias/casitas  
Una cocina?**

- Sí  
 No, pero una cocina se comparte con la casa principal.  
 No, y no tengo acceso a una cocina

**2. ¿Tiene la unidades de vivienda secundarias/casitas  
un baño?**

- Sí  
 No

**3. ¿Tiene la ADU una ventana y / o ventilación?**

- si  
 No

**4. ¿La ADU tiene aire acondicionado?**

- si  
 No

**5. ¿La unidades de vivienda secundarias/casitas tiene su  
propia electricidad, con su propio medidor y cuenta  
eléctrica?**

- Sí, con mi propio medidor.  
 Sí, pero no con mi propio medidor.  
 No

**6. ¿Tiene la ADU un calentador?**

- Sí  
 No

**7. ¿Tiene planes de hacer cambios permanentes en el  
espacio en los próximos años? Si es así, ¿por qué?**

- Sí  
 No

**8. ¿Cuántos dormitorios tiene la ADU?**

- Estudio  
 1 dormitorio / sin baño  
 1 dormitorio / 1 baño  
 2 habitaciones / 1 baño  
 2 habitaciones / 2 baños

**9. ¿Hay algún espacio compartido o servicios  
compartidos en la propiedad? Marque todo lo que  
corresponda.**

- Cocina en residencia principal  
 Baño en residencia principal  
 Lavadora/secadora  
 Jardín  
 Espacio de estacionamiento en la propiedad  
 Patio  
 Cuenta de DWP  
 Cuenta de SoCal Gas  
 Acceso a Internet

**10. ¿Conoce de algún peligro para la salud y la  
seguridad en su ADU? Si es así, por favor marque  
todas las que apliquen.**

- Sí, hay / son:  
 Pintura con plomo  
 Amianto  
 Cableado eléctrico expuesto  
 No hay alarma de humo  
 No hay alarma de monóxido de carbono  
 Otro: \_\_\_\_\_  
 No existen materiales peligrosos

**11. ¿Tiene la ADU una alarma de humo?**

- Si  
 No

**TENENCIA Y RELACIÓN CON LA UNIDAD  
PRINCIPAL**

**12. ¿Cuál fue tu situación de vivienda antepasada?  
Escoja una opción para cada categoría.**

- El tamaño era: más pequeño, igual, más grande.  
- Privacidad: menos, igual, más.  
- Espacios compartidos: menos, igual, más;

**APPENDIX 6: Pacoima Beautiful y UCLA Luskin Departamento de Planificación Urbana  
Encuesta de Unidades de Vivienda Secundarias/Casitas (Forma para habitante)**

**13. ¿Cuál de las siguientes opciones describe su relación con el dueño de la vivienda secundaria/casita?**

- Amigo / s
- Miembro (s) de la familia
- No sabía el propietario antes de mudarse a ADU

**14. ¿Es esta una situación de vivienda temporal o permanente?**

- Permanente
- Temporal

**15. ¿Cuánto tiempo has vivido en esta residencia?**

- 0-6 meses
- 6 meses a 1 año
- 1-3 años
- 4-7 años
- 8-11 años
- 12 años o más

**16. ¿Tiene un contrato formal con el dueño de la vivienda secundarias/casita?**

- Sí
- No

**RENTA**

**17. En promedio, ¿cuánta renta pagas por mes?**

- \$ 0
- Menos de \$ 400
- \$ 400- \$ 600
- \$\$ 600- \$ 800
- \$ 800- \$ 1,000
- 1,000 \$ 1,000- \$ 1,200
- Mas de \$ 1,200

**18. ¿Ha subido su renta en los últimos 2 años? Si es así, indique en dólares cuánto ha subido.**

- Sí, subió \$ \_\_\_\_\_ del precio original.
- No

**CONEXION CON PACOIMA**

**19. ¿Cuánto tiempo ha vivido en Pacoima?**

\_\_\_\_\_ años

**20. ¿Qué fue lo que más impactó su decisión de vivir en Pacoima? Marque todo lo que corresponda.**

- Nací aquí y/o crecí en Pacoima.
- Para estar cerca de la familia
- Para estar cerca de los amigos
- Oportunidad de trabajo
- Habilidad para comprar y ser dueño de una casa
- Rentas bajas

**21. ¿Dónde trabajas?**

- En Pacoima.
- En el Valle de San Fernando
- Fuera del Valle de San Fernando

**Demogramas**

**22. ¿Con qué género te identificas más? Escribe la respuesta.**

- Masculino
- Femenino
- Otro: \_\_\_\_\_

**23. ¿Cual es tu edad? Escribe la respuesta**  
\_\_\_\_\_ años

**24. ¿Cuántos adultos (mayores de 18 años) viven en su lugar de residencia?**

\_\_\_\_\_ adultos

**25. ¿Cuántos niños (menores de 18 años) viven en su lugar de residencia?**

\_\_\_\_\_ niños

**26. ¿Con cuál de las siguientes razas te identificas? Marque todo lo que se aplica.**

- Afroamericano solo
- Indio Americano y Nativo de Alaska solo
- Asiática sola
- Nativo de Hawai o otras islas del Pacifico solo
- Dos o más razas
- Solo Hispano o Latino
- Solo Anglo
- Anglo solo, no Hispano o Latino
- Otra raza: \_\_\_\_\_

**27. ¿Cuál describe mejor su estado de trabajo?**

- Empleado a tiempo completo

**APPENDIX 6: Pacoima Beautiful y UCLA Luskin Departamento de Planificación Urbana  
Encuesta de Unidades de Vivienda Secundarias/Casitas (Forma para habitante)**

- Empleado a tiempo parcial
- Trabajo por mi mismo
- Fuera del trabajo y buscando trabajo.
- Fuera del trabajo pero no actualmente buscando trabajo
- Padre que se queda en casa
- Estudiante de tiempo completo
- Estudiante a tiempo parcial
- Militar
- Retirado
- No se puede trabajar

**28. ¿Cuál es el ingreso total aproximado del hogar?**

- \$0 - \$14,999
- \$15,000 - \$24,999
- \$25,000 - \$34,999
- \$35,000 - \$49,999
- \$50,000 - \$74,999
- \$75,000 o mas
- No se

**29. ¿Cuál es el nivel más alto de educación en el hogar?**

- Escuela primaria
- Secundaria
- Bachillerato
- Colegio Comunitario
- Universidad de 4 años
- Máster
- Doctorado o superior

**30. Cuál es tu estado civil?**

- Soltero
- Casado
- Divorciado
- Otro

**31. ¿Cuántas hogares viven en su propiedad?**

- 1
- 2
- 3
- Más de 3

**32. ¿Cuántas unidades secundarias/casitas hay en su propiedad?**

- 1
- 2
- 3
- Más de 3

**33. Escoge la siguiente opción(es) que mejor describe la construcción de la unidad secundaria/casita.**

- Conversión de garaje
- Conversión de almacenamiento
- Nueva unidad conectado o dentro de unidad principal
- Nueva estructura separada

**COMENTARIOS: ¿Cuáles son otros detalles notables que debemos saber sobre su unidad secundaria/casita?**

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**FOR SURVEYOR USE ONLY:**

**SURVEY ID:** \_\_\_\_\_

**ID should include Surveyor Initials - Date (MM/DD/YYYY) - # Survey for the Day**

**APPENDIX 6: Pacoima Beautiful y UCLA Luskin Departamento de Planificación Urbana  
Encuesta de Unidades de Vivienda Secundarias/Casitas (Forma para habitante)**

*(Example: AA-4/17/2019-#5; collected by Anne Alvarado on April 17, 2019; fifth survey completed for the day)*

**Respondent Type:** \_\_\_\_\_

Indicate if respondent is Main House Dweller or ADU Dweller

**Other Notes:**

# APPENDIX 6: ADU Tenant Survey

## Pacoima Beautiful & UCLA Luskin Department of Urban Planning

*Thank you for participating in the survey. Your answers are completely anonymous. Please do not include your name or address on this form.*

### UNIT FEATURES

**1. Does the ADU include a kitchen?**

- Yes
- No, but a kitchen is shared with the main house
- No, and I don't have access to a kitchen

**2. Does the ADU have a bathroom?**

- Yes
- No

**3. Does the ADU have a window and/or ventilation?**

- Yes
- No

**4. Does the ADU have air conditioning?**

- Yes
- No

**5. Does the ADU have its own Electricity in the unit, with its own meter and electric bill?**

- Yes, with my own meter
- Yes, but not with my own meter
- No

**6. Does the ADU have a heater?**

- Yes
- No

**7. Do you have plans to make permanent changes to the space in the next few years? If so, Why?**

- Yes, to \_\_\_\_\_
- No

**8. How many bedrooms does the ADU have?**

- Studio
- 1 bedroom / no bath
- 1 bedroom / 1 bath
- 2 bedroom / 1 bath
- 2 bedroom / 2 bath

**9. Is there any shared space or shared utilities on the property? Check all that apply.**

- Kitchen in main house
- Bathroom in main house
- Laundry
- Garden
- Parking space on the property
- Yard
- DWP Bill
- SoCal Gas bill
- Internet
- Other: \_\_\_\_\_

**10. Are you aware of any health and safety hazards in your ADU? If yes, please check all that apply.**

- Yes, there is/are:
  - lead paint
  - asbestos
  - exposed electrical wiring
  - No Smoke Alarm
  - No Carbon Monoxide Alarm
  - Other: \_\_\_\_\_
- No harmful materials exist

**11. Does the ADU have a smoke alarm?**

- Yes
- No

### TENURE & RELATIONSHIP WITH MAIN UNIT

**12. What was your previous living situation compared to your current one? Circle one option for each category.**

- **Size was:** smaller, same, bigger
- **Privacy:** less, same, more
- **Shared spaces:** less, same, more;

**13. Which of the following options best describes your relationship to the current ADU owner?**

# APPENDIX 6: ADU Tenant Survey

## Pacoima Beautiful & UCLA Luskin Department of Urban Planning

- Friend/s
- Family member/s
- Did not know owner prior to moving into ADU

### 14. Is this a temporary or permanent living situation?

- Permanent
- Temporary

### 15. How long have you lived at this residence?

- 0-6 months
- 6 months to 1 years
- 1-3 years
- 4-7 years
- 8-11 years
- 12 years or more

### 16. Do you have a formal lease agreement with the owner of the ADU?

- Yes
- No

### RENT

### 17. On average, how much rent do you pay per month?

- \$0
- Below \$400
- \$400-\$600
- \$600-\$800
- \$800-\$1,000
- \$1,000-\$1,200
- Above \$1,200

### 18. Has your rent increased in the last 2 years? If yes, please provide in dollars how much your rent has increased in the last two years.

- Yes, it increased by \$\_\_\_\_\_ from the original rent price.
- No

### CONNECTION WITH PACOIMA

### 19. How long have you lived in Pacoima?

\_\_\_\_\_ years

### 20. What most impacted your decision to live in Pacoima? Check all that apply.

- I was born here and/or grew up in Pacoima.
- To be near family
- To be near friends
- Job opportunity
- Ability to buy and own a home
- Affordable rents

### 21. Where do you work?

- In Pacoima.
- In the San Fernando Valley
- Outside of the San Fernando Valley

### DEMOGRAPHICS

### 22. Which gender do you most identify with? Write answer. \_\_\_\_\_

### 23. What is your age? Write answer.

\_\_\_\_\_ years old.

### 24. How many adults (age 18 and over) currently live in your place of residence?

\_\_\_\_\_ adults.

### 25. How many children (under 18) currently live in your place of residence?

\_\_\_\_\_ children.

### 26. Which of the following races do you identify with?

#### Check all that apply.

- Black or African American alone
- American Indian and Alaska Native alone
- Asian alone
- Native Hawaiian or Other Pacific Islander alone
- Hispanic or Latinx alone
- White alone
- White alone, not Hispanic or Latinx
- Two or More Races
- Other race: \_\_\_\_\_

### 27. Which best describes your current working status?

#### Check all that apply.

- Employed full-time
- Employed part-time
- Self-employed
- Out of work and looking for work
- Out of work but not currently looking for work
- Stay-at-home parent

# APPENDIX 6: ADU Tenant Survey

Pacoima Beautiful & UCLA Luskin Department of Urban Planning

- Full-time student
- Part-time student
- Military
- Retired
- Unable to work

**28. What is the approximate total household income?**

- \$0 - \$14,999
- \$15,000 - \$24,999
- \$25,000 - \$34,999
- \$35,000 - \$49,999
- \$50,000 - \$74,999
- \$75,000 or more
- I don't know

**29. What is the highest level of education in the household?**

- Elementary school
- Middle school
- High School
- Community College
- 4-year university
- Master's degree
- Doctorate degree or higher

**30. What is your marital status?**

- Single
- Married
- Divorced
- Other

**31. How many units (households) are on the property?**

- 1
- 2
- 3
- More than 3

**32. How many ADUS are on the property?**

- 1
- 2
- 3
- More than 3

**33. Select the option/s below that best describes the construction of the ADU.**

- Garage conversion
- Storage conversion
- Attached unit or within main house
- Detached new structure

**COMMENTS: What are other notable items we should know about your ADU?**

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**FOR SURVEYOR USE ONLY:**

**SURVEY ID:** \_\_\_\_\_

**ID should include Surveyor Initials - Date (MM/DD/YYYY) - # Survey for the Day**

*(Example: AA-4/17/2019-#5; collected by Anne Alvarado on April 17, 2019; fifth survey completed for the day)*

**Respondent Type:** \_\_\_\_\_

Indicate if respondent is Main House Dweller or ADU Dweller

**Other Notes:**

**APPENDIX 6: ADU Tenant Survey**  
**Pacoima Beautiful & UCLA Luskin Department of Urban Planning**



**APPENDIX 7: Main Unit Tenant Survey**  
**Pacoima Beautiful & UCLA Luskin Department of Urban Planning**

*Thank you for participating in the survey. Your answers are completely anonymous. Please do not include your name or address on this form.*

**1. How long have you lived in the main house? Write in answer.**

\_\_\_\_\_ years

| <b>1. How long have you lived in the main house? Write in answer. (n = 33)</b> |                |               |             |
|--|----------------|---------------|-------------|
| <b>Minimum</b>   | <b>Maximum</b> | <b>Median</b> | <b>Mean</b> |
| 1.5  | 74             | 18.5          | 22.92       |

**2. How many units (households) are on your property?**

- 1
- 2
- 3
- More than 3

| <b>2. How many units (households) are on your property?</b> |                  |                |
|---|------------------|----------------|
| <b>(n =32)</b>  | <b>Frequency</b> | <b>Percent</b> |
| <b>1</b>  | 1                | 3.13           |
| <b>2</b>  | 20               | 62.5           |
| <b>3</b>  | 3                | 9.38           |
| <b>More than 3</b>  | 4                | 12.5           |
| <b>N/A</b>  | 1                | 3.13           |
| <b>N/A_Survey<br/>1</b>                                     | 3                | 9.38           |

**APPENDIX 7: Main Unit Tenant Survey**  
**Pacoima Beautiful & UCLA Luskin Department of Urban Planning**

**3. How many ADUS are on your property?**

- 1
- 2
- 3
- More than 3

| <b>3. How many ADUS are on your property?</b> |                  |                |
|---|------------------|----------------|
| <b>(n = 30)</b>                               | <b>Frequency</b> | <b>Percent</b> |
| <b>1</b>                                      | 21               | 70             |
| <b>2</b>                                      | 7                | 23.33          |
| <b>3</b>                                      | 2                | 6.67           |

**4. What year was the ADU built? Write in answer.**

| <b>4. What year was the ADU built? Write in answer. (n= 13)</b> |                |               |             |
|---|----------------|---------------|-------------|
| <b>Minimum</b>  | <b>Maximum</b> | <b>Median</b> | <b>Mean</b> |
| 1942  | 2019           | 2002          | 1992        |

**5. Select the option/s below that best describes the construction of the ADU.**

- Garage conversion
- Storage conversion
- Attached unit or within main house
- Detached new structure

| <b>5. Select the option/s below that best describes the construction of the ADU.</b> |                  |                |
|--|------------------|----------------|
| <b>(n=32)</b>  | <b>Frequency</b> | <b>Percent</b> |
| <b>Attached unit or within main house</b>  | 7                | 21.88          |
| <b>Detached new structure</b>  | 10               | 31.25          |
| <b>Garage conversion</b>   | 12               | 37.5           |
| <b>No Response</b>   | 1                | 3.13           |
| <b>Storage Conversion</b>  | 2                | 6.25           |

## APPENDIX 7: Main Unit Tenant Survey

Pacoima Beautiful & UCLA Luskin Department of Urban Planning

**6. Does the unit include a kitchen?**

- Yes
- No
- It is shared with the main house

| <b>6. Does the unit include a kitchen?</b> |                  |                |
|--|------------------|----------------|
| <b>(n=32)</b>                              | <b>Frequency</b> | <b>Percent</b> |
| <b>No</b>                                  | 7                | 21.88          |
| <b>Yes</b>                                 | 25               | 78.13          |

**7. Are there any shared spaces or shared utilities on the property? Check all that apply.**

- Kitchen in main house
- Bathroom in main house
- Laundry
- Garden
- Parking space on the property
- Yard
- DWP Bill
- SoCal Gas bill
- Internet
- Other: \_\_\_\_\_

| <b>7. Are there any shared spaces or shared utilities on the property? Check all that apply. (n=32)</b> |                  |                |
|---|------------------|----------------|
| <b>Response</b>   | <b>Frequency</b> | <b>Percent</b> |
| <b>No</b>   | 2                | 6.25           |
| <b>Yes</b>  | 22               | 37.5           |
| <b>N/A</b>  | 5                | 15.63          |

**APPENDIX 7: Main Unit Tenant Survey**  
**Pacoima Beautiful & UCLA Luskin Department of Urban Planning**

**8. Which of the following options best describes your relationship to the current ADU resident?**

- Friend/s
- Family member/s
- Did not know tenant prior
- Other: \_\_\_\_\_

| <b>8. Which of the following options best describes your relationship to the current ADU resident?</b> |                  |                |
|--|------------------|----------------|
| <b>(n = 32)</b>  | <b>Frequency</b> | <b>Percent</b> |
| <b>Did not know tenant prior</b>   | 10               | 31.25          |
| <b>Family member</b>   | 14               | 43.75          |
| <b>Friend</b>  | 3                | 9.38           |
| <b>N/A</b>   | 4                | 12.5           |
| <b>No response</b>   | 1                | 3.13           |

**9. How many cars do you and the ADU tenants keep on the property? Write in answer.**

\_\_\_\_\_ car/s owned by main unit household

\_\_\_\_\_ car/s owned by ADU household

| <b>Car/s owned by main unit household (n = 27)</b> |                |               |             |
|--|----------------|---------------|-------------|
| <b>Minimum</b>                                     | <b>Maximum</b> | <b>Median</b> | <b>Mean</b> |
| 1  | 3              | 2             | 2.1481481   |

| <b>Car/s owned by ADU household (n = 28)</b> |                |               |             |
|--|----------------|---------------|-------------|
| <b>Minimum</b>                               | <b>Maximum</b> | <b>Median</b> | <b>Mean</b> |
| 0  | 10             | 1.5           | 2.1785714   |

**APPENDIX 7: Main Unit Tenant Survey**  
**Pacoima Beautiful & UCLA Luskin Department of Urban Planning**

**10. How is the ADU currently being used?**

*Note: Short-term housing is defined as a stay less than 1 year. Long-term housing is defined as a stay longer than 1 year.*

- As long-term primary residence, and is currently occupied
- As long-term primary residence, but is currently vacant
- Not currently being used for anything
- By the main house occupants as an extra room or other work-space
- For short-term housing (less than 1 year stays)
- Other: \_\_\_\_\_

| <b>10. How is the ADU currently being used?</b>                     |                  |                |
|---|------------------|----------------|
| <b>(n=29)</b>   | <b>Frequency</b> | <b>Percent</b> |
| <b>As long-term primary residence currently occupied</b>            | 24               | <b>75</b>      |
| <b>As long-term primary residence currently vacant</b>              | 2                | 6.25           |
| <b>By main house occupants as an extra room or other work space</b> | 2                | 6.25           |
| <b>Not currently being used for anything</b>                        | 1                | 3.13           |
| <b>Other: See Notes</b>   | 3                | 9.38           |

**APPENDIX 7: Main Unit Tenant Survey**  
**Pacoima Beautiful & UCLA Luskin Department of Urban Planning**

**11. How much did you or someone else pay for your ADU to be constructed?**

- Under \$5000
- \$5001 - \$10,000
- \$10,001 - \$30,000
- \$30,001 - \$50,000
- \$50,001 - \$100,000
- \$100,001 - \$150,000
- Over \$150,001

| <b>11. How much did you or someone else pay for your ADU to be constructed?</b> |                  |                |
|---|------------------|----------------|
| <b>(n=33)</b>   | <b>Frequency</b> | <b>Percent</b> |
| <b>\$100001 - \$150000</b>  | 3                | 9.09           |
| <b>\$10001 - \$30000</b>  | 3                | 9.09           |
| <b>\$30001 - \$50000</b>  | 2                | 6.06           |
| <b>\$50001 - \$100000</b>   | 1                | 3.03           |
| <b>\$5001 - \$10000</b>   | 4                | 12.12          |
| <b>I don't know</b>   | 7                | 21.21          |
| <b>N/A</b>  | 7                | 21.21          |
| <b>No response</b>  | 1                | 3.03           |
| <b>Predates Ownership</b>   | 3                | 9.09           |
| <b>Under \$5000</b>   | 2                | 6.06           |

**APPENDIX 7: Main Unit Tenant Survey**  
**Pacoima Beautiful & UCLA Luskin Department of Urban Planning**

**12. What were the biggest challenges in building your ADU? Select all that apply.**

- Permitting process
- Design constraints
- Paying for the cost of construction
- Obtaining financing
- Finding a contractor
- Utility connections
- Lot setbacks or height restrictions
- Other

| <b>12. What were the biggest challenges in building your ADU? Select all that apply.</b> |                  |                |
|--|------------------|----------------|
| <b>(n=31)</b>  | <b>Frequency</b> | <b>Percent</b> |
| <b>I don't know</b>  | 3                | 9.68           |
| <b>Lot setbacks or height restrictions</b>   | 1                | 3.23           |
| <b>N/A</b>   | 15               | 48.39          |
| <b>No response</b>   | 2                | 6.45           |
| <b>Other</b>   | 2                | 6.45           |
| <b>Other:See Notes</b>   | 4                | 12.9           |
| <b>Paying for the cost of construction</b>   | 1                | 3.23           |
| <b>Permitting process</b>  | 3                | 9.68           |

## APPENDIX 7: Main Unit Tenant Survey

Pacoima Beautiful & UCLA Luskin Department of Urban Planning

**13. Approximately how much rent do you charge on the ADU per month?**

- \$0
- Below \$400
- \$400-\$600
- \$600-\$800
- \$800-\$1,000
- \$1,000-\$1,200
- Above \$1,200

| <b>13. Approximately how much rent do you charge on the ADU per month?</b> |                  |                |
|--|------------------|----------------|
| <b>(n = 32)</b>  | <b>Frequency</b> | <b>Percent</b> |
| <b>\$0</b>   | 4                | 12.5           |
| <b>\$1000-\$1200</b>   | 4                | 12.5           |
| <b>\$400-\$600</b>   | 1                | 3.13           |
| <b>\$600-\$800</b>   | 5                | 15.63          |
| <b>\$800-\$1000</b>  | 7                | 21.88          |
| <b>Above \$1200</b>  | 5                | 15.63          |
| <b>I don't know</b>  | 1                | 3.13           |
| <b>N/A</b>   | 5                | 15.63          |

**14. How long have you lived in Pacoima?**

\_\_\_\_\_ years

| <b>14. How long have you lived in Pacoima? (n =27)</b> |                |               |             |
|--|----------------|---------------|-------------|
| <b>Minimum</b>   | <b>Maximum</b> | <b>Median</b> | <b>Mean</b> |
| 2  | 76             | 29            | 25.9        |

**15. What most impacted your decision to live in Pacoima? Check all that apply.**



**APPENDIX 7: Main Unit Tenant Survey**  
**Pacoima Beautiful & UCLA Luskin Department of Urban Planning**

- Job opportunity
- Ability to buy and own a home
- Affordable rents
- I was born here and/or grew up in Pacoima.
- To be near family

| <b>15. What most impacted your decision to live in Pacoima? Check all that apply.</b> |                  |                |
|---|------------------|----------------|
| <b>( n = 27)</b>  | <b>Frequency</b> | <b>Percent</b> |
| <b>Ability to buy and own a home</b>  | 6                | 22.22          |
| <b>Affordable rents</b>   | 1                | 3.7            |
| <b>I was born here and/or grew up in Pacoima</b>                                      | 4                | 14.81          |
| <b>Job opportunity</b>  | 3                | 11.11          |
| <b>N/A</b>  | 1                | 3.7            |
| <b>Other: See Notes</b>   | 4                | 14.81          |
| <b>To be near family and/or friends</b>   | 8                | 29.63          |

**16. Where do you work?**

- In Pacoima
- In the San Fernando Valley
- Outside of the San Fernando Valley

| <b>16. Where do you work?</b> |                  |                |
|-------------------------------|------------------|----------------|
| <b>( n = 32)</b>              | <b>Frequency</b> | <b>Percent</b> |
| <b>In Pacoima</b>             | 10               | 31.25          |
| <b>In the SFV</b>             | 7                | 21.88          |
| <b>No response</b>            | 1                | 3.13           |
| <b>Other: See Notes</b>       | 6                | 18.75          |
| <b>Outside of SFV</b>         | 8                | 25             |

**17. Do you have a formal lease agreement with the tenant of the ADU?**

**APPENDIX 7: Main Unit Tenant Survey**  
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- Yes  
 No

| <b>17. Do you have a formal lease agreement with the tenant of the ADU?</b> |                  |                |
|---|------------------|----------------|
| <b>( n = 32 )</b>   | <b>Frequency</b> | <b>Percent</b> |
| <b>N/A</b>  | 4                | 12.5           |
| <b>No</b>   | 19               | 59.38          |
| <b>No response</b>  | 1                | 3.13           |
| <b>Yes</b>  | 8                | 25             |

**18. Is the ADU currently permitted or unpermitted?**

- Permitted  
 Unpermitted

| <b>18. Is the ADU currently permitted or unpermitted?</b> |                  |                |
|---|------------------|----------------|
| <b>(n = 32)</b>   | <b>Frequency</b> | <b>Percent</b> |
| <b>I don't know</b>                                       | 2                | 6.25           |
| <b>N/A</b>  | 4                | 12.5           |
| <b>Permitted</b>  | 20               | 62.5           |
| <b>Unpermitted</b>  | 6                | 18.75          |

**APPENDIX 8: ADU Tenant Survey Results**  
**Pacoima Beautiful & UCLA Luskin Department of Urban Planning**

*Thank you for participating in the survey. Your answers are completely anonymous. Please do not include your name or address on this form.*

**UNIT FEATURES**

**1. Does the ADU include a kitchen?**

- Yes
- No, but a kitchen is shared with the main house
- No, and I don't have access to a kitchen

| <b>Does the ADU include a kitchen?</b>                 |                  |                |
|--|------------------|----------------|
| <b>N = 28</b>  | <b>Frequency</b> | <b>Percent</b> |
| <b>No, but a kitchen is shared with the main house</b> | 2                | 7.14%          |
| <b>Yes</b>   | <b>26</b>        | <b>92.86%</b>  |

**2. Does the ADU have a bathroom?**

- Yes
- No

| <b>Does the ADU have a bathroom?</b> |                  |                |
|--------------------------------------|------------------|----------------|
| <b>N=27 (missing 1)</b>              | <b>Frequency</b> | <b>Percent</b> |
| <b>Yes</b>                           | <b>27</b>        | <b>100%</b>    |

**3. Does the ADU have a window and/or ventilation?**

- Yes
- No

| <b>Does the ADU have a window and/or ventilation?</b> |                  |                |
|---|------------------|----------------|
| <b>N=27 (missing 1)</b>                               | <b>Frequency</b> | <b>Percent</b> |
| <b>No response</b>                                    | 1                | 3.70%          |
| <b>Yes</b>  | <b>26</b>        | <b>96.30%</b>  |

**APPENDIX 8: ADU Tenant Survey Results**  
**Pacoima Beautiful & UCLA Luskin Department of Urban Planning**

**4. Does the ADU have air conditioning?**

Yes

No

| <b>Does the ADU have air conditioning?</b> |                  |                |
|--|------------------|----------------|
| <b>N=27 (missing 1)</b>                    | <b>Frequency</b> | <b>Percent</b> |
| <b>No</b>                                  | 5                | 18.52%         |
| <b>Yes</b>                                 | <b>22</b>        | <b>81.48%</b>  |

**5. Does the ADU have its own Electricity in the unit, with its own meter and electric bill?**

Yes, with my own meter

Yes, but not with my own meter

No

| <b>Does the ADU have its own electricity in the unit, with its own meter and electric bill?</b> |                  |                |
|---|------------------|----------------|
| <b>N=27 (missing 1)</b>   | <b>Frequency</b> | <b>Percent</b> |
| <b>No</b>   | 3                | 11.11%         |
| <b>Yes but not with my own meter</b>  | 8                | 29.63%         |
| <b>Yes with my own meter</b>  | <b>16</b>        | <b>59.26%</b>  |

## APPENDIX 8: ADU Tenant Survey Results

Pacoima Beautiful & UCLA Luskin Department of Urban Planning

### 6. Does the ADU have a heater?

Yes

No

| Does the ADU have a heater? |           |         |
|-----------------------------|-----------|---------|
| N=27 (missing 1)            | Frequency | Percent |
| No                          | 8         | 29.63%  |
| Yes                         | 19        | 70.37%  |

### 7. Do you have plans to make permanent changes to the space in the next few years? If so, Why?

Yes, to \_\_\_\_\_

No

| Do you have plans to make permanent changes to the space in the next few years? If so, Why? |           |         |
|---|-----------|---------|
| N=27 (missing 1)  | Frequency | Percent |
| N/A   | 2         | 7.41%   |
| No  | 20        | 74.07%  |
| Yes   | 5         | 18.52%  |

### 8. How many bedrooms does the ADU have?

Studio

1 bedroom / no bath

1 bedroom / 1 bath

2 bedroom / 1 bath

2 bedroom / 2 bath

| How many bedrooms does the ADU have? |           |         |
|--------------------------------------|-----------|---------|
| N=27 (missing 1)                     | Frequency | Percent |
| 1 bedroom                            | 7         | 25.93%  |
| 2 bedrooms                           | 13        | 48.15%  |
| 3 bedrooms                           | 4         | 14.81%  |

**APPENDIX 8: ADU Tenant Survey Results**  
**Pacoima Beautiful & UCLA Luskin Department of Urban Planning**

|                           |          |               |
|---------------------------|----------|---------------|
| <b>4 or more bedrooms</b> | <b>3</b> | <b>11.11%</b> |
|---------------------------|----------|---------------|

**9. Are there any shared space or shared utilities on the property? Check all that apply.**

- Kitchen in main house
- Bathroom in main house
- Laundry
- Garden
- Parking space on the property
- Yard
- DWP Bill
- SoCal Gas bill
- Internet
- Other: \_\_\_\_\_

| <b>Are there any shared space or shared utilities on the property?</b> |                       |                |
|--|-----------------------|----------------|
| <b>N=28</b>  | <b>Frequenc<br/>y</b> | <b>Percent</b> |
| <b>N/A</b>   | <b>1</b>              | <b>3.57%</b>   |
| <b>No</b>  | <b>7</b>              | <b>25.00%</b>  |
| <b>Not<br/>Applicable</b>  | <b>4</b>              | <b>14.29%</b>  |
| <b>Other</b>   | <b>1</b>              | <b>3.57%</b>   |
| <b>Yes</b>   | <b>15</b>             | <b>53.57%</b>  |

**Note:** Of those that answered “Yes” to sharing utilities, majority split the SoCal Gas Bill and DWP Bill. Of those that split the bills, they are likely to be family members.

**10. Are you aware of any health and safety hazards in your ADU? If yes, please check all that apply.**

- Yes, there is/are:
  - lead paint

**APPENDIX 8: ADU Tenant Survey Results**  
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- asbestos
- exposed electrical wiring
- No Smoke Alarm
- No Carbon Monoxide Alarm
- Other: \_\_\_\_\_

No harmful materials exist

| <b>Are you aware of any health and safety hazards in your ADU?</b> |                   |                |
|--|-------------------|----------------|
| <b>N=27 (missing 1)</b>  | <b>Frequenc y</b> | <b>Percent</b> |
| <b>No</b>  | <b>23</b>         | <b>85.19%</b>  |
| <b>No response</b>   | 1                 | 3.70%          |
| <b>Yes</b>   | 3                 | 11.11%         |

*Note: Only one household reported not having a smoke alarm and carbon monoxide alarm in their phone.*

**11. Does the ADU have a smoke alarm?**

- Yes
- No

| <b>Does the ADU have a smoke alarm?</b> |                   |                |
|---|-------------------|----------------|
| <b>N=27 (missing 1)</b>                 | <b>Frequenc y</b> | <b>Percent</b> |
| <b>No</b>                               | 3                 | 11.11%         |
| <b>No response</b>                      | 1                 | 3.70%          |
| <b>Yes</b>                              | <b>23</b>         | <b>85.19%</b>  |

**TENURE & RELATIONSHIP WITH MAIN UNIT**

**12. Which of the following options best describes your relationship to the current ADU owner?**

**APPENDIX 8: ADU Tenant Survey Results**  
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- Friend/s
- Family member/s
- Did not know owner prior to moving into ADU

| <b>Which of the following options best describes your relationship to the current ADU owner?</b> |                  |                |
|--|------------------|----------------|
| <b>N=28</b>  | <b>Frequency</b> | <b>Percent</b> |
| <b>Did not know owner prior to moving into ADU</b>   | <b>11</b>        | <b>39.29%</b>  |
| <b>Family member/s</b>   | <b>10</b>        | <b>35.71%</b>  |
| <b>Friend/s</b>  | <b>7</b>         | <b>25%</b>     |

**13. Is this a temporary or permanent living situation?**

- Permanent
- Temporary

| <b>Is this a temporary or permanent living situation?</b> |                  |                |
|---|------------------|----------------|
| <b>N=27 (missing 1)</b>                                   | <b>Frequency</b> | <b>Percent</b> |
| <b>Permanent</b>  | <b>12</b>        | <b>44.44%</b>  |
| <b>Temporary</b>  | <b>15</b>        | <b>55.56%</b>  |

**14. How long have you lived at this residence?**

- 0-6 months
- 6 months to 1 years
- 1-3 years
- 4-7 years
- 8-11 years
- 12 years or more

|   |
|---|
| <b>How long have you lived at this residence?</b> |
|---|



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| <b>N=28</b>                | <b>Frequen<br/>cy</b> | <b>Percent</b> |
|----------------------------|-----------------------|----------------|
| <b>0-6 months</b>          | 2                     | 7.14%          |
| <b>1-3 years</b>           | 10                    | 35.71%         |
| <b>12 years or more</b>    | 5                     | 17.86%         |
| <b>4-7 years</b>           | 7                     | 25%            |
| <b>6 months to 1 years</b> | 2                     | 7.14%          |
| <b>8-11 years</b>          | 2                     | 7.14%          |

**15. Do you have a formal lease agreement with the owner of the ADU?**

- Yes  
 No

| <b>Do you have a formal lease agreement with the owner of the ADU?</b> |                  |                |
|--|------------------|----------------|
| <b>N=28</b>  | <b>Frequency</b> | <b>Percent</b> |
| <b>No</b>  | 21               | 75%            |
| <b>Yes</b>   | 7                | 25%            |

**RENT**

**16. On average, how much rent do you pay per month?**

- \$0  
 Below \$400  
 \$400-\$600  
 \$600-\$800  
 \$800-\$1,000  
 \$1,000-\$1,200  
 Above \$1,200

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| <b>On average, how much rent do you pay per month?</b> |                  |                |
|--|------------------|----------------|
| <b>N=28</b>  | <b>Frequency</b> | <b>Percent</b> |
| <b>\$\$600-\$800</b>                                   | 1                | 3.57%          |
| <b>\$0</b>   | 1                | 3.57%          |
| <b>\$1000-\$1200</b>                                   | 8                | 28.57%         |
| <b>\$400-\$600</b>                                     | 2                | 7.14%          |
| <b>\$800-\$1000</b>                                    | 4                | 14.29%         |
| <b>Above \$1200</b>                                    | 11               | 39.29%         |
| <b>Below \$400</b>                                     | 1                | 3.57%          |

**17. Has your rent increased in the last 2 years? If yes, please provide in dollars how much your rent has increased in the last two years.**

- Yes, it increased by \$\_\_\_\_\_ from the original rent price.
- No

| <b>Has your rent increased in the last 2 years?</b> |                  |                |
|---|------------------|----------------|
| <b>N=26</b>   | <b>Frequency</b> | <b>Percent</b> |
| <b>No</b>   | 18               | 69%            |
| <b>Yes See notes</b>                                | 8                | 31%            |

**Note:** Four respondents shared the exact amount their rent increased. All respondents who shared the rent increase amount currently play above \$1,200. Reported rent increases by the four respondents are an additional \$50, \$75, \$140, and \$200 per month.

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**CONNECTION WITH PACOIMA**

**18. How long have you lived in Pacoima?**

\_\_\_\_\_ years

| <b>How long have you lived in Pacoima?</b> |                |               |             |
|--|----------------|---------------|-------------|
| <b>Minimum</b>                             | <b>Maximum</b> | <b>Median</b> | <b>Mean</b> |
| 0  | 42             | 9             | 14.14       |

**19. What most impacted your decision to live in Pacoima? Check all that apply.**

- I was born here and/or grew up in Pacoima.
- To be near family
- To be near friends
- Job opportunity
- Ability to buy and own a home
- Affordable rents

| <b>Selected answer: I was born here and/or grew up in Pacoima.</b> |                  |                |
|--|------------------|----------------|
| <b>N=27<br/>(missing 1)</b>  | <b>Frequency</b> | <b>Percent</b> |
| <b>No response</b>   | 1                | 3.57%          |
| <b>Yes</b>   | 7                | 25%            |

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|           |    |        |
|-----------|----|--------|
| <b>no</b> | 20 | 71.43% |
|-----------|----|--------|

| <b>Selected Answer: To be near family</b> |                  |                |
|---|------------------|----------------|
| <b>N=27<br/>(missing 1)</b>               | <b>Frequency</b> | <b>Percent</b> |
| <b>No response</b>                        | 1                | 3.57%          |
| <b>Yes</b>                                | 9                | 32.14%         |
| <b>No</b>                                 | 18               | 64.29%         |

| <b>Selected Answer: To be near friends</b> |                  |                |
|--|------------------|----------------|
| <b>N=27<br/>(missing 1)</b>                | <b>Frequency</b> | <b>Percent</b> |
| <b>No response</b>                         | 1                | 3.57%          |
| <b>Yes</b>                                 | 2                | 7.14%          |
| <b>No</b>                                  | 25               | 89.29%         |

**Selected Answer: Job Opportunity**

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| <b>N=27<br/>(missing 1)</b> | <b>Frequency</b> | <b>Percent</b> | <b>Cumulative<br/>Frequency</b> | <b>Cumulative<br/>Percent</b> |
|-----------------------------|------------------|----------------|---------------------------------|-------------------------------|
| <b>No response</b>          | 1                | 3.57           | 1                               | 3.57%                         |
| <b>Yes</b>                  | 9                | 32.14          | 10                              | 35.71%                        |
| <b>No</b>                   | 18               | 64.29          | 28                              | 100%                          |

| <b>Selected Answer: Ability to buy and own a home</b> |                  |                |
|---|------------------|----------------|
| <b>N=27<br/>(missing 1)</b>                           | <b>Frequency</b> | <b>Percent</b> |
| <b>No response</b>                                    | 1                | 3.57%          |
| <b>Yes</b>  | 5                | 17.86%         |
| <b>No</b>   | 22               | 78.57%         |

| <b>Selected Answer: Affordable rents</b> |                  |                |
|--|------------------|----------------|
| <b>N=27<br/>(missing 1)</b>              | <b>Frequency</b> | <b>Percent</b> |
| <b>No response</b>                       | 1                | 3.57%          |
| <b>Yes</b>                               | 9                | 32.14%         |

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|           |    |        |
|-----------|----|--------|
| <b>No</b> | 18 | 64.29% |
|-----------|----|--------|

**20. Where do you work?**

- In Pacoima.
- In the San Fernando Valley
- Outside of the San Fernando Valley

| <b>Where do you work?</b>                 |                  |                |
|---|------------------|----------------|
| <b>N=28</b>                               | <b>Frequency</b> | <b>Percent</b> |
| <b>In Pacoima</b>                         | 7                | 25%            |
| <b>In the San Fernando Valley</b>         | 14               | 50%            |
| <b>Outside of the San Fernando Valley</b> | 7                | 25%            |

**DEMOGRAPHICS**

**21. Which gender do you most identify with? Write answer.**

| <b>Gender</b>               |                  |                |
|-----------------------------|------------------|----------------|
| <b>N=27<br/>(Missing 1)</b> | <b>Frequency</b> | <b>Percent</b> |
|                             |                  |                |

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|               |    |        |
|---------------|----|--------|
| <b>Female</b> | 15 | 55.56% |
| <b>Male</b>   | 12 | 44.44% |

**22. What is your age? Write answer.**

| <b>Age</b>     |                |               |             |
|----------------|----------------|---------------|-------------|
| <b>Minimum</b> | <b>Maximum</b> | <b>Median</b> | <b>Mean</b> |
| 22             | 75             | 35            | 39          |

**23. How many adults (age 18 and over) currently live in your place of residence?**

| <b>Total Adults in ADU Household</b> |                |               |             |
|--------------------------------------|----------------|---------------|-------------|
| <b>Minimum</b>                       | <b>Maximum</b> | <b>Median</b> | <b>Mean</b> |
| 1                                    | 5              | 3             | 2.81        |

**24. How many children (under 18) currently live in your place of residence?**

| <b>Total Children in ADU Household</b> |                |               |             |
|--|----------------|---------------|-------------|
| <b>Minimum</b>                         | <b>Maximum</b> | <b>Median</b> | <b>Mean</b> |
| 0                                      | 5              | 2             | 1.77        |

**25. Which of the following races do you identify with? Check all that apply.**

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- Black or African American alone
- American Indian and Alaska Native alone
- Asian alone
- Native Hawaiian or Other Pacific Islander alone
- Hispanic or Latinx alone
- White alone
- White alone, not Hispanic or Latinx
- Two or More Races
- Other race: \_\_\_\_\_

| <b>Race</b>                     |                  |                |
|---------------------------------|------------------|----------------|
| <b>N=27 (missing 1)</b>         | <b>Frequency</b> | <b>Percent</b> |
| <b>Hispanic or Latinx alone</b> | 24               | 88.89%         |
| <b>Other race:</b>              | 1                | 3.70%          |
| <b>Two or More Races</b>        | 1                | 3.70%          |
| <b>White alone</b>              | 1                | 3.70%          |

**26. Which best describes your current working status? Check all that apply.**

- Employed full-time
- Employed part-time
- Self-employed
- Out of work and looking for work
- Out of work but not currently looking for work
- Stay-at-home parent
- Full-time student
- Part-time student
- Military
- Retired



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Unable to work

| <b>Work Status</b>                                    |                  |                |
|---|------------------|----------------|
| <b>N=27 (missing 1)</b>                               | <b>Frequency</b> | <b>Percent</b> |
| <b>Employed full-time</b>                             | 14               | 51.85%         |
| <b>Employed part-time</b>                             | 6                | 22.22%         |
| <b>Out of work and looking for work</b>               | 1                | 3.70%          |
| <b>Out of work but not currently looking for work</b> | 1                | 3.70%          |
| <b>Retired</b>  | 1                | 3.70%          |
| <b>Self-employed</b>                                  | 3                | 11.11%         |
| <b>Stay-at-home parent</b>                            | 1                | 3.70%          |

| <b>Secondary Work Status (second answer selected)</b>        |                  |                |
|--|------------------|----------------|
| <b>N = 2 (25 respondents did not select a second answer)</b> | <b>Frequency</b> | <b>Percent</b> |

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|                            |          |            |
|----------------------------|----------|------------|
| <b>Part-time student</b>   | <b>1</b> | <b>50%</b> |
| <b>Stay-at-home parent</b> | <b>1</b> | <b>50%</b> |

**27. What is the approximate total household income?**

- \$0 - \$14,999
- \$15,000 - \$24,999
- \$25,000 - \$34,999
- \$35,000 - \$49,999
- \$50,000 - \$74,999
- \$75,000 or more
- I don't know

| <b>Income</b>               |                  |                |
|-----------------------------|------------------|----------------|
| <b>N=27<br/>(missing 1)</b> | <b>Frequency</b> | <b>Percent</b> |
| <b>\$0 - \$14999</b>        | <b>3</b>         | <b>11.11%</b>  |
| <b>\$15k - \$24999</b>      | <b>3</b>         | <b>11.11%</b>  |
| <b>\$25k - \$34999</b>      | <b>5</b>         | <b>18.52%</b>  |

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|                        |          |               |
|------------------------|----------|---------------|
| <b>\$35k - \$49999</b> | <b>1</b> | <b>3.70%</b>  |
| <b>\$50K - \$74999</b> | <b>5</b> | <b>18.52%</b> |
| <b>\$75K or more</b>   | <b>5</b> | <b>18.52%</b> |
| <b>I don't know</b>    | <b>5</b> | <b>18.52%</b> |

**28. What is the highest level of education in the household?**

- Elementary school
- Middle school
- High School
- Community College
- 4-year university
- Master's degree
- Doctorate degree or higher

| <b>Education</b>                  |                  |                |
|-----------------------------------|------------------|----------------|
| <b>N=27 (missing 1)</b>           | <b>Frequency</b> | <b>Percent</b> |
| <b>4-year university</b>          | 7                | 25.93%         |
| <b>Community College</b>          | 4                | 14.81%         |
| <b>Doctorate degree or higher</b> | 1                | 3.70%          |
| <b>Elementary school</b>          | 1                | 3.70%          |

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|                        |   |        |
|------------------------|---|--------|
| <b>High School</b>     | 8 | 29.63% |
| <b>Master's degree</b> | 1 | 3.70%  |
| <b>Middle school</b>   | 4 | 14.81% |
| <b>Other</b>           | 1 | 3.70%  |

**29. What is your marital status?**

- Single
- Married
- Divorced
- Other

| <b>Marital Status</b>       |                  |                |
|-----------------------------|------------------|----------------|
| <b>N=27<br/>(missing 1)</b> | <b>Frequency</b> | <b>Percent</b> |
| <b>Divorced</b>             | 2                | 7.41%          |
| <b>Married</b>              | 11               | 40.74%         |
| <b>No Response</b>          | 1                | 3.70%          |
| <b>Other</b>                | 4                | 14.81%         |
| <b>Single</b>               | 9                | 33.33%         |

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**30. How many units (households) are on the property?**

- 1
- 2
- 3
- More than 3

| <b>Total reported Units on Property</b> |                  |                |
|---|------------------|----------------|
| <b>N=25<br/>(missing 3)</b>             | <b>Frequency</b> | <b>Percent</b> |
| <b>1</b>                                | 1                | 4%             |
| <b>2</b>                                | 10               | 40%            |
| <b>3</b>                                | 1                | 4%             |
| <b>N/A_Survey 1</b>                     | 13               | 52%            |

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**31. How many ADUs are on the property?**

- 1
- 2
- 3
- More than 3

| <b>Total reported ADUs on Property</b> |                  |                |
|--|------------------|----------------|
| <b>N=25<br/>(missing 3)</b>            | <b>Frequency</b> | <b>Percent</b> |
| <b>1</b>                               | 7                | 28%            |
| <b>2</b>                               | 4                | 16%            |
| <b>3</b>                               | 1                | 4%             |
| <b>N/A Survey 1</b>                    | 13               | 52%            |

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**32. Select the option/s below that best describes the construction of the ADU.**

- Garage conversion
- Storage conversion
- Attached unit or within main house
- Detached new structure

| <b>ADU Type</b>                |                  |                |
|--------------------------------|------------------|----------------|
| <b>N=24 (missing 4)</b>        | <b>Frequency</b> | <b>Percent</b> |
| <b>Attached unit</b>           | 2                | 8.33%          |
| <b>Detached new structure</b>  | 3                | 12.50%         |
| <b>Garage Conversion</b>       | 3                | 12.50%         |
| <b>N/A Survey 1</b>            | 14               | 58.33%         |
| <b>New separated structure</b> | 2                | 8.33%          |

## Appendix 9: SAS Crosstab Results

**Crosstab Table 1: ADU Tenants' Monthly Rent by Relationship to Landlord**

**ADU Tenant  
Monthly Rent vs Relationship**

The FREQ Procedure

| Frequency<br>Percent<br>Row Pct<br>Col Pct | Table of Relation_Tenant by Monthly_Rent    |                            |        |               |             |              |              |             |        |
|--|---|----------------------------|--------|---------------|-------------|--------------|--------------|-------------|--------|
|  | Relation_Tenant(Relation_Tenant)            | Monthly_Rent(Monthly_Rent) |        |               |             |              |              |             | Total  |
|  |   | \$\$600-\$800              | \$0    | \$1000-\$1200 | \$400-\$600 | \$800-\$1000 | Above \$1200 | Below \$400 |        |
|  | Did not know owner prior to moving into ADU | 0                          | 0      | 3             | 0           | 0            | 7            | 1           | 11     |
|  |   | 0.00                       | 0.00   | 10.71         | 0.00        | 0.00         | 25.00        | 3.57        | 39.29  |
|  |   | 0.00                       | 0.00   | 27.27         | 0.00        | 0.00         | 63.64        | 9.09        |        |
|  |   | 0.00                       | 0.00   | 37.50         | 0.00        | 0.00         | 63.64        | 100.00      |        |
|  | Family member/s                             | 1                          | 1      | 3             | 0           | 4            | 1            | 0           | 10     |
|  |   | 3.57                       | 3.57   | 10.71         | 0.00        | 14.29        | 3.57         | 0.00        | 35.71  |
|  |   | 10.00                      | 10.00  | 30.00         | 0.00        | 40.00        | 10.00        | 0.00        |        |
|  |   | 100.00                     | 100.00 | 37.50         | 0.00        | 100.00       | 9.09         | 0.00        |        |
|  | Friend/s                                    | 0                          | 0      | 2             | 2           | 0            | 3            | 0           | 7      |
|  |   | 0.00                       | 0.00   | 7.14          | 7.14        | 0.00         | 10.71        | 0.00        | 25.00  |
|  |   | 0.00                       | 0.00   | 28.57         | 28.57       | 0.00         | 42.86        | 0.00        |        |
|  |   | 0.00                       | 0.00   | 25.00         | 100.00      | 0.00         | 27.27        | 0.00        |        |
|  | Total                                       | 1                          | 1      | 8             | 2           | 4            | 11           | 1           | 28     |
|  |   | 3.57                       | 3.57   | 28.57         | 7.14        | 14.29        | 39.29        | 3.57        | 100.00 |



## Appendix 9: SAS Crosstab Results

**Crosstab Table 2: Total ADU Household Size by Number of Bedrooms in ADU Unit**

|  |                                    | ADU Tenant<br>ADU HH Size vs Number of Bedrooms |                              |                             |                              |                              |                           |                              |                              |                              |                               |                             |                |                |  |
|--|------------------------------------|---|------------------------------|-----------------------------|------------------------------|------------------------------|---------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|-----------------------------|----------------|----------------|--|
|  |                                    | The FREQ Procedure                              |                              |                             |                              |                              |                           |                              |                              |                              |                               |                             |                |                |  |
| Frequency<br>Percent<br>Row Pct<br>Col Pct | Table of HHTotal_CT by Bedrooms_CT |   |                              |                             |                              |                              |                           |                              |                              |                              |                               |                             |                |                |  |
|  | HHTotal_CT(HHTotal_CT)             | Bedrooms_CT(Bedrooms_CT)                        |                              |                             |                              |                              |                           |                              |                              |                              |                               |                             |                |                |  |
|  | 1 bedroom/1 bath                   | 1bedroom/1bath                                  | 2 bedroom/1 bath             | 2 bedrooms/1 bath           | 2 bedrooms/2 baths           | 3 bedrooms/ 2 bath           | 3 bedrooms/ 2 baths       | 3 bedrooms/1 bath            | 4 bedrooms/2 baths           | 5 bedrooms/2 baths           | Other                         | Total                       |                |                |  |
| 0  | 0<br>0.00<br>-                     | 0<br>0.00<br>-                                  | 0<br>0.00<br>-               | 0<br>0.00<br>-              | 0<br>0.00<br>-               | 0<br>0.00<br>-               | 0<br>0.00<br>-            | 0<br>0.00<br>-               | 0<br>0.00<br>-               | 0<br>0.00<br>-               | 0<br>0.00<br>-                | 0<br>0.00<br>-              | 0<br>0.00<br>- | 0<br>0.00<br>- |  |
| 2  | 0<br>0.00<br>0.00                  | 3<br>11.11<br>60.00<br>60.00                    | 1<br>3.70<br>20.00<br>12.50  | 1<br>3.70<br>20.00<br>33.33 | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00 | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00     | 0<br>0.00<br>0.00<br>0.00   | 5<br>18.52     |                |  |
| 3  | 1<br>3.70<br>50.00<br>50.00        | 0<br>0.00<br>0.00<br>0.00                       | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00   | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00 | 0<br>0.00<br>0.00<br>0.00    | 1<br>3.70<br>50.00<br>100.00 | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00     | 0<br>0.00<br>0.00<br>0.00   | 2<br>7.41      |                |  |
| 4  | 1<br>3.70<br>12.50<br>50.00        | 2<br>7.41<br>25.00<br>40.00                     | 3<br>11.11<br>37.50<br>37.50 | 1<br>3.70<br>12.50<br>33.33 | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00 | 1<br>3.70<br>12.50<br>100.00 | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00     | 0<br>0.00<br>0.00<br>0.00   | 8<br>29.63     |                |  |
| 5  | 0<br>0.00<br>0.00<br>0.00          | 0<br>0.00<br>0.00<br>0.00                       | 0<br>0.00<br>0.00<br>0.00    | 1<br>3.70<br>25.00<br>33.33 | 2<br>7.41<br>50.00<br>100.00 | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00 | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00     | 1<br>3.70<br>25.00<br>50.00 | 4<br>14.81     |                |  |
| 6  | 0<br>0.00<br>0.00<br>0.00          | 0<br>0.00<br>0.00<br>0.00                       | 2<br>7.41<br>66.67<br>25.00  | 0<br>0.00<br>0.00<br>0.00   | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00 | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00    | 1<br>3.70<br>33.33<br>100.00 | 0<br>0.00<br>0.00<br>0.00     | 0<br>0.00<br>0.00<br>0.00   | 3<br>11.11     |                |  |
| 7  | 0<br>0.00<br>0.00<br>0.00          | 0<br>0.00<br>0.00<br>0.00                       | 1<br>3.70<br>33.33<br>12.50  | 0<br>0.00<br>0.00<br>0.00   | 0<br>0.00<br>0.00<br>0.00    | 1<br>3.70<br>33.33<br>100.00 | 0<br>0.00<br>0.00<br>0.00 | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00     | 1<br>3.70<br>33.33<br>50.00 | 3<br>11.11     |                |  |
| 8  | 0<br>0.00<br>0.00<br>0.00          | 0<br>0.00<br>0.00<br>0.00                       | 1<br>3.70<br>100.00<br>12.50 | 0<br>0.00<br>0.00<br>0.00   | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00 | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00     | 0<br>0.00<br>0.00<br>0.00   | 1<br>3.70      |                |  |
| 9  | 0<br>0.00<br>0.00<br>0.00          | 0<br>0.00<br>0.00<br>0.00                       | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00   | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00 | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00    | 1<br>3.70<br>100.00<br>100.00 | 0<br>0.00<br>0.00<br>0.00   | 1<br>3.70      |                |  |
| <b>Total</b>                               | 2<br>7.41                          | 5<br>18.52                                      | 8<br>29.63                   | 3<br>11.11                  | 2<br>7.41                    | 1<br>3.70                    | 1<br>3.70                 | 1<br>3.70                    | 1<br>3.70                    | 1<br>3.70                    | 1<br>3.70                     | 2<br>7.41                   | 27<br>100.00   |                |  |

Frequency Missing = 1

## Appendix 9: SAS Crosstab Results

**Crosstab 3: Main Unit Tenant Response - ADU Tenants' Monthly Rent by Relationship to Landlord**

| Main Unit Tenant Survey<br>Relation with ADU resident vs ADU rent<br>The FREQ Procedure |                                      |                             |                              |                              |                              |                              |                               |                             |              |
|---|--------------------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|-----------------------------|--------------|
| Frequency<br>Percent<br>Row Pct<br>Col Pct  | Table of Relation_Tenant by ADU_Rent |                             |                              |                              |                              |                              |                               |                             |              |
|   | Relation_Tenant<br>(Relation_Tenant) | ADU_Rent(ADU_Rent)          |                              |                              |                              |                              |                               |                             |              |
|   |                                      | \$0                         | \$1000-<br>\$1200            | \$400-<br>\$600              | \$600-<br>\$800              | \$800-<br>\$1000             | Above<br>\$1200               | I don't<br>know             | N/A          |
| Did not know tenant prior   | 0<br>0.00<br>0.00<br>0.00            | 1<br>3.13<br>10.00<br>25.00 | 0<br>0.00<br>0.00<br>0.00    | 1<br>3.13<br>10.00<br>20.00  | 3<br>9.38<br>30.00<br>42.86  | 4<br>12.50<br>40.00<br>80.00 | 0<br>0.00<br>0.00<br>0.00     | 1<br>3.13<br>10.00<br>20.00 | 10<br>31.25  |
| Family member   | 3<br>9.38<br>21.43<br>75.00          | 1<br>3.13<br>7.14<br>25.00  | 0<br>0.00<br>0.00<br>0.00    | 4<br>12.50<br>28.57<br>80.00 | 4<br>12.50<br>28.57<br>57.14 | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00     | 2<br>6.25<br>14.29<br>40.00 | 14<br>43.75  |
| Friend  | 0<br>0.00<br>0.00<br>0.00            | 2<br>6.25<br>66.67<br>50.00 | 1<br>3.13<br>33.33<br>100.00 | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00     | 0<br>0.00<br>0.00<br>0.00   | 3<br>9.38    |
| N/A   | 1<br>3.13<br>25.00<br>25.00          | 0<br>0.00<br>0.00<br>0.00   | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00    | 1<br>3.13<br>25.00<br>20.00  | 0<br>0.00<br>0.00<br>0.00     | 2<br>6.25<br>50.00<br>40.00 | 4<br>12.50   |
| No response   | 0<br>0.00<br>0.00<br>0.00            | 0<br>0.00<br>0.00<br>0.00   | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00    | 0<br>0.00<br>0.00<br>0.00    | 1<br>3.13<br>100.00<br>100.00 | 0<br>0.00<br>0.00<br>0.00   | 1<br>3.13    |
| Total   | 4<br>12.50                           | 4<br>12.50                  | 1<br>3.13                    | 5<br>15.63                   | 7<br>21.88                   | 5<br>15.63                   | 1<br>3.13                     | 5<br>15.63                  | 32<br>100.00 |
| Frequency Missing = 1   |                                      |                             |                              |                              |                              |                              |                               |                             |              |

**Appendix 9: SAS Crosstab Results**

**Crosstab 4: Main Unit Response- ADU Permit by Lease Agreement Status**

**Main Unit Tenant Survey  
ADU permit and rent**

The FREQ Procedure

| Frequency<br>Percent<br>Row Pct<br>Col Pct | Table of Permit_YN by Lease |                               |                              |                              |              |       |
|--|-----------------------------|-------------------------------|------------------------------|------------------------------|--------------|-------|
|  | Permit_YN(Permit_YN)        | Lease(Lease)                  |                              |                              |              | Total |
|  |                             | N/A                           | No                           | No response                  | Yes          |       |
| <b>I don't know</b>                        | 0<br>0.00<br>0.00<br>0.00   | 1<br>3.13<br>50.00<br>5.26    | 0<br>0.00<br>0.00<br>0.00    | 1<br>3.13<br>50.00<br>12.50  | 2<br>6.25    |       |
| <b>N/A</b>                                 | 1<br>3.13<br>25.00<br>25.00 | 2<br>6.25<br>50.00<br>10.53   | 0<br>0.00<br>0.00<br>0.00    | 1<br>3.13<br>25.00<br>12.50  | 4<br>12.50   |       |
| <b>Permitted</b>                           | 2<br>6.25<br>10.00<br>50.00 | 12<br>37.50<br>60.00<br>63.16 | 0<br>0.00<br>0.00<br>0.00    | 6<br>18.75<br>30.00<br>75.00 | 20<br>62.50  |       |
| <b>Unpermitted</b>                         | 1<br>3.13<br>16.67<br>25.00 | 4<br>12.50<br>66.67<br>21.05  | 1<br>3.13<br>16.67<br>100.00 | 0<br>0.00<br>0.00<br>0.00    | 6<br>18.75   |       |
| <b>Total</b>                               | 4<br>12.50                  | 19<br>59.38                   | 1<br>3.13                    | 8<br>25.00                   | 32<br>100.00 |       |
| <b>Frequency Missing = 1</b>               |                             |                               |                              |                              |              |       |

## Appendix 9: SAS Crosstab Results

**Crosstab 5: Main Unit Response- Lease Agreement Status by Relation to Landlord**

**Main Unit Tenant Survey  
Relation with ADU resident vs Lease**

The FREQ Procedure

| Frequency<br>Percent<br>Row Pct<br>Col Pct | Table of Relation_Tenant by Lease |              |        |             |       |        |
|--|-----------------------------------|--------------|--------|-------------|-------|--------|
|  | Relation_Tenant(Relation_Tenant)  | Lease(Lease) |        |             |       | Total  |
|  |                                   | N/A          | No     | No response | Yes   |        |
|  | <b>Did not know tenant prior</b>  | 0            | 4      | 0           | 6     | 10     |
|  |                                   | 0.00         | 12.50  | 0.00        | 18.75 | 31.25  |
|  |                                   | 0.00         | 40.00  | 0.00        | 60.00 |        |
|  |                                   | 0.00         | 21.05  | 0.00        | 75.00 |        |
|  | <b>Family member</b>              | 1            | 11     | 1           | 1     | 14     |
|  |                                   | 3.13         | 34.38  | 3.13        | 3.13  | 43.75  |
|  |                                   | 7.14         | 78.57  | 7.14        | 7.14  |        |
|  |                                   | 25.00        | 57.89  | 100.00      | 12.50 |        |
|  | <b>Friend</b>                     | 0            | 3      | 0           | 0     | 3      |
|  |                                   | 0.00         | 9.38   | 0.00        | 0.00  | 9.38   |
|  |                                   | 0.00         | 100.00 | 0.00        | 0.00  |        |
|  |                                   | 0.00         | 15.79  | 0.00        | 0.00  |        |
|  | <b>N/A</b>                        | 2            | 1      | 0           | 1     | 4      |
|  |                                   | 6.25         | 3.13   | 0.00        | 3.13  | 12.50  |
|  |                                   | 50.00        | 25.00  | 0.00        | 25.00 |        |
|  |                                   | 50.00        | 5.26   | 0.00        | 12.50 |        |
|  | <b>No response</b>                | 1            | 0      | 0           | 0     | 1      |
|  |                                   | 3.13         | 0.00   | 0.00        | 0.00  | 3.13   |
|  |                                   | 100.00       | 0.00   | 0.00        | 0.00  |        |
|  |                                   | 25.00        | 0.00   | 0.00        | 0.00  |        |
|  | <b>Total</b>                      | 4            | 19     | 1           | 8     | 32     |
|  |                                   | 12.50        | 59.38  | 3.13        | 25.00 | 100.00 |
| Frequency Missing = 1                      |                                   |              |        |             |       |        |

## APPENDIX 10: ADU SURVEY TOOLKIT- TIPS AND LESSONS LEARNED

In an effort to create data collection framework and methodology for Pacoima Beautiful's Displacement Avoidance Plan, we produced various survey products to administer to Pacoima residents across the Transformative Climate Communities (TCC) project area. These survey products included an ADU Tenant Survey, a Main Tenant Survey, and a survey for residents with No ADUs on their property. These surveys included questions that seek to gauge the viability of ADUs as an affordable housing option for renters. The survey questions are organized under the following categories: ADU Household Profile, Housing Conditions, Tenant/Landlord Relationship, and Tenure of ADU Household. We can then see how survey responses correlate across categories and inform the dynamics of the relationship between tenants/landlords, rent prices, physical conditions, and tenant tenure. Through this approach we aimed to answer the following research question: **How are accessory dwelling units (ADUs) used in Pacoima, who lives in them, and why?**

We conducted door-to-door surveys across the TCC project area over several weeks to collect primary data from Pacoima residents. Surveyors always travelled in pairs with at least one Spanish speaker to ensure that we were able to collect as many responses as possible. Using this approach, we collected 96 total surveys, including 32 Main Tenant Surveys and 28 ADU Tenant Surveys. Understanding who is more likely to inhabit these units can help Pacoima Beautiful advocate for housing policies and regulations related to ADUs that are grounded in data directly informed by ADU residents.

This following section walks through lessons learned from the survey process, so community groups can replicate these methods in future community based surveys.

### SURVEY DESIGN

1. **Design your survey to take less than 20 minutes.** Anything longer than this and people will start to lose attention!
2. **Encourage story-telling.** Some of the most informative answers will come from individual narratives that don't fit the multiple choice answers.
3. **Phrase your survey questions sensitively** so no one feels uncomfortable answering. Let people know they can skip questions they don't feel comfortable answering.
4. **Test your survey with community members from various backgrounds** to gauge different reactions to the questions.
5. **Listen to feedback about the survey questions** and be comfortable reworking your survey accordingly.
6. **Phrase survey questions so they can be answered by anyone you might run into.** This might mean designing multiple surveys that answer similar questions. The UCLA survey team used three surveys asking different parties about ADUs.
7. **Offer the survey in multiple languages.** Of the UCLA survey results, 46% of surveys were completed in Spanish.
8. **Master the first 10 seconds of your survey pitch!** First reactions will often determine whether the resident will speak with you or not.
9. **Communicate why the survey information is important to the community** and how the results could help the respondent in the future.

### SURVEY ADMINISTRATION

1. **To cover a large area, stop at every third home on the block.** Survey one house, walk past two, repeat.
2. **Stop at houses where there is visibly someone home,** even if they are not the third home on your route.
3. **Announce yourself so you don't surprise anyone at home.** Before entering the property, shake the gate to alert any dogs on the property!
4. Write and **practice the survey script, but be prepared for the conversation to go off script.** The script will help prepare surveyors for a structured interaction, but responding and communicating authentically will allow for better interactions.
5. Offer incentives when possible!
6. When residents are busy, **offer to leave a survey and return at the end of your route** to pick it up.
7. **When possible survey in pairs with one male, one female.** This allows residents to speak with either gender, whoever they are more comfortable speaking with. It is also a good practice to keep surveyors safe.
8. **Map out your survey routes ahead of time** and keep records of where you walked.

### SURVEY ANALYSIS

1. Tap into relationship and resources at UCLA Luskin Urban Planning Department to conduct data analysis through Statistical Analysis Software (SAS), which is accessible UCLA Luskin graduate students, faculty, and staff
2. Students and staff can continue SAS analysis of current and future survey results. SAS is a software that can quickly run multivariate analyses, as well as frequency of responses. See Appendix 7, 8, and 9 for reported survey results.

### **PB Next Steps for Surveying**

There are always opportunities to improve material, here are our suggestions for the next iteration of surveys.

#### **1. Amendments to the Survey**

In order to analyze how Pacoima's housing situation fares to other jurisdictions, it is beneficial to compare ADU and housing statistics against other county and state data. For future surveying, we recommend that all multiple-choice responses for the surveys, be compatible with American Community Survey (ACS) data. For example, ACS lists 23 categories for "Rent" while our survey only listed 6 categories for respondents to choose from, therefore we were unable to compare rents paid in Pacoima with other cities in Los Angeles County. We also recommend adding the following questions to the ADU tenant surveys:

ADU tenant: What is the square footage of the ADU unit? When was your unit built? Do you share your vehicle with the Primary House Tenants? How often do you park your car on the street?

#### **2. Digitized Survey**

## **APPENDIX 10: ADU SURVEY TOOLKIT- TIPS AND LESSONS LEARNED**

Due to time and resource constraints we were unable to host our survey on an online platform. We recommend that the next iteration of surveys be conducted primarily with a tablet on an online platform but having paper copies on hand in case respondents prefer that method. This would be an administrative benefit that would cut down on time, staff labor, and would minimize the possibility of human error when analyzing data.

Additionally, having a designated person to take notes would be extremely valuable to capture the themes and stories of tenants.

### **3. Confirming Permitted Units**

Throughout the surveying process the surveying team noted processes that would be best to amend or expand upon for the next iteration of surveying. It would be beneficial for Pacoima Beautiful to ground truth the number of ADU tenant and owner responses that report to have a permitted unit. The number of permitted units in Pacoima can be substantiated using publicly available building permit data through the Los Angeles Department of Building and Safety. This will further support (or challenge) the data our team collected on reported ADUs that are permitted. Time constraints and our data methodology limit our ability to connect each specific unit surveyed to permit requests. Understanding the landscape of permitted and unpermitted ADUs in Pacoima would better inform future housing policies.



# Multi-Family Submarket Report

## North San Fernando Valley

Los Angeles Market (Appendix 11)

PREPARED BY





## MULTI-FAMILY SUBMARKET REPORT

|                                 |    |
|---------------------------------|----|
| Submarket Key Statistics        | 2  |
| Vacancy                         | 3  |
| Rent                            | 5  |
| Construction                    | 7  |
| Sales                           | 10 |
| Sales Past 12 Months            | 11 |
| Supply & Demand Trends          | 13 |
| Vacancy & Rent                  | 15 |
| Sale Trends                     | 17 |
| Deliveries & Under Construction | 19 |



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## Overview

12 Mo. Delivered Units

44

12 Mo. Absorption Units

58

Vacancy Rate

2.3%

12 Mo. Asking Rent Growth

3.8%

Vacancies spiked in the North San Fernando Valley Submarket during the recession, but fundamentals have substantially improved since the start of the economic recovery. The vacancy rate has held at or below 3% for several consecutive years, largely because this is one of the more affordable submarkets in the metro. High

rents in LA's Central and Westside submarkets are pushing renters into peripheral areas like the North San Fernando

| Annual Trends               | Month    | Historical Average | Forecast Average | Peak     | When | Trough   | When |
|-----------------------------|----------|--------------------|------------------|----------|------|----------|------|
| Vacancy Change (YOY)        | -0.3%    | 3.3%               | 3.0%             | 6.8%     | Q4   | 1.6%     | Q3   |
| Absorption Units            | 58       | 46                 | 3                | 344      | Q3   | (51)     | Q2   |
| Delivered Units             | 44       | 49                 | 18               | 358      | Q4   | 0        | Q1   |
| Demolished Units            | 0        | 1                  | 6                | 16       | Q3   | 0        | Q1   |
| Asking Rent Growth (YOY)    | 3.8%     | 3.3%               | 1.8%             | 8.9%     | Q1   | -5.6%    | Q4   |
| Effective Rent Growth (YOY) | 3.9%     | 3.3%               | 1.8%             | 8.8%     | Q1   | -5.3%    | Q3   |
| Sales Volume                | \$14.1 M | \$30.7M            | N/A              | \$133.2M | Q1   | \$650.0K | Q3   |

## KEY INDICATORS

| Current Quarter  | Units        | Vacancy Rate | Asking Rent    | Effective Rent | Absorption Units | Delivered Units | Under Constr Units |
|------------------|--------------|--------------|----------------|----------------|------------------|-----------------|--------------------|
| & 5 Star         | 755          | 4.1%         | \$2,383        | \$2,377        | 33               | 44              | 0                  |
| Star             | 2,128        | 2.2%         | \$1,768        | \$1,763        | 1                | 0               | 0                  |
| & 2 Star         | 2,709        | 1.8%         | \$1,403        | \$1,397        | 4                | 0               | 0                  |
| <b>Submarket</b> | <b>5,592</b> | <b>2.3%</b>  | <b>\$1,744</b> | <b>\$1,738</b> | <b>38</b>        | <b>44</b>       | <b>0</b>           |

Valley, and that upswing in demand is driving some of the strongest rent growth in LA. The area's relatively low rents tend to deter new construction, and only a handful of new communities have been built here this cycle. Two large sales in the first half of 2018 by themselves exceeded the submarket's annual average sale volume, but investment activity slowed to a crawl in recent quarters.

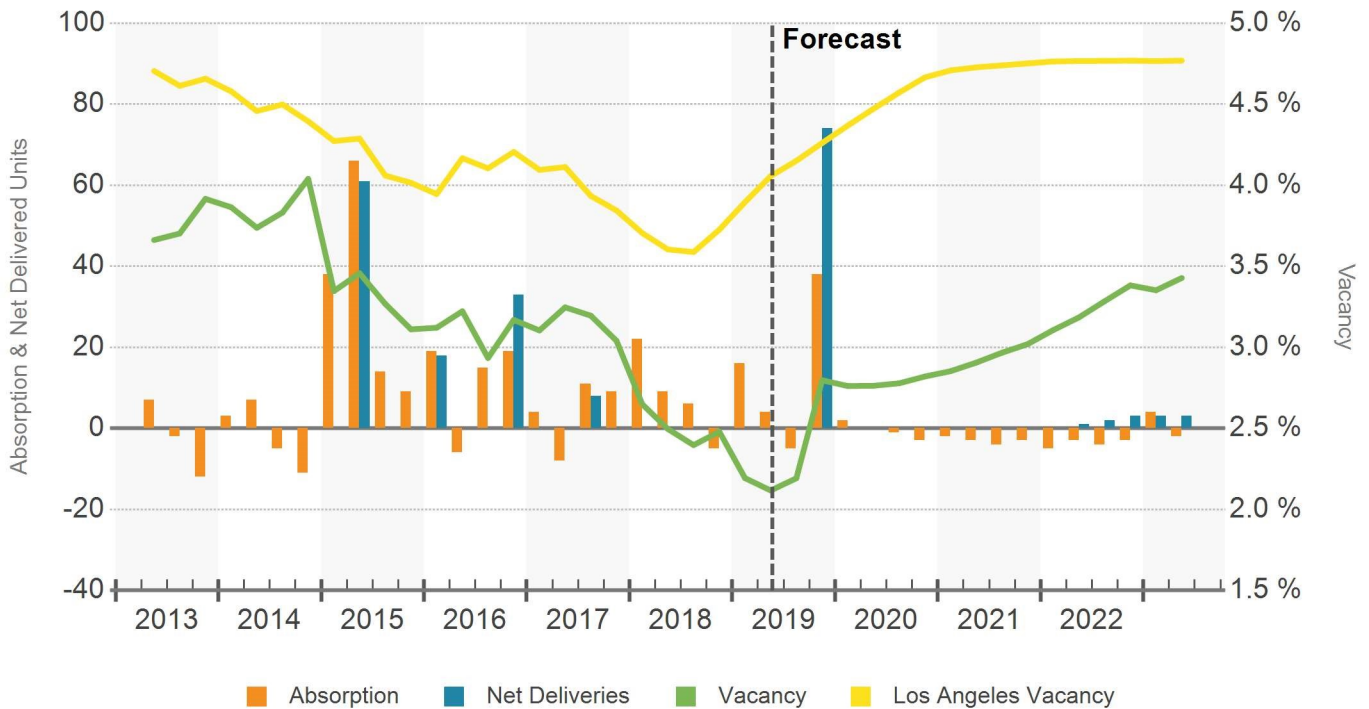
## Vacancy

Vacancies have historically averaged around 3.5% in the submarket and have held at or below 3% for several years. This is good news for area landlords, and vacancies can be expected to remain low in the near term given the lack of new construction.

Demographic factors limit the development appeal of North San Fernando Valley, despite the healthy vacancy picture. Both population and employment growth trail the wider metro. There is a scarcity of potential renters, as well. While the greater LA population is evenly split between renters and homeowners, only about 35% of submarket residents rent. The median household income of

neighborhoods where multifamily inventory is concentrated.

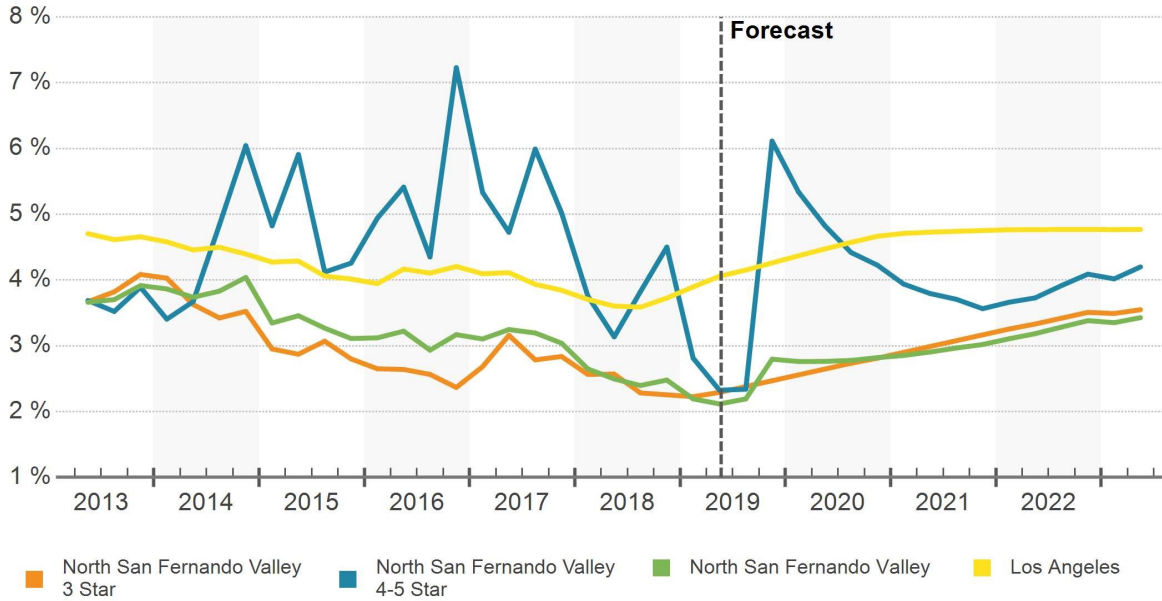
This is primarily a residential area, and while a few commercial corridors exist, no major employers call the submarket home. LA Metro is exploring options for improvements to the Orange Line, which runs to the Sylmar/San Fernando Metrolink Station and facilitates north-south travel in the Valley. Proposals include enhanced bus lanes and the extension of light-rail service to the submarket. Construction would likely take place outside of the forecast time frame, but an approved plan could spur investment and development activity in the area.



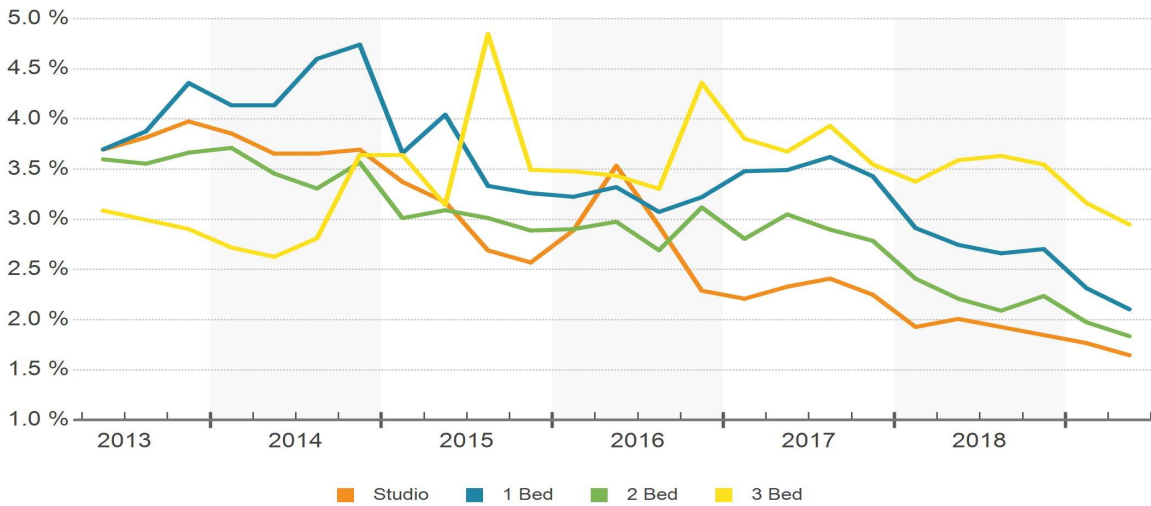
roughly \$65,000 is in line with the LA median. However, incomes are highest in the areas of the **ABSORPTION, NET DELIVERIES & VACANCY** submarket where single-family housing is predominant and average below \$50,000 in

# Vacancy

## VACANCY RATE



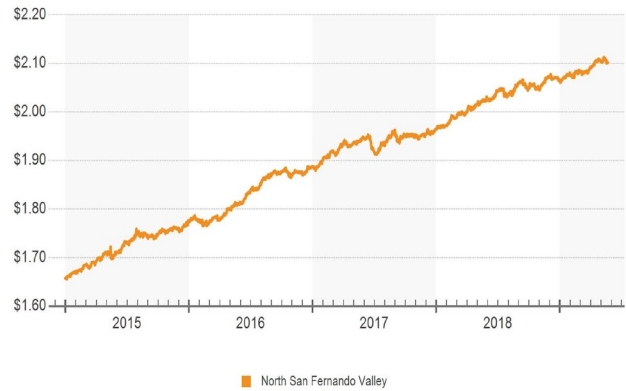
## VACANCY BY BEDROOM



## Rent

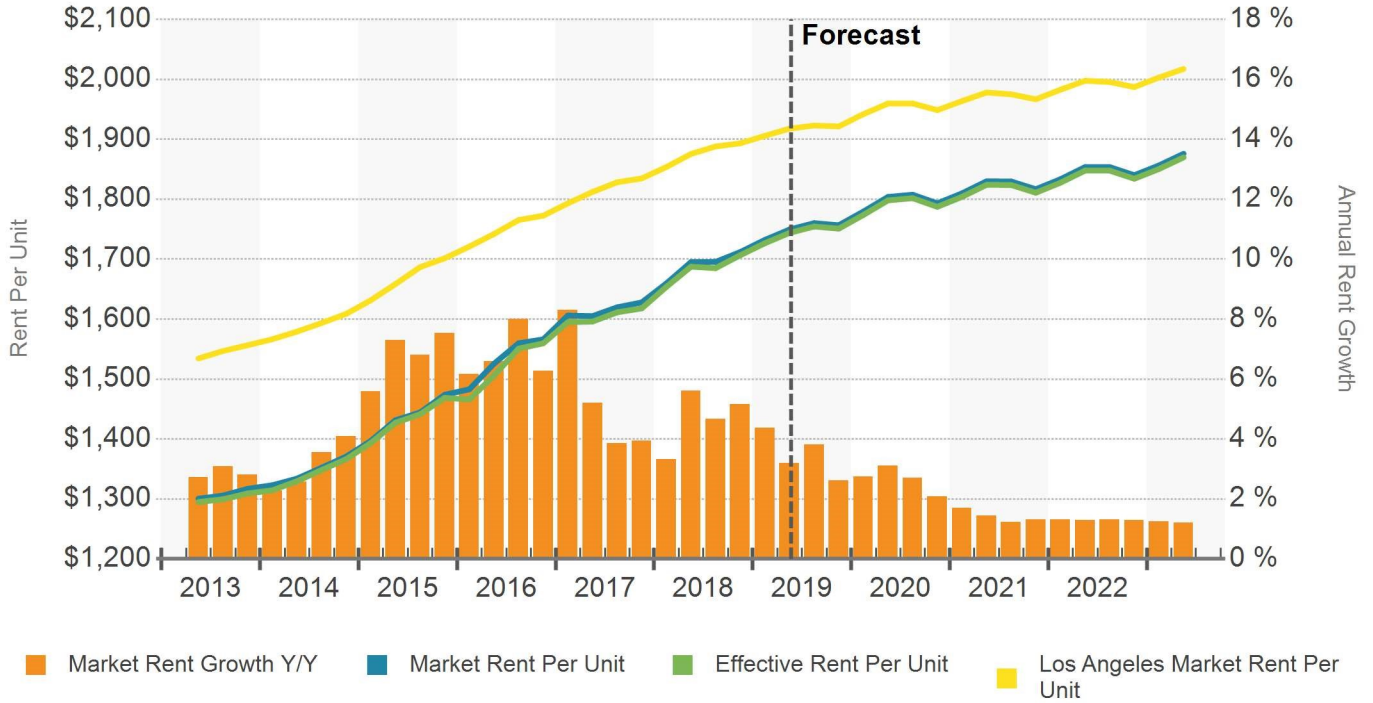
Submarket rents typically trail the metro average by 1020%. Rents grew by about 3.8% over the past year however, some of the most pronounced gains of any metro submarket. Low vacancies should continue to provide landlords leverage to push rents, but the region's distance from LA's employment and entertainment hubs will continue to limit the area's appeal for developers and investors. That being said, as this cycle has matured, LA's cheaper, peripheral residential submarkets have posted some of the strongest rents gains.

DAILY ASKING

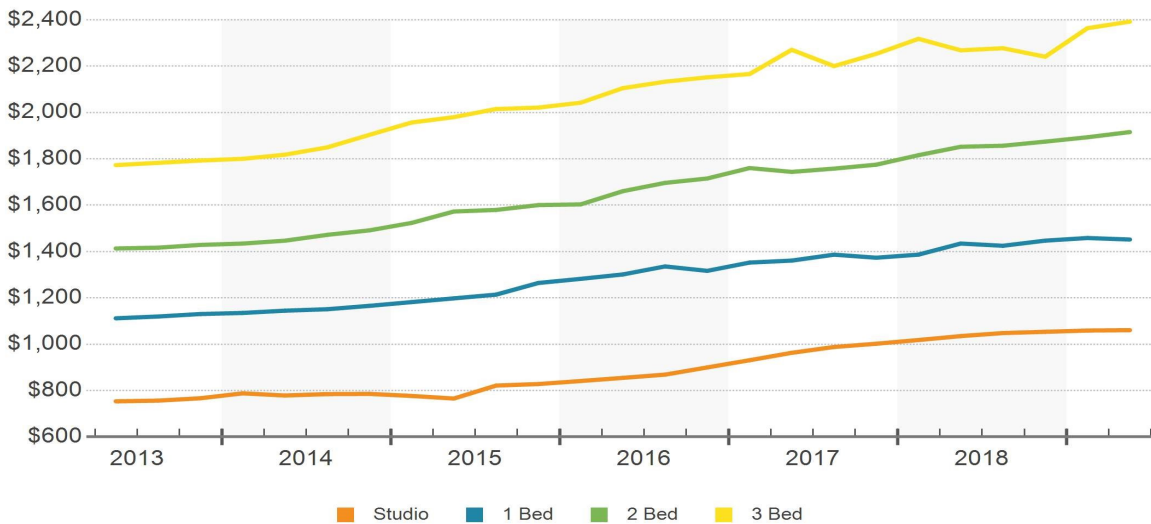


# Rent

## MARKET RENT PER UNIT & RENT GROWTH



## MARKET RENT PER UNIT BY BEDROOM

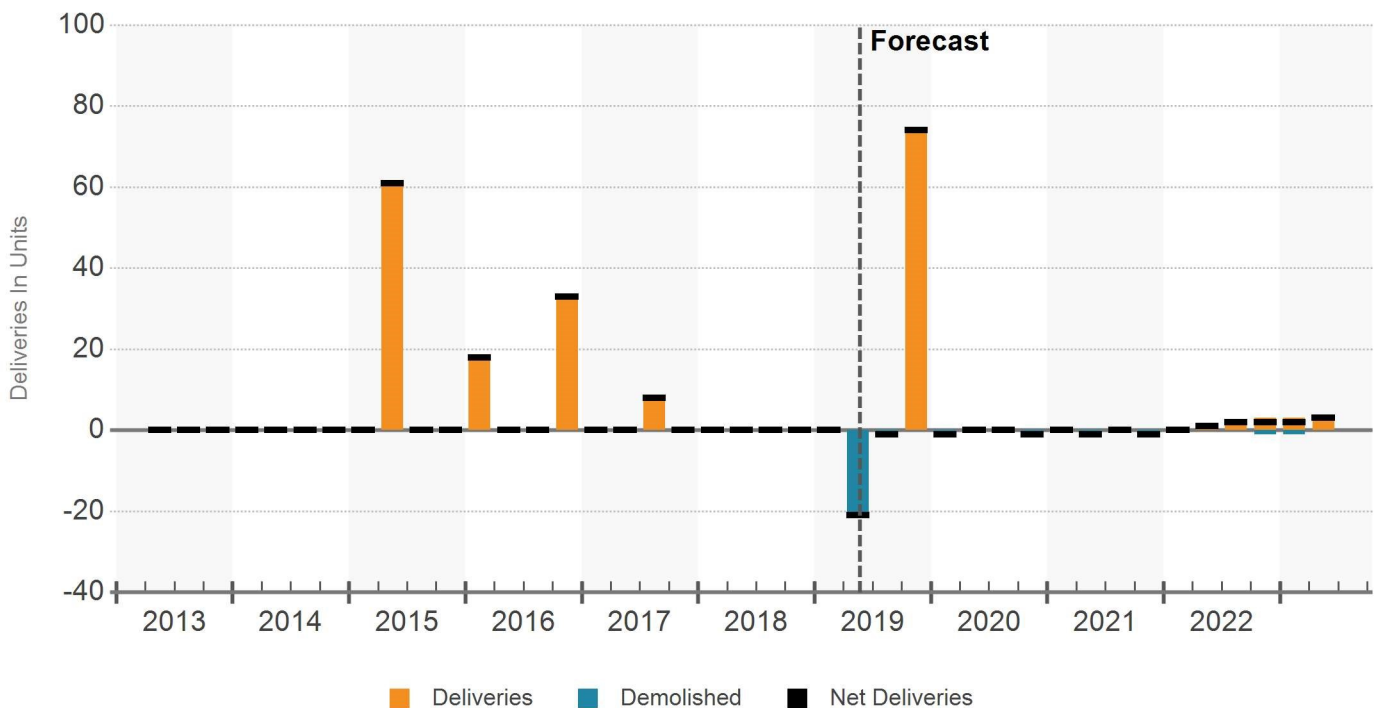


## Construction

There are only about 5,500 units in the North San Fernando Valley, making this one of the smallest submarkets in LA. Most supply is concentrated in its eastern half, between the 5 Freeway and Foothill Boulevard. Mid-tier complexes make up nearly 40% of inventory; metro-wide, they account for only about 25% of supply. Communities are designed with families in mind, with two- and three-bedroom units making up more than 50% of inventory compared to just 35% in the metro. A handful of developments containing several hundred units delivered in the late 2000s, resulting in a higher percentage of modern inventory than in many Valley submarkets. About 15% of supply was

late 2000s. The Cosmo Residential, a 61-unit complex delivered in May 2015, is the largest development built in the North San Fernando Valley since 2010. Encino-based Gelb Group recently filed plans for a large mixed-use complex at the corner of San Fernando Mission Boulevard and Woodley Avenue. Proposals for the project, which would replace an existing retail center, call for 440 units and around 65,000 SF of ground-floor commercial space. It will be the largest new multifamily development built here in at least a decade if it materializes. Shapell Properties also has plans for a 266-unit complex at

### DELIVERIES & DEMOLITIONS



built in the last decade, versus about 5% in the wider metro. Zoning and height restrictions prohibit vertical development in much of the San Fernando Valley, so units are predominantly in low-rise, garden-style communities.

The submarket historically averages about 60 new units annually, although that average is inflated by a supply boom of hundreds of units delivered in the

their The Village at Porter Ranch mixed-use project.

## Construction

All-Time Annual Avg. Units

4

Delivered Units Past 4 Qtrs

44

Delivered Units Next 4 Qtrs

0

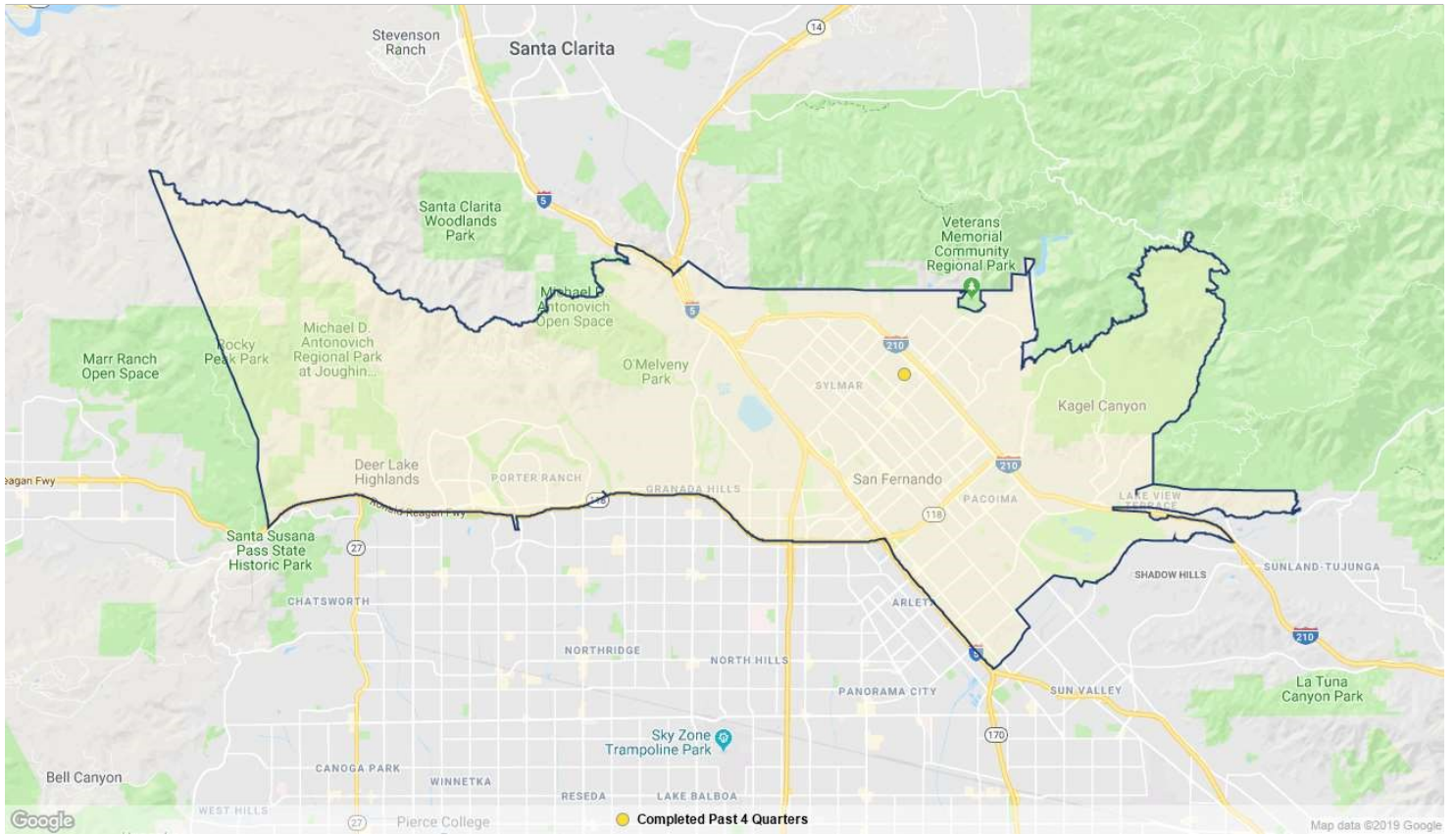
Proposed Units Next 4 Qtrs

0



# Construction

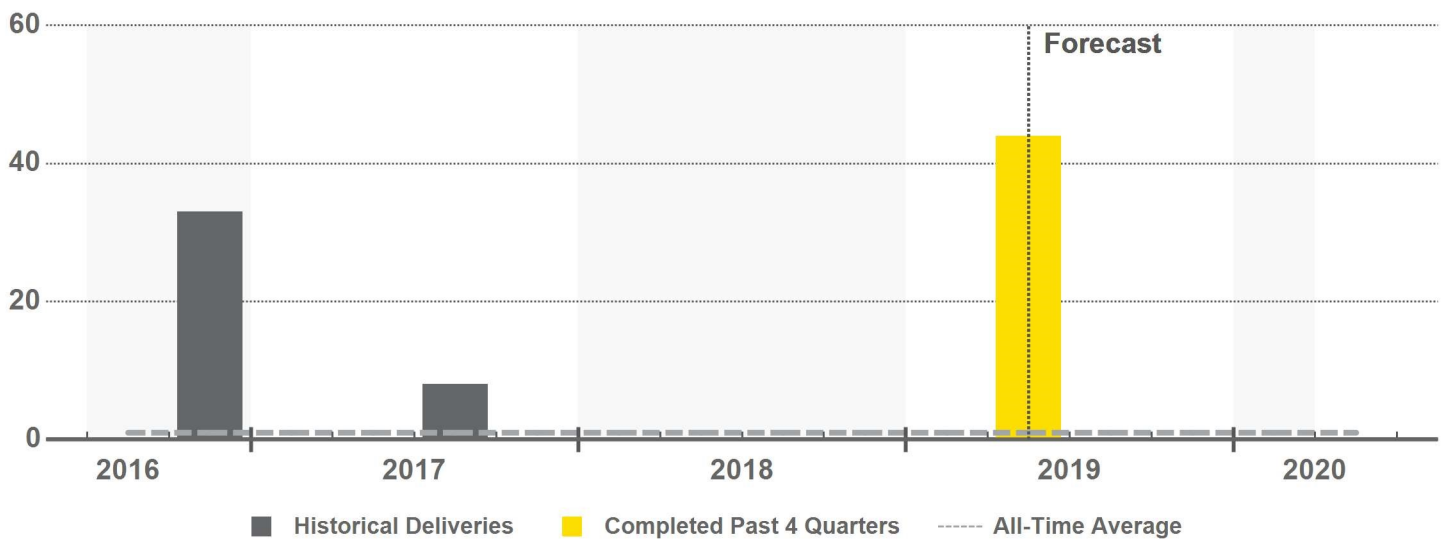
## PAST 4 QUARTERS DELIVERIES, UNDER CONSTRUCTION, & PROPOSED



## PAST & FUTURE DELIVERIES IN UNITS

### North San Fernando Valley Multi-Family

#### RECENT DELIVERIES



# Construction

---

| Property Name/Address | Rating | Units | Stories | Start    | Complete | Developer/Owner  |
|-----------------------|--------|-------|---------|----------|----------|--|
| 1 13052 Dronfield Ave | ★★★★☆  | 44    | 2       | Apr-2017 | Apr-2019 | Carlito Construction<br>Norberto Angel & Ana Maria Cusi... |

## Sales

Multifamily investment tends to be minimal here, and there has been very little trading at the start of 2019. This stands in contrast to last year, when two early deals jolted this sleepy submarket. In April 2018, Kirkstead Investments sold the 4-Star, 52-unit Granada Pointe

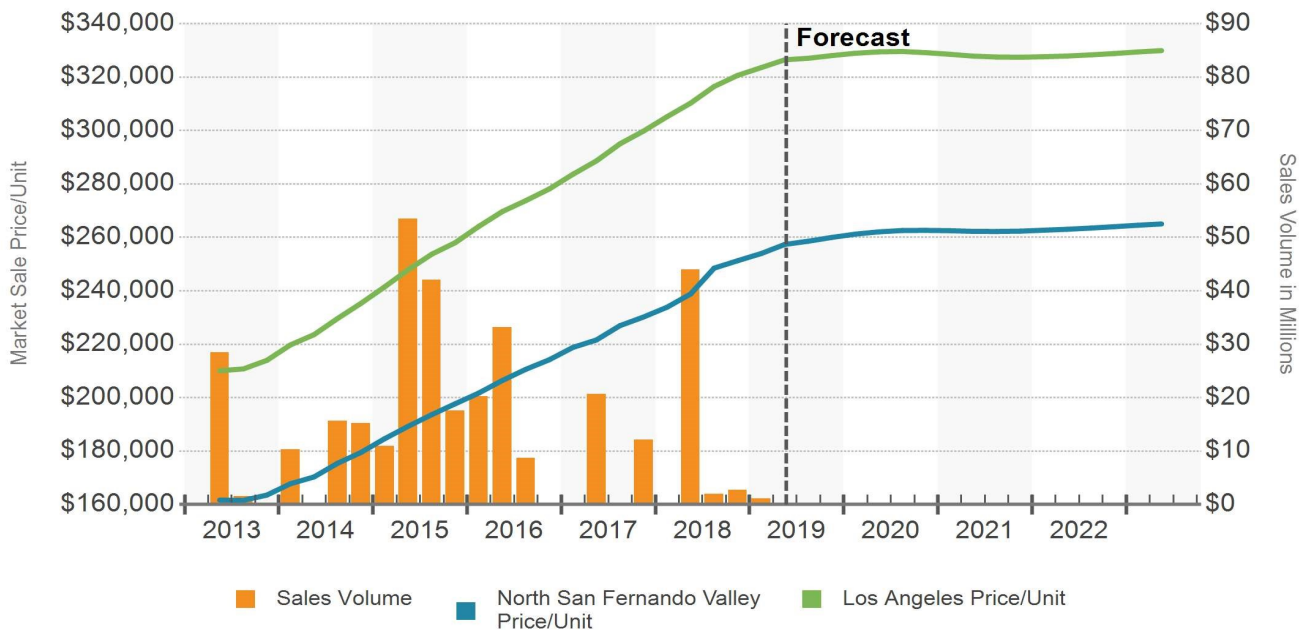
Townhomes for \$21.5 million, or about \$415,000/unit. Built in 2010, this is one of the submarket's newest multifamily assets. Kirkland acquired the property just one year earlier for \$19.525 million, in what was the submarket's largest trade of 2017.

A few days after the Granada Pointe sale, the Foothill Village Apartments in Sylmar sold as part of a larger four-property portfolio of San Fernando Valley communities. The 60-unit 3 Star property,

was valued at \$13 million, or about \$215,000/unit, and the portfolio traded at a 3.9% cap rate.

These relatively large trades boost overall sales volume, but this remains a relatively illiquid submarket. Fewer than 10 communities trade in an average year.

One of the largest trades in submarket history took place in October 2016, when DeSola Capital Group acquired the 2 Star 430-unit Pierce Park community for \$98 million (about \$227,000/unit). The rent-subsidized garden-style development, which was built in 1968 and renovated in 1999, had previously traded in 2011 for \$68.5 million.



built in 1984, **SALES VOLUME & MARKET SALE PRICE PER UNIT**

## Sales Past 12 Months

Sale Comparables

Avg. Price/Unit (thous.)

Average Price (mil.)

Average Vacancy at Sale

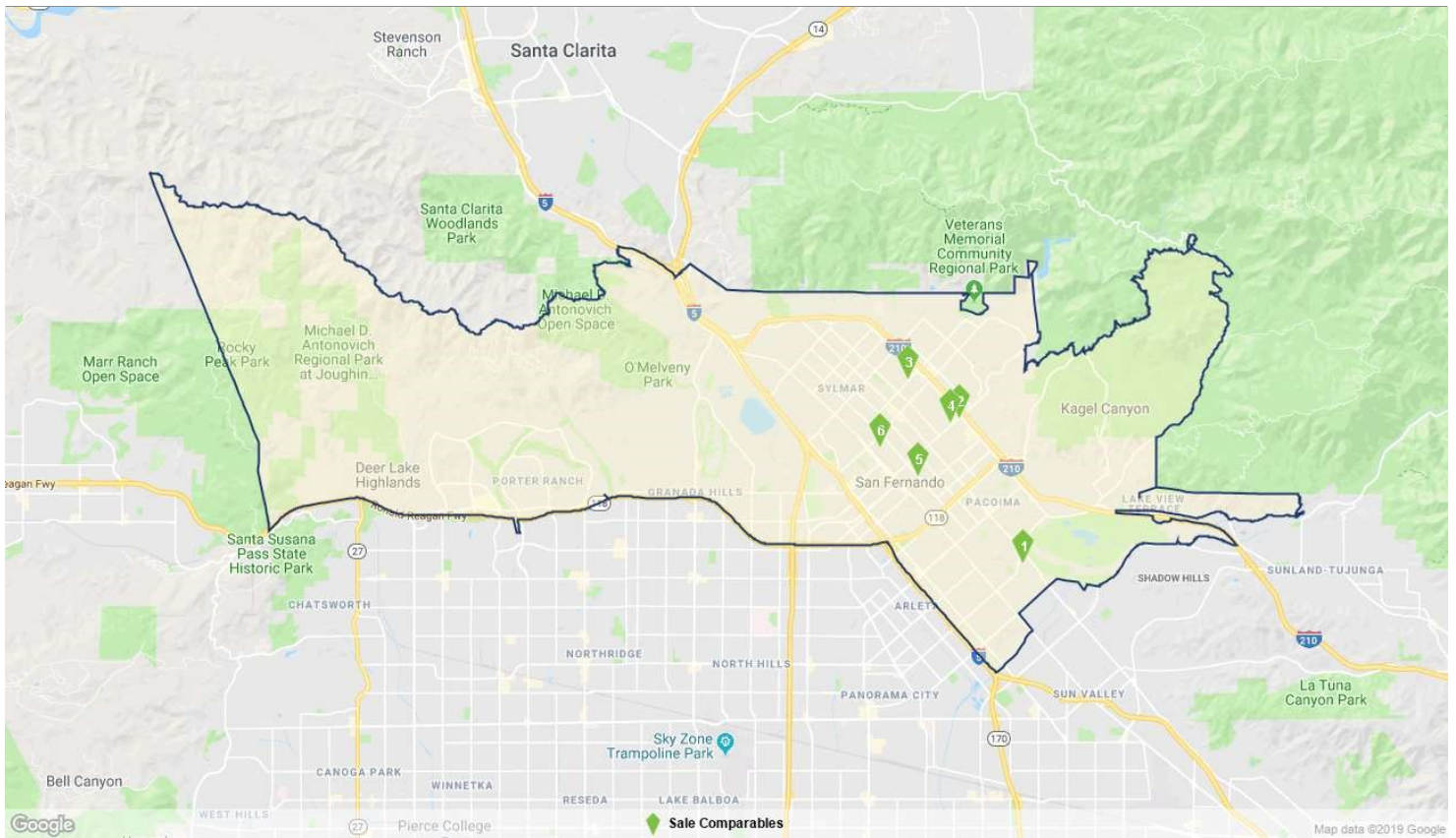
**6**

**\$239**

**\$2.8**

**3.1%**

### SALE COMPARABLE LOCATIONS



### SALE COMPARABLES SUMMARY STATISTICS

| Sales Attributes          | Low       | Average     | Median      | High        |
|---------------------------|-----------|-------------|-------------|-------------|
| Sale Price                | \$950,000 | \$2,818,000 | \$1,700,000 | \$8,400,000 |
| Price Per Unit            | \$111,000 | \$238,813   | \$160,833   | \$400,000   |
| Cap Rate                  | 4.3%      | 5.2%        | 5.4%        | 6.0%        |
| Vacancy Rate at Sale      | 0%        | 3.1%        | 0%          | 4.8%        |
| Time Since Sale in Months | 3.6       | 7.7         | 7.5         | 11.5        |

## North San Fernando Valley Multi-Family

| Property Attributes    | Low       | Average       | Median    | High      |
|------------------------|-----------|---------------|-----------|-----------|
| Property Size in Units | 5         | 10            | 10        | 21        |
| Number of Floors       | 1         | 2             | 2         | 3         |
| Average Unit SF        | 370       | 732           | 528       | 1,500     |
| Year Built             | 1954      | 1975          | 1971      | 2008      |
| Star Rating            | ★ ★ ★ ★ ★ | ★ ★ ★ ★ ★ 2.3 | ★ ★ ★ ★ ★ | ★ ★ ★ ★ ★ |

## Sales Past 12 Months

### RECENT SIGNIFICANT SALES

| Property Name/Address |   | Property Information |          |       |         | Sale Information |             |            |          |
|-----------------------|---|----------------------|----------|-------|---------|------------------|-------------|------------|----------|
|                       |   | Rating               | Yr Built | Units | Vacancy | Sale Date        | Price       | Price/Unit | Price/SF |
| <b>1</b>              | <a href="#">12309 Osborne Pl</a>                        | ★ ★ ★ ★ ★            | 2008     | 21    | 4.8%    | 6/6/2018         | \$8,400,000 | \$400,000  | \$259    |
| <b>2</b>              | <a href="#">Maclay Gardens</a><br>13222-13226 MACLAY St | ★ ★ ★ ★ ★            | 1954     | 12    | 0%      | 7/24/2018        | \$1,930,000 | \$160,833  | \$282    |
| <b>3</b>              | <a href="#">13040 Dronfield Ave</a>                     | ★ ★ ★ ★ ★            | 1964     | 10    | 0%      | 11/14/2018       | \$1,700,000 | \$170,000  | \$242    |
| <b>4</b>              | <a href="#">13311 Maclay St</a>                         | ★ ★ ★ ★ ★            | 1961     | 10    | 0%      | 2/1/2019         | \$1,110,000 | \$111,000  | \$299    |
| <b>5</b>              | <a href="#">656 4th St</a>                              | ★ ★ ★ ★ ★            | 1978     | 6     | 0%      | 10/12/2018       | \$950,000   | \$158,333  | \$325    |
| <b>6</b>              | <a href="#">123 Orange Grove Ave</a>                    | ★ ★ ★ ★ ★            | 1986     | 5     | 0%      | 10/1/2018        | -           | -          | -        |

## Appendix

## OVERALL SUPPLY &amp; DEMAND

| Year | Inventory |        |          | Absorption |          |                    |
|------|-----------|--------|----------|------------|----------|--------------------|
|      | Units     | Growth | % Growth | Units      | % of Inv | Construction Ratio |
| 2023 | 5,612     | 12     | 0.2%     | 5          | 0.1%     | 2.4                |
| 2022 | 5,600     | 4      | 0.1%     | (18)       | -0.3%    | -                  |
| 2021 | 5,596     | (2)    | 0%       | (15)       | -0.3%    | 0.1                |
| 2020 | 5,598     | (2)    | 0%       | (5)        | -0.1%    | 0.4                |
| 2019 | 5,600     | 52     | 0.9%     | 53         | 0.9%     | 1.0                |
| YTD  | 5,592     | 44     | 0.8%     | 54         | 1.0%     | 0.8                |
| 2018 | 5,548     | 0      | 0%       | 31         | 0.6%     | 0                  |
| 2017 | 5,548     | 8      | 0.1%     | 16         | 0.3%     | 0.5                |
| 2016 | 5,540     | 51     | 0.9%     | 47         | 0.8%     | 1.1                |
| 2015 | 5,489     | 61     | 1.1%     | 126        | 2.3%     | 0.5                |
| 2014 | 5,428     | 0      | 0%       | (6)        | -0.1%    | 0                  |
| 2013 | 5,428     | 0      | 0%       | 3          | 0.1%     | 0                  |
| 2012 | 5,428     | 0      | 0%       | 5          | 0.1%     | 0                  |
| 2011 | 5,428     | 14     | 0.3%     | 29         | 0.5%     | 0.5                |
| 2010 | 5,414     | 36     | 0.7%     | 34         | 0.6%     | 1.1                |
| 2009 | 5,378     | 0      | 0%       | 133        | 2.5%     | 0                  |
| 2008 | 5,378     | 331    | 6.6%     | 111        | 2.1%     | 3.0                |
| 2007 | 5,047     | 358    | 7.6%     | 341        | 6.8%     | 1.0                |

## 4 &amp; 5 STAR SUPPLY &amp; DEMAND

| Year | Inventory |        |          | Absorption |          |                    |
|------|-----------|--------|----------|------------|----------|--------------------|
|      | Units     | Growth | % Growth | Units      | % of Inv | Construction Ratio |
| 2023 | 804       | 13     | 1.6%     | 11         | 1.4%     | 1.2                |
| 2022 | 791       | 6      | 0.8%     | 2          | 0.3%     | 3.0                |
| 2021 | 785       | 0      | 0%       | 5          | 0.6%     | 0                  |
| 2020 | 785       | 0      | 0%       | 15         | 1.9%     | 0                  |
| 2019 | 785       | 74     | 10.4%    | 58         | 7.4%     | 1.3                |
| YTD  | 755       | 44     | 6.2%     | 45         | 6.0%     | 1.0                |

## Appendix

|      |     |     |        |      |       |     |
|------|-----|-----|--------|------|-------|-----|
| 2018 | 711 | 0   | 0%     | 3    | 0.4%  | 0   |
| 2017 | 711 | 0   | 0%     | 16   | 2.3%  | 0   |
| 2016 | 711 | 51  | 7.7%   | 29   | 4.1%  | 1.8 |
| 2015 | 660 | 61  | 10.2%  | 85   | 12.9% | 0.7 |
| 2014 | 599 | 0   | 0%     | (13) | -2.2% | 0   |
| 2013 | 599 | 0   | 0%     | 1    | 0.2%  | 0   |
| 2012 | 599 | 0   | 0%     | 4    | 0.7%  | 0   |
| 2011 | 599 | 14  | 2.4%   | 40   | 6.7%  | 0.4 |
| 2010 | 585 | 52  | 9.8%   | 28   | 4.8%  | 1.9 |
| 2009 | 533 | 0   | 0%     | 144  | 27.0% | 0   |
| 2008 | 533 | 310 | 139.0% | 142  | 26.6% | 2.2 |
| 2007 | 223 | 223 | -      | 217  | 97.3% | 1.0 |

## 3 STAR SUPPLY &amp; DEMAND

| Year | Inventory |        |          | Absorption |          |                    |
|------|-----------|--------|----------|------------|----------|--------------------|
|      | Units     | Growth | % Growth | Units      | % of Inv | Construction Ratio |
| 2023 | 2,128     | 0      | 0%       | (2)        | -0.1%    | 0                  |
| 2022 | 2,128     | 0      | 0%       | (8)        | -0.4%    | 0                  |
| 2021 | 2,128     | 0      | 0%       | (8)        | -0.4%    | 0                  |
| 2020 | 2,128     | 0      | 0%       | (8)        | -0.4%    | 0                  |
| 2019 | 2,128     | 0      | 0%       | (4)        | -0.2%    | 0                  |
| YTD  | 2,128     | 0      | 0%       | 2          | 0.1%     | 0                  |
| 2018 | 2,128     | 0      | 0%       | 13         | 0.6%     | 0                  |
| 2017 | 2,128     | 8      | 0.4%     | (2)        | -0.1%    | -                  |
| 2016 | 2,120     | 0      | 0%       | 9          | 0.4%     | 0                  |
| 2015 | 2,120     | 0      | 0%       | 16         | 0.8%     | 0                  |
| 2014 | 2,120     | 0      | 0%       | 12         | 0.6%     | 0                  |
| 2013 | 2,120     | 0      | 0%       | 2          | 0.1%     | 0                  |
| 2012 | 2,120     | 0      | 0%       | 7          | 0.3%     | 0                  |
| 2011 | 2,120     | 0      | 0%       | (9)        | -0.4%    | 0                  |
| 2010 | 2,120     | 0      | 0%       | 8          | 0.4%     | 0                  |
| 2009 | 2,120     | 0      | 0%       | 3          | 0.1%     | 0                  |
| 2008 | 2,120     | 21     | 1.0%     | (12)       | -0.6%    | -                  |
| 2007 | 2,099     | 135    | 6.9%     | 131        | 6.2%     | 1.0                |

## Appendix

## 1 &amp; 2 STAR SUPPLY &amp; DEMAND

| Year | Inventory |        |          | Absorption |          |                    |
|------|-----------|--------|----------|------------|----------|--------------------|
|      | Units     | Growth | % Growth | Units      | % of Inv | Construction Ratio |
| 2023 | 2,680     | (1)    | 0%       | (4)        | -0.1%    | 0.3                |
| 2022 | 2,681     | (2)    | -0.1%    | (12)       | -0.4%    | 0.2                |
| 2021 | 2,683     | (2)    | -0.1%    | (12)       | -0.4%    | 0.2                |
| 2020 | 2,685     | (2)    | -0.1%    | (12)       | -0.4%    | 0.2                |
| 2019 | 2,687     | (22)   | -0.8%    | (1)        | 0%       | 22.0               |
| YTD  | 2,709     | 0      | 0%       | 7          | 0.3%     | 0                  |
| 2018 | 2,709     | 0      | 0%       | 15         | 0.6%     | 0                  |
| 2017 | 2,709     | 0      | 0%       | 2          | 0.1%     | 0                  |
| 2016 | 2,709     | 0      | 0%       | 9          | 0.3%     | 0                  |
| 2015 | 2,709     | 0      | 0%       | 25         | 0.9%     | 0                  |
| 2014 | 2,709     | 0      | 0%       | (5)        | -0.2%    | 0                  |
| 2013 | 2,709     | 0      | 0%       | 0          | 0%       | -                  |
| 2012 | 2,709     | 0      | 0%       | (6)        | -0.2%    | 0                  |
| 2011 | 2,709     | 0      | 0%       | (2)        | -0.1%    | 0                  |
| 2010 | 2,709     | (16)   | -0.6%    | (2)        | -0.1%    | 8.0                |
| 2009 | 2,725     | 0      | 0%       | (14)       | -0.5%    | 0                  |
| 2008 | 2,725     | 0      | 0%       | (19)       | -0.7%    | 0                  |
| 2007 | 2,725     | 0      | 0%       | (7)        | -0.3%    | 0                  |

## OVERALL VACANCY &amp; RENT

| Year | Vacancy |         |          | Market Rent |        |          |          | Effective Rent |        |
|------|---------|---------|----------|-------------|--------|----------|----------|----------------|--------|
|      | Units   | Percent | Ppts Chg | Per Unit    | Per SF | % Growth | Ppts Chg | Per Unit       | Per SF |
| 2023 | 196     | 3.5%    | 0.1      | \$1,858     | \$2.28 | 1.0%     | (0.3)    | \$1,852        | \$2.27 |
| 2022 | 189     | 3.4%    | 0.4      | \$1,840     | \$2.26 | 1.3%     | 0        | \$1,834        | \$2.25 |
| 2021 | 169     | 3.0%    | 0.2      | \$1,817     | \$2.23 | 1.3%     | (0.8)    | \$1,811        | \$2.22 |
| 2020 | 158     | 2.8%    | 0        | \$1,793     | \$2.20 | 2.1%     | (0.5)    | \$1,787        | \$2.19 |
| 2019 | 157     | 2.8%    | 0.3      | \$1,757     | \$2.15 | 2.6%     | (2.6)    | \$1,751        | \$2.15 |
| YTD  | 128     | 2.3%    | (0.2)    | \$1,744     | \$2.11 | 1.9%     | (3.3)    | \$1,738        | \$2.10 |
| 2018 | 138     | 2.5%    | (0.6)    | \$1,712     | \$2.07 | 5.2%     | 1.2      | \$1,707        | \$2.06 |



## Appendix

|      |     |      |       |         |        |       |       |         |        |
|------|-----|------|-------|---------|--------|-------|-------|---------|--------|
| 2017 | 169 | 3.0% | (0.1) | \$1,628 | \$1.96 | 3.9%  | (2.3) | \$1,618 | \$1.95 |
| 2016 | 176 | 3.2% | 0.1   | \$1,566 | \$1.89 | 6.3%  | (1.3) | \$1,560 | \$1.88 |
| 2015 | 171 | 3.1% | (0.9) | \$1,474 | \$1.77 | 7.5%  | 3.4   | \$1,469 | \$1.77 |
| 2014 | 219 | 4.0% | 0.1   | \$1,371 | \$1.65 | 4.1%  | 1.3   | \$1,367 | \$1.64 |
| 2013 | 213 | 3.9% | 0     | \$1,317 | \$1.58 | 2.8%  | (0.5) | \$1,309 | \$1.57 |
| 2012 | 215 | 4.0% | (0.1) | \$1,281 | \$1.54 | 3.3%  | 2.3   | \$1,269 | \$1.52 |
| 2011 | 219 | 4.0% | (0.3) | \$1,241 | \$1.49 | 1.0%  | 1.0   | \$1,234 | \$1.48 |
| 2010 | 235 | 4.3% | 0     | \$1,229 | \$1.47 | 0%    | 5.6   | \$1,220 | \$1.46 |
| 2009 | 232 | 4.3% | (2.5) | \$1,229 | \$1.47 | -5.6% | (6.2) | \$1,221 | \$1.46 |
| 2008 | 365 | 6.8% | 3.9   | \$1,302 | \$1.56 | 0.5%  | (2.2) | \$1,286 | \$1.54 |
| 2007 | 145 | 2.9% | 0.2   | \$1,295 | \$1.55 | 2.8%  | -     | \$1,289 | \$1.55 |

## 4 &amp; 5 STAR VACANCY &amp; RENT

| Year | Vacancy |         |          | Market Rent |        |          |          | Effective Rent |        |
|------|---------|---------|----------|-------------|--------|----------|----------|----------------|--------|
|      | Units   | Percent | Ppts Chg | Per Unit    | Per SF | % Growth | Ppts Chg | Per Unit       | Per SF |
| 2023 | 35      | 4.3%    | 0.2      | \$2,489     | \$2.65 | 0.9%     | (0.4)    | \$2,483        | \$2.65 |
| 2022 | 32      | 4.1%    | 0.5      | \$2,467     | \$2.63 | 1.3%     | (0.2)    | \$2,461        | \$2.62 |
| 2021 | 28      | 3.6%    | (0.7)    | \$2,435     | \$2.59 | 1.5%     | (1.1)    | \$2,428        | \$2.59 |
| 2020 | 33      | 4.2%    | (1.9)    | \$2,399     | \$2.56 | 2.6%     | (0.2)    | \$2,392        | \$2.55 |
| 2019 | 48      | 6.1%    | 1.6      | \$2,339     | \$2.49 | 2.8%     | (5.6)    | \$2,333        | \$2.49 |
| YTD  | 31      | 4.1%    | (0.4)    | \$2,383     | \$2.51 | 4.7%     | (3.7)    | \$2,377        | \$2.50 |
| 2018 | 32      | 4.5%    | (0.5)    | \$2,276     | \$2.39 | 8.4%     | 8.4      | \$2,272        | \$2.39 |
| 2017 | 36      | 5.0%    | (2.2)    | \$2,099     | \$2.20 | 0%       | (6.1)    | \$2,097        | \$2.20 |
| 2016 | 51      | 7.2%    | 3.0      | \$2,099     | \$2.20 | 6.1%     | (2.8)    | \$2,085        | \$2.19 |
| 2015 | 28      | 4.3%    | (1.8)    | \$1,979     | \$2.08 | 8.9%     | 3.7      | \$1,974        | \$2.07 |
| 2014 | 36      | 6.0%    | 2.2      | \$1,818     | \$1.90 | 5.2%     | 3.5      | \$1,817        | \$1.90 |
| 2013 | 23      | 3.9%    | (0.1)    | \$1,728     | \$1.81 | 1.8%     | (1.2)    | \$1,720        | \$1.80 |
| 2012 | 24      | 4.0%    | (0.5)    | \$1,698     | \$1.78 | 3.0%     | 2.1      | \$1,690        | \$1.77 |
| 2011 | 27      | 4.5%    | (4.5)    | \$1,649     | \$1.73 | 0.9%     | 2.3      | \$1,638        | \$1.72 |
| 2010 | 53      | 9.0%    | 3.7      | \$1,634     | \$1.71 | -1.4%    | 5.0      | \$1,615        | \$1.69 |
| 2009 | 28      | 5.3%    | (27.1)   | \$1,658     | \$1.74 | -6.4%    | (6.3)    | \$1,644        | \$1.72 |
| 2008 | 173     | 32.4%   | 29.8     | \$1,771     | \$1.85 | 0%       | (3.7)    | \$1,713        | \$1.79 |
| 2007 | 6       | 2.6%    | -        | \$1,772     | \$1.86 | 3.7%     | -        | \$1,764        | \$1.85 |

## Appendix

## 3 STAR VACANCY &amp; RENT

| Year | Vacancy |         |          | Market Rent |        |          |          | Effective Rent |        |
|------|---------|---------|----------|-------------|--------|----------|----------|----------------|--------|
|      | Units   | Percent | Ppts Chg | Per Unit    | Per SF | % Growth | Ppts Chg | Per Unit       | Per SF |
| 2023 | 77      | 3.6%    | 0.1      | \$1,893     | \$2.22 | 1.0%     | (0.3)    | \$1,887        | \$2.22 |
| 2022 | 75      | 3.5%    | 0.3      | \$1,874     | \$2.20 | 1.2%     | 0        | \$1,869        | \$2.20 |
| 2021 | 67      | 3.2%    | 0.4      | \$1,851     | \$2.18 | 1.2%     | (0.6)    | \$1,846        | \$2.17 |
| 2020 | 60      | 2.8%    | 0.3      | \$1,829     | \$2.15 | 1.8%     | (0.7)    | \$1,824        | \$2.14 |
| 2019 | 53      | 2.5%    | 0.2      | \$1,797     | \$2.11 | 2.6%     | (1.5)    | \$1,792        | \$2.11 |
| YTD  | 47      | 2.2%    | (0.1)    | \$1,768     | \$2.04 | 0.9%     | (3.2)    | \$1,763        | \$2.04 |
| 2018 | 48      | 2.3%    | (0.6)    | \$1,752     | \$2.03 | 4.1%     | (0.6)    | \$1,746        | \$2.02 |
| 2017 | 60      | 2.8%    | 0.5      | \$1,683     | \$1.94 | 4.7%     | (0.7)    | \$1,666        | \$1.93 |
| 2016 | 50      | 2.4%    | (0.4)    | \$1,607     | \$1.85 | 5.5%     | (2.0)    | \$1,602        | \$1.85 |
| 2015 | 59      | 2.8%    | (0.7)    | \$1,523     | \$1.76 | 7.4%     | 3.2      | \$1,518        | \$1.75 |
| 2014 | 75      | 3.5%    | (0.6)    | \$1,418     | \$1.63 | 4.2%     | 0.7      | \$1,413        | \$1.63 |
| 2013 | 87      | 4.1%    | (0.1)    | \$1,361     | \$1.57 | 3.5%     | (1.0)    | \$1,351        | \$1.55 |
| 2012 | 89      | 4.2%    | (0.3)    | \$1,314     | \$1.51 | 4.6%     | 3.1      | \$1,296        | \$1.49 |
| 2011 | 95      | 4.5%    | 0.4      | \$1,257     | \$1.45 | 1.4%     | 0.1      | \$1,250        | \$1.44 |
| 2010 | 87      | 4.1%    | (0.4)    | \$1,240     | \$1.43 | 1.3%     | 7.0      | \$1,233        | \$1.42 |
| 2009 | 96      | 4.5%    | (0.2)    | \$1,224     | \$1.41 | -5.7%    | (6.6)    | \$1,217        | \$1.40 |
| 2008 | 100     | 4.7%    | 1.6      | \$1,298     | \$1.49 | 0.9%     | (1.0)    | \$1,290        | \$1.48 |
| 2007 | 66      | 3.1%    | 0.1      | \$1,287     | \$1.48 | 2.0%     | -        | \$1,280        | \$1.47 |

## 1 &amp; 2 STAR VACANCY &amp; RENT

| Year | Vacancy |         |          | Market Rent |        |          |          | Effective Rent |        |
|------|---------|---------|----------|-------------|--------|----------|----------|----------------|--------|
|      | Units   | Percent | Ppts Chg | Per Unit    | Per SF | % Growth | Ppts Chg | Per Unit       | Per SF |
| 2023 | 84      | 3.1%    | 0.1      | \$1,520     | \$2.12 | 1.0%     | (0.3)    | \$1,514        | \$2.12 |
| 2022 | 82      | 3.1%    | 0.3      | \$1,505     | \$2.10 | 1.3%     | 0        | \$1,498        | \$2.09 |
| 2021 | 74      | 2.7%    | 0.3      | \$1,485     | \$2.07 | 1.4%     | (0.8)    | \$1,479        | \$2.07 |
| 2020 | 65      | 2.4%    | 0.3      | \$1,465     | \$2.05 | 2.1%     | (1.3)    | \$1,459        | \$2.04 |
| 2019 | 56      | 2.1%    | 0        | \$1,435     | \$2.00 | 3.4%     | (1.0)    | \$1,428        | \$1.99 |
| YTD  | 50      | 1.8%    | (0.3)    | \$1,403     | \$1.94 | 1.2%     | (3.2)    | \$1,397        | \$1.93 |
| 2018 | 58      | 2.1%    | (0.6)    | \$1,387     | \$1.92 | 4.4%     | (1.4)    | \$1,382        | \$1.91 |
| 2017 | 73      | 2.7%    | (0.1)    | \$1,329     | \$1.83 | 5.8%     | (2.0)    | \$1,323        | \$1.82 |

## Appendix

|      |     |      |       |         |        |       |       |         |        |
|------|-----|------|-------|---------|--------|-------|-------|---------|--------|
| 2016 | 74  | 2.7% | (0.3) | \$1,256 | \$1.72 | 7.8%  | 1.2   | \$1,251 | \$1.72 |
| 2015 | 83  | 3.1% | (0.9) | \$1,166 | \$1.59 | 6.6%  | 3.6   | \$1,161 | \$1.59 |
| 2014 | 108 | 4.0% | 0.2   | \$1,094 | \$1.49 | 3.0%  | 0.5   | \$1,088 | \$1.48 |
| 2013 | 103 | 3.8% | 0     | \$1,062 | \$1.44 | 2.4%  | 1.0   | \$1,057 | \$1.44 |
| 2012 | 103 | 3.8% | 0.2   | \$1,037 | \$1.41 | 1.4%  | 1.0   | \$1,030 | \$1.40 |
| 2011 | 97  | 3.6% | 0.1   | \$1,022 | \$1.39 | 0.4%  | 1.3   | \$1,017 | \$1.38 |
| 2010 | 95  | 3.5% | (0.4) | \$1,018 | \$1.38 | -0.9% | 4.0   | \$1,013 | \$1.38 |
| 2009 | 108 | 4.0% | 0.5   | \$1,027 | \$1.40 | -4.9% | (5.3) | \$1,022 | \$1.39 |
| 2008 | 93  | 3.4% | 0.7   | \$1,080 | \$1.47 | 0.4%  | (2.9) | \$1,075 | \$1.47 |
| 2007 | 74  | 2.7% | 0.3   | \$1,075 | \$1.47 | 3.3%  | -     | \$1,071 | \$1.46 |

## OVERALL SALES

| Year | Completed Transactions (1) |           |          |              |                |              | Market Pricing Trends (2) |             |          |
|------|----------------------------|-----------|----------|--------------|----------------|--------------|---------------------------|-------------|----------|
|      | Deals                      | Volume    | Turnover | Avg Price    | Avg Price/Unit | Avg Cap Rate | Price/Unit                | Price Index | Cap Rate |
| 2023 | -                          | -         | -        | -            | -              | -            | \$265,756                 | 219         | 4.8%     |
| 2022 | -                          | -         | -        | -            | -              | -            | \$263,990                 | 218         | 4.8%     |
| 2021 | -                          | -         | -        | -            | -              | -            | \$262,325                 | 216         | 4.7%     |
| 2020 | -                          | -         | -        | -            | -              | -            | \$262,609                 | 217         | 4.7%     |
| 2019 | -                          | -         | -        | -            | -              | -            | \$259,973                 | 215         | 4.7%     |
| YTD  | 1                          | \$1.1 M   | 0.2%     | \$1,110,000  | \$111,000      | 6.0%         | \$256,463                 | 212         | 4.6%     |
| 2018 | 8                          | \$48.5 M  | 3.1%     | \$6,925,714  | \$290,299      | 5.1%         | \$251,256                 | 207         | 4.6%     |
| 2017 | 9                          | \$32.7 M  | 3.3%     | \$8,170,500  | \$243,896      | 4.8%         | \$230,185                 | 190         | 4.7%     |
| 2016 | 8                          | \$62.0 M  | 6.2%     | \$7,754,125  | \$179,286      | 5.0%         | \$214,212                 | 177         | 4.9%     |
| 2015 | 11                         | \$123.9 M | 12.3%    | \$11,266,545 | \$184,149      | 5.2%         | \$197,720                 | 163         | 5.0%     |
| 2014 | 5                          | \$41.1 M  | 4.4%     | \$8,220,000  | \$172,689      | 5.6%         | \$179,517                 | 148         | 5.2%     |
| 2013 | 8                          | \$35.4 M  | 4.8%     | \$4,427,312  | \$137,281      | 8.3%         | \$163,564                 | 135         | 5.5%     |
| 2012 | 10                         | \$20.5 M  | 3.7%     | \$2,051,628  | \$102,581      | 6.7%         | \$160,116                 | 132         | 5.4%     |
| 2011 | 8                          | \$21.7 M  | 3.6%     | \$2,709,697  | \$111,167      | 7.1%         | \$154,480                 | 127         | 5.4%     |
| 2010 | 2                          | \$1.6 M   | 0.3%     | \$820,688    | \$117,241      | 8.0%         | \$141,674                 | 117         | 5.6%     |
| 2009 | 3                          | \$3.8 M   | 0.9%     | \$1,283,000  | \$76,980       | 6.5%         | \$109,382                 | 90          | 6.2%     |
| 2008 | 4                          | \$31.9 M  | 4.1%     | \$7,980,964  | \$143,156      | 5.4%         | \$121,180                 | 100         | 5.9%     |

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

# Appendix

## 4 & 5 STAR SALES

| Year | Completed Transactions (1) |          |          |              |                |              | Market Pricing Trends (2) |             |          |
|------|----------------------------|----------|----------|--------------|----------------|--------------|---------------------------|-------------|----------|
|      | Deals                      | Volume   | Turnover | Avg Price    | Avg Price/Unit | Avg Cap Rate | Price/Unit                | Price Index | Cap Rate |
| 2023 | -                          | -        | -        | -            | -              | -            | \$424,211                 | 224         | 4.3%     |
| 2022 | -                          | -        | -        | -            | -              | -            | \$422,310                 | 223         | 4.3%     |
| 2021 | -                          | -        | -        | -            | -              | -            | \$419,907                 | 222         | 4.3%     |
| 2020 | -                          | -        | -        | -            | -              | -            | \$419,723                 | 222         | 4.2%     |
| 2019 | -                          | -        | -        | -            | -              | -            | \$413,052                 | 218         | 4.2%     |
| YTD  | -                          | -        | -        | -            | -              | -            | \$405,254                 | 214         | 4.2%     |
| 2018 | 1                          | \$21.5 M | 7.3%     | \$21,500,000 | \$413,462      | -            | \$395,930                 | 209         | 4.2%     |
| 2017 | 1                          | \$19.5 M | 7.3%     | \$19,525,000 | \$375,481      | 4.4%         | \$336,591                 | 178         | 4.5%     |
| 2016 | 1                          | \$4.8 M  | 2.5%     | \$4,820,000  | \$267,778      | 5.1%         | \$314,816                 | 166         | 4.6%     |
| 2015 | 1                          | \$45.8 M | 33.8%    | \$45,800,000 | \$205,381      | 5.3%         | \$294,498                 | 155         | 4.7%     |
| 2014 | -                          | -        | -        | -            | -              | -            | \$275,849                 | 146         | 4.8%     |
| 2013 | -                          | -        | -        | -            | -              | -            | \$251,910                 | 133         | 5.0%     |
| 2012 | -                          | -        | -        | -            | -              | -            | \$248,380                 | 131         | 4.9%     |
| 2011 | -                          | -        | -        | -            | -              | -            | \$239,046                 | 126         | 5.0%     |
| 2010 | -                          | -        | -        | -            | -              | -            | \$215,183                 | 114         | 5.2%     |
| 2009 | -                          | -        | -        | -            | -              | -            | \$166,889                 | 88          | 5.7%     |
| 2008 | -                          | -        | -        | -            | -              | -            | \$189,417                 | 100         | 5.4%     |

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

## Appendix

## 3 STAR SALES

| Year | Completed Transactions (1) |          |          |              |                |              | Market Pricing Trends (2) |             |          |
|------|----------------------------|----------|----------|--------------|----------------|--------------|---------------------------|-------------|----------|
|      | Deals                      | Volume   | Turnover | Avg Price    | Avg Price/Unit | Avg Cap Rate | Price/Unit                | Price Index | Cap Rate |
| 2023 | -                          | -        | -        | -            | -              | -            | \$262,116                 | 219         | 4.8%     |
| 2022 | -                          | -        | -        | -            | -              | -            | \$260,305                 | 217         | 4.7%     |
| 2021 | -                          | -        | -        | -            | -              | -            | \$258,563                 | 216         | 4.7%     |
| 2020 | -                          | -        | -        | -            | -              | -            | \$258,733                 | 216         | 4.7%     |
| 2019 | -                          | -        | -        | -            | -              | -            | \$256,100                 | 214         | 4.6%     |
| YTD  | -                          | -        | -        | -            | -              | -            | \$252,680                 | 211         | 4.6%     |
| 2018 | 3                          | \$23.1 M | 4.3%     | \$7,700,000  | \$253,846      | 4.8%         | \$247,437                 | 207         | 4.6%     |
| 2017 | -                          | -        | -        | -            | -              | -            | \$230,885                 | 193         | 4.7%     |
| 2016 | 2                          | \$42.8 M | 10.3%    | \$21,418,000 | \$195,598      | 5.4%         | \$215,333                 | 180         | 4.8%     |
| 2015 | 3                          | \$53.0 M | 13.5%    | \$17,650,000 | \$185,140      | 5.1%         | \$198,892                 | 166         | 4.9%     |
| 2014 | 3                          | \$30.1 M | 7.7%     | \$10,033,333 | \$183,537      | 5.6%         | \$179,978                 | 150         | 5.2%     |
| 2013 | 1                          | \$26.5 M | 8.1%     | \$26,500,000 | \$154,971      | -            | \$163,444                 | 136         | 5.4%     |
| 2012 | 1                          | \$4.7 M  | 2.0%     | \$4,720,000  | \$109,767      | 6.3%         | \$159,595                 | 133         | 5.4%     |
| 2011 | 2                          | \$14.6 M | 4.9%     | \$7,321,288  | \$142,161      | 6.3%         | \$154,407                 | 129         | 5.4%     |
| 2010 | -                          | -        | -        | -            | -              | -            | \$142,368                 | 119         | 5.6%     |
| 2009 | -                          | -        | -        | -            | -              | -            | \$109,671                 | 92          | 6.2%     |
| 2008 | 2                          | \$30.6 M | 10.0%    | \$15,311,928 | \$144,452      | 6.0%         | \$119,821                 | 100         | 6.0%     |

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

## 1 &amp; 2 STAR SALES

| Year | Completed Transactions (1) |         |          |             |                |              | Market Pricing Trends (2) |             |          |
|------|----------------------------|---------|----------|-------------|----------------|--------------|---------------------------|-------------|----------|
|      | Deals                      | Volume  | Turnover | Avg Price   | Avg Price/Unit | Avg Cap Rate | Price/Unit                | Price Index | Cap Rate |
| 2023 | -                          | -       | -        | -           | -              | -            | \$224,131                 | 217         | 4.9%     |
| 2022 | -                          | -       | -        | -           | -              | -            | \$222,439                 | 216         | 4.9%     |
| 2021 | -                          | -       | -        | -           | -              | -            | \$221,042                 | 214         | 4.9%     |
| 2020 | -                          | -       | -        | -           | -              | -            | \$221,547                 | 215         | 4.9%     |
| 2019 | -                          | -       | -        | -           | -              | -            | \$220,043                 | 213         | 4.8%     |
| YTD  | 1                          | \$1.1 M | 0.4%     | \$1,110,000 | \$111,000      | 6.0%         | \$217,665                 | 211         | 4.8%     |
| 2018 | 4                          | \$3.9 M | 1.1%     | \$1,293,333 | \$161,667      | 5.3%         | \$213,644                 | 207         | 4.8%     |

## Appendix

|      |   |          |      |             |           |      |           |     |      |
|------|---|----------|------|-------------|-----------|------|-----------|-----|------|
| 2017 | 8 | \$13.2 M | 4.8% | \$4,385,667 | \$160,451 | 5.0% | \$199,744 | 194 | 4.9% |
| 2016 | 5 | \$14.4 M | 4.0% | \$2,875,400 | \$131,899 | 4.9% | \$185,067 | 180 | 5.0% |
| 2015 | 7 | \$25.2 M | 6.1% | \$3,597,429 | \$153,549 | 5.3% | \$169,610 | 165 | 5.1% |
| 2014 | 2 | \$11.0 M | 2.7% | \$5,500,000 | \$148,649 | 5.6% | \$152,095 | 148 | 5.4% |
| 2013 | 7 | \$8.9 M  | 3.2% | \$1,274,071 | \$102,511 | 8.3% | \$138,845 | 135 | 5.6% |
| 2012 | 9 | \$15.8 M | 5.8% | \$1,755,143 | \$100,613 | 6.8% | \$135,736 | 132 | 5.5% |
| 2011 | 6 | \$7.0 M  | 3.4% | \$1,172,500 | \$76,467  | 7.5% | \$130,786 | 127 | 5.5% |
| 2010 | 2 | \$1.6 M  | 0.5% | \$820,688   | \$117,241 | 8.0% | \$120,478 | 117 | 5.7% |
| 2009 | 3 | \$3.8 M  | 1.8% | \$1,283,000 | \$76,980  | 6.5% | \$93,000  | 90  | 6.3% |
| 2008 | 2 | \$1.3 M  | 0.4% | \$650,000   | \$118,182 | 4.7% | \$103,090 | 100 | 6.0% |

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

## DELIVERIES &amp; UNDER CONSTRUCTION

| Year | Inventory |       |         | Deliveries |       | Net Deliveries |       | Under Construction |       |
|------|-----------|-------|---------|------------|-------|----------------|-------|--------------------|-------|
|      | Bldgs     | Units | Vacancy | Bldgs      | Units | Bldgs          | Units | Bldgs              | Units |
| 2023 | -         | 5,613 | 3.5%    | -          | 13    | -              | 12    | -                  | -     |
| 2022 | -         | 5,601 | 3.4%    | -          | 6     | -              | 5     | -                  | -     |
| 2021 | -         | 5,596 | 3.0%    | -          | 0     | -              | (2)   | -                  | -     |
| 2020 | -         | 5,598 | 2.8%    | -          | 0     | -              | (2)   | -                  | -     |
| 2019 | -         | 5,600 | 2.8%    | -          | 74    | -              | 52    | -                  | -     |
| YTD  | 190       | 5,592 | 2.3%    | 1          | 44    | 1              | 44    | 0                  | 0     |
| 2018 | 189       | 5,548 | 2.5%    | 0          | 0     | 0              | 0     | 1                  | 44    |
| 2017 | 189       | 5,548 | 3.0%    | 1          | 8     | 1              | 8     | 1                  | 44    |
| 2016 | 188       | 5,540 | 3.2%    | 2          | 51    | 2              | 51    | 1                  | 8     |
| 2015 | 186       | 5,489 | 3.1%    | 1          | 61    | 1              | 61    | 2                  | 51    |
| 2014 | 185       | 5,428 | 4.0%    | 0          | 0     | 0              | 0     | 1                  | 61    |
| 2013 | 185       | 5,428 | 3.9%    | 0          | 0     | 0              | 0     | 0                  | 0     |
| 2012 | 185       | 5,428 | 4.0%    | 0          | 0     | 0              | 0     | 0                  | 0     |
| 2011 | 185       | 5,428 | 4.0%    | 1          | 14    | 1              | 14    | 0                  | 0     |
| 2010 | 184       | 5,414 | 4.3%    | 1          | 52    | (1)            | 36    | 1                  | 14    |
| 2009 | 185       | 5,378 | 4.3%    | 0          | 0     | 0              | 0     | 1                  | 52    |
| 2008 | 185       | 5,378 | 6.8%    | 2          | 331   | 2              | 331   | 0                  | 0     |
| 2007 | 183       | 5,047 | 2.9%    | 3          | 358   | 3              | 358   | 2                  | 331   |

## APPENDIX 12: SURVEY PROTOCOL

- 1) Make sure you have all your materials with you.
  - Script
  - Clipboard
  - Copies of Main Unit Tenant and ADU Tenant surveys (Spanish and English)
  - Flyer about project to be left at homes that don't answer
  - Consent to participate form
  - Geography map that you will be covering with your team
  - Contact info for Project Managers
  - Compensation gift cards
  - Pens, water, snacks, sunscreen
- 2) Revise survey geography with teammate to plan your course of action. Determine with team what time you will end and where your meetup will be. Please keep your phones on so that Project Managers can reach you!
- 3) At homes, please make sure there are no pets that may harm you before entering the property. If you suspect there is, please just leave a flyer. Your safety is the most important thing!
- 4) Once at homes- Go through the script- introduce yourself, the project, UCLA student research group. Remember you are representing UCLA, be professional and be yourself! Let them know that the survey takes a few minutes and that they can stop at any time, skip any question they feel uncomfortable answering and that it will be kept anonymous.
- 5) If they agree to take the survey, go ahead and have them fill out a consent form before proceeding with the questionnaire.
- 6) Identify if they are owner or dweller, choose appropriate survey. If they decide to fill out questionnaire with you, go through every question with them. If they do not leave them with the questionnaire, consent form, Project Manager contact info or one-pager.
- 7) Let them know that during surveying, one team member will be taking notes on anything that may be useful information that may not be captured by the question, these answers will also be kept anonymous.
- 8) Once you complete the questionnaire, thank them for their time and hand them their compensation. Politely ask if you they have an another household on the property (ADU), if yes, ask if you have permission to also survey them.

## APPENDIX 12: SURVEY PROTOCOL

- 9) Survey ADU household, let them know that the front owner gave you permission to enter.  
Repeat survey.
- 10) Once complete with assigned survey region, identify the blocks you and your teammate were able to cover and report back to Project Manager.
- 11) Meet up with team and debrief, what could improve, any challenges, etc.

**Your safety is the most important thing.**

Please do not enter any homes. Always stay with you teammate. Keep your phones on.  
If at any point you feel uncomfortable, do not hesitate to leave.



## APPENDIX 12: SURVEY PROTOCOL

### SURVEY INTRO SCRIPT (ENGLISH)

Hello, My name is [your name], a graduate student at UCLA's City planning program. As part of our graduation requirements, we are asking for Pacoima residents' help answering an anonymous survey about "backyard units" or "las casitas". We are raffling off a flatscreen TV and providing lunch to those who complete this survey. This research will help us understand how we can help protect Pacoima residents and keep low rents before the light rail arrives.

1) Would you be interested in participating?

***If "no":***

Thank you for your time! If you change your mind, here is a flyer with more information about Pacoima Beautiful and future events"

*Ask if there is another household we should talk to that might have an ADU, and their interest in other paid focus groups. Thank them and move on.*

***If "yes":*** Thank you for being willing to participate! *(continue to question 2)*

2) The survey will help us understand how we can help protect Pacoima residents and keep low rents before the light rail arrives. The survey is anonymous and your name and address will not be used. I have a survey for a Casita owner and for a Casita dweller, do you have a casita, garage conversion, or separated unit on your house?

***If "yes":*** *administer survey for either "Main Unit Dweller" or "ADU Dweller." Provide consent form to show legitimacy and answer any questions*

***If "no" :*** *administer survey for "Household with no ADU"*

3) Excellent, thank you! Would you prefer to fill out the survey on your own and I can answer any questions that come up, or would you like to complete the survey together? If there are any questions in the survey you don't feel comfortable answering, you're welcome to pass it.

***If "I'm interested, but can I fill it out later?":*** Sure thing! There's two options:

a) If you want to **fill out and leave it in the gate, I'll come to pick it up in an hour.**

b) If you want to **fill it out another day**, please provide your contact info on the **Follow-Up Card** and let us know if you prefer to fill it out later on paper, over the phone, or drop off in-person at the Pacoima Beautiful office.

4) ***When the participant is done taking the survey:*** Thank you for your time!

## APPENDIX 12: SURVEY PROTOCOL

- 1) Is there another household on the lot that we can survey? **If yes:** Do we have your permission to go to the back and ask the household living in the ADU (assuming there is an ADU)?
- 2) Would you be interested in participating in a paid student focus group to discuss tenants rights or ADU design?

## APPENDIX 12: SURVEY PROTOCOL

### SURVEY INTRO SCRIPT (SPANISH)

***Nota:** Los individuales administrando la encuesta estarán en parejas, idealmente por lo menos con un compañero que habla español con fluidez. Las parejas pueden ser dos estudiantes de UCLA, dos empleados de Pacoima Beautiful o un estudiante de UCLA con un empleado de Pacoima Beautiful.*

Hola, Mi nombre es [su nombre], soy un estudiante posgrado en el programa de planificación urbana de UCLA. Mi compañero/a y yo nos estamos asociando con una organización local, Pacoima Beautiful, para realizar una encuesta anónima de hogares que tienen y/o viven en una unidad de vivienda secundaria ("Casitas"). El objetivo de esta encuesta es comprender cómo se originaron las viviendas secundarias/casitas en Pacoima, si las personas piensan que las casitas son una forma de vivienda fácil de obtener y, en general, la experiencia del residente viviendo en una casita.

¿Tienes una vivienda secundaria/casita en la propiedad? Si es así, ¿estarían interesados usted y cualquiera de los presentes que viven en la vivienda secundaria/casita en completar una encuesta anónima de 15 a 20 minutos?

***Si el individuo dice "sí":*** ¡ Gracias por estar dispuesto a participar! Tengo una encuesta para el dueño de la vivienda secundaria/casita y para un habitante de la vivienda secundaria/casita: ¿es usted el dueño o vive en una vivienda secundaria/casita? ***Proceda a administrar la encuesta para el "Habitante de Residencia Principal" o "Habitante de Casita".***

¿Prefiere completar la encuesta por su cuenta y yo puedo responder a cualquier pregunta que tiene o le gustaría completar la encuesta juntos?

¿Se siente cómodo compartiendo su dirección con el fin de que sepamos de qué bloques estamos obteniendo los datos, pero si no, mantendremos su encuesta anónima?

Si hay alguna pregunta en la encuesta que no se siente cómodo respondiendo, puede pasarla.

***Si la persona dice "no ":*** ¡Gracias por su tiempo! Si cambia de opinión, aquí hay un folleto con más información sobre Pacoima Beautiful y futuros eventos.

***Si el individuo dice "Estoy interesado, ¿pero puedo completarlo más tarde?":*** ¡ Claro que sí! Llena su nombre, dirección de correo electrónico y dirección postal en esta Tarjeta de Seguimiento y háganos saber si prefiere completarla más tarde por correo electrónico, en papel o en persona en la oficina de Pacoima Beautiful. ¡Gracias

## APPENDIX 13: Interview Protocol (Tenant Experience)

### University of California, Los Angeles

#### Understanding Accessory Dwelling Units in Pacoima

##### Interviewer Guide<sup>1</sup>:

1. Person at check-in station will send tenants to our group. We will conduct one-on-one interviews on a rolling basis. A translator and a notetaker will also be present.
2. When you are assigned a tenant, introduce yourself and find a quiet space. Explain the study and obtain their consent:

*I would like to thank you for taking this time to participate in our focus group session. My name is \_\_\_\_\_ and I am a researcher with UCLA. I am a Master of Urban and Regional Planning candidate from UCLA and am conducting focus groups in the Pacoima neighborhood. Please do not hesitate to ask me if you have any questions as we go through the interview.*

Give the interviewee a consent form.

*First, we are required to have all focus group participants sign a “Consent to Participate” form.*

*This form explains the purpose of the study which is to understand the challenges facing tenants in Pacoima, especially those who rent ADUs.*

*If at any point you feel uncomfortable or you do not feel like answering a question, that is completely fine. You do not have to answer all of the questions and may choose to remove yourself from participating at any time without any consequences.*

*Since your input and answers may assist Pacoima Beautiful in developing their Displacement Avoidance Plan (DAP), you will receive a \$20 Target gift card in compensation for your time.*

*This research project is voluntary and the information that you provide will be confidential. Only summarized group information will be published in reports. Data will be kept on a secure server only accessible by the research staff, and later will be erased.*

*In the consent form, it discusses your rights as a study participant and persons at UCLA that you may contact if you have any questions about the study.*

*Do you have any questions?*

When the participant is finished reading or asking questions about the consent form, ask:  
*Do you feel comfortable signing the consent form?*

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<sup>1</sup> Script is in italics. Instructions are not italicized.

## APPENDIX 13: Interview Protocol (Tenant Experience)

If yes, give them a take-home copy of the form and proceed with the interview.. If no, people may finish their dinner and abstain from activities. Sign the “Signature of Person Obtaining Consent” and take the consent form. They will be filed later.

3. Interviewers will ask the following questions. Follow-up with “Why?” or “How?” or “What was that like?” where appropriate. If helpful, encourage tenants to draw if that helps them clarify their story. Don’t pressure tenants too much if they seem nervous, but be sure to clarify that this is confidential.

- *Have you ever lived in a backyard house?*
- *Can you describe what it looked like?*
- *What did you like about the unit? What did you not like about the unit?*
- *If they mention habitability issues:*
  - *Was there heating or air conditioning?*
  - *Was there a kitchen or bathroom?*
- *Was the unit permitted or unpermitted? It’s ok if you don’t know.*
- *Did you know the landlord?*
- *Have you ever had any problems with your landlord?*
  - *What happened?*
  - *How did it get resolved?*
    - *How did you find help?*
- *If they have lived in both an ADU an a normal unit ask:*
  - *What are the differences between living in a casita and living in a traditional apartment?*
  - *Is there one you like better?*
- *What else do you think we should know about renting in Pacoima?*
- *If you could ask Monica Rodriguez or Mayor Garcetti for one thing to help tenants in Pacoima, what would you ask for?*

4. After the interview ends, direct the tenant to food and their gift card. When they leave, answer the **Post-Interview Worksheet**. File the consent sheet and the post-interview worksheet in the **Completed Interviews** folder.

## Appendix 14: Evolution of Interview Question

| First Iteration (Event one)   | Second Iteration (Event two and three)  |
|---|---|
| <p>Tell me about where you live?</p> <p>Has anyone ever had problems with their landlord while renting an ADU? (ex: Habitability, rent increase, eviction, harassment)</p> <p>What happened?</p> <p>Did you feel safe in your ADU?</p> <p>What is your relationship like with your landlord?</p> <p>Do you have heating for the winter?</p> <p>Have you had pest problems?</p> <p>How many people live there?</p> | <p>Have you ever lived in a backyard house?</p> <p>Do you still live there?</p> <p>Can you describe what it looked like?(rooms, bedroom, bathroom)</p> <p>Do you have a kitchen?</p> <p>What did you like about the unit? What did you not like about the unit?</p> <p><b>Is there a smoke detector or carbon monoxide detector?</b></p> <p>Is there an air conditioner or heater?</p> <p><b>Do you feel safe in your Backyard house?</b></p> <p><b>Is there a seperate entrance?</b></p> <p>Was the unit permitted or unpermitted?</p> <p>It's ok if you don't know.</p> <p>How do you know the landlord?</p> <p>Do they live on the property?</p> <p>How do you pay the rent every month? (Ex: leave envelope at door with cash etc)</p> <p>How much do you pay? (them alone or total for unit)</p> |

## Appendix 14: Evolution of Interview Question

|  |   |
|--|---|
| <p>Do you have heating? Air conditioning in the summer ?</p> <p>Have you ever tried to get a lawyer because of something that's happened while renting?</p> <p>How did you find someone? Was it far away?</p> <p>Were you satisfied with the service?</p> <p>What else do you think we should know about renting an ADU?</p> | <p><b>Has there ever been a time where you were late on rent? What happened?</b></p> <p><b>Are you comfortable asking the landlord to fix something?</b></p> <p><b>Have you ever had an issue with your landlord? (if yes, are you comfortable sharing it with us?)</b></p> <p><b>How did it get resolved?</b></p> <p><b>Have you ever tried seeking legal services for your housing situation?</b></p> <p><b>If no, why?</b></p> <p>Has rent ever increased when renting the ADU? How much?</p> <p>Do you have a formal lease agreement with the owner?</p> <p>If they have lived in both an ADU an a normal unit ask:</p> <p>What are the differences between living in a casita and living in a traditional apartment?</p> <p>Is there one you like better?</p> <p>What else do you think we should know about renting in Pacoima?</p> |
|--|---|

## Appendix 14: Evolution of Interview Question

|  |  |
|--|--|
|  | <p>If you could ask Monica Rodriguez or Mayor Garcetti for one thing to help tenants in Pacoima, what would you ask for?</p> |
|--|--|



## Appendix 15: Post-interview worksheet (Tenant Experience)

Filing Code (*same as on Consent Form*):

[initials/date/interview #]

Person you interviewed approximate gender & age range: \_\_\_\_\_

Were they interviewed alone or in a group? \_\_\_\_\_

1. Was this similar or different than previous interviewees?
2. What are three things that stood out to you?
3. Is there a quote you think was particularly impactful?
4. Other important notes:

**Appendix 16: Interviewees (Tenant Experience)**

| <b>Person Number/<br/>Anonymous Name</b> | <b>Pseudonym</b>      | <b>Event Interview Took Place at</b> | <b>What kind of Dwelling do they live in?</b> | <b>Did they live in another Dwelling before?</b> | <b>Interviewed by</b> |
|--|-----------------------|--------------------------------------|---|--|-----------------------|
| Mother/<br>Daughter                      | Claudia and Daniela   | Bradley Plaza                        | ADU in Pacoima                                | Unknown  | AM, JH                |
| Two Male Roomates                        | Francisco and Gabriel | Bradley Plaza                        | ADU in Pacoima                                | Yes, one lived in another ADU                    | AM, KQ                |
| Two Sisters                              | Elena                 | Bradley Plaza                        | San Fernando Gardens                          | Series of ADUs                                   | KQ                    |
| Mother & Her Four Children               | Beatriz               | Bradley Plaza                        | ADU   | Unknown  | KQ                    |
| Women with Baby                          | Hilda                 | Bradley Plaza                        | Apartment                                     | ADU  | JO                    |
| Women in multiple garages                | Alison                | Bradley Plaza                        | San Fernando Gardens                          | Series of ADUs                                   | JO                    |
| Women in 40's-50's                       | Inés                  | Bradley Plaza                        | San Fernando Gardens                          | Trailer behind a house                           | JO                    |
| Middle Aged Man                          | Patricio              | Mercado                              | Apartment                                     | ADU (shared)                                     | AM                    |
| Women with one child                     | Natividad             | Mercado                              | Apartment                                     | Subdivided house                                 | AM                    |

**Appendix 16: Interviewees (Tenant Experience)**

|   |                                  |                      |                                  |   |        |
|---|----------------------------------|----------------------|----------------------------------|---|--------|
| Teenager Focus Group- , three male and one female | Justin, Kevin, Luís, and Melissa | Mercado              | ADUs or Subdivided Houses        | Luis lived in an apartment, Justin grew up in same subdivided home, Kevin always lived in ADU, Melissa is unknown | KQ     |
| Middle Aged Women                                 | Ofelia                           | Mercado              | ADU                              | Unknown   | KQ     |
| Women with son                                    | Teresa                           | PB Inspector Meeting | Not Clear                        | ADU   | JO, AM |
| Senior man  | Enrique                          | PB Inspector Meeting | Has a room in single family home | Home in Mexico  | JO, AM |
| Women with daughter                               | Sarah                            | PB Inspector Meeting | Trailer Home                     | Rented a room in a Single Family Home   | JO, AM |
| Women in her 30s                                  | Rosalía                          | PB Inspector Meeting | Unknown                          | ADU   | JO, AM |

## **Appendix 17: ADU Financing Protocol**

### **CONSENT TO PARTICIPATE IN RESEARCH INTERVIEW**

#### **Accessory Dwelling Units in Pacoima**

Students from the Master's in Urban & Regional Planning program at the Luskin School of Public Affairs and the Center for Neighborhood Knowledge at the University of California, Los Angeles (UCLA) are conducting a research study. The research is focused on accessory dwelling units in Pacoima. You were selected as a possible participant in this study because you live in the study area and may own a property that has an accessory dwelling unit. Your participation in this research study is voluntary.

#### **Why is this study being done?**

This research project is focused on examining how ADUs were/are financed, the persons that live in and/or own ADUs, the motivation for living in ADUs, and the relationships between ADU tenants and owners. Through this research, we hope to inform policy aimed at mitigating social and economic pressures that lead to displacement in Pacoima. In the following interview, you will have the opportunity to help us understand the role that ADUs play for households in Pacoima. This is a confidential research project and any information given would only be used for research purposes.

#### **What will happen if I take part in this research study?**

If you volunteer to participate in this study, you will be asked to participate in an in-person interview:

- An interview is a conversation with a student from UCLA on the topic of ADU financing. In the interview, participants will be asked questions regarding their ADU financing process, experience dealing with private lenders, ability to access private capital for renovation or construction costs, and personal financial status.
- The interview is for research purposes to better understand the borrowing capacity of Pacoima homeowners when accessing private financing for ADUs.
- The interview will last approximately 30-45 minutes and will be held at residences within the study area identified as having ADUs.
- Pending your language preference, the interview may be conducted in English or some other language.

#### **How long will I be in the research study?**

Participation in an interview will take an estimated 30-45 minutes.

#### **Are there any potential risks or discomforts that I can expect from this study?**

Participants may experience distress discussing personal financial issues and difficulties in accessing capital. Participants do not have to answer any questions that may cause them distress. Participation is completely

## **Appendix 17: ADU Financing Protocol**

voluntary, and participants are free to withdraw from the study at any time without consequences of any kind.

### **Are there any potential benefits if I participate?**

Although you will not directly benefit from your participation in the research, your input may assist other homeowners facing financial obstacles in the future. This research study will also landscape existing financial products uniquely targeted for ADU construction/renovation. The results of the research will provide data regarding the financial status of homeowners in Pacoima who successfully financed an ADU and the types of methods leveraged to accomplish such a feat.

### **Will I be paid for participating?**

You will receive a \$20 gift card in compensation for your time.

### **Will information about me and my participation be kept confidential?**

Any information that is obtained in connection with this study and that can identify you will remain confidential. It will be disclosed only with your permission or as required by law. Confidentiality will be maintained by means of no individual's name will be directly associated with any specific response. Only aggregated or group information will be reported in publications or reports. Participation is completely voluntary, and you are free to withdraw your participation at any time without consequences of any kind.

### **What are my rights if I take part in this study?**

- You can choose whether or not you want to be in this study, and you may withdraw your consent and discontinue participation at any time.
- Whatever decision you make, there will be no penalty to you, and no loss of benefits to which you were otherwise entitled.
- You may refuse to answer any questions that you do not want to answer and still remain in the study.
- The Principal Investigator may withdraw you from this research if circumstances arise which warrant doing so.

## Appendix 17: ADU Financing Protocol

### Who can I contact if I have questions about this study?

- **The research team:**

If you have any questions, comments or concerns about the research, you may contact the Principal Investigator. Please call (310) 206-7738 or write to:

Professor Vinit Mukhija, Principal Investigator  
UCLA Luskin Department of Urban and Regional Planning,  
3250 Luskin Public Affairs Building  
Los Angeles, CA 90095

You may also reach out to Silvia Gonzalez, the community projects liaison at the UCLA Center for Neighborhood Knowledge at UCLA: 818-270-0497, [knowledge@luskin.ucla.edu](mailto:knowledge@luskin.ucla.edu).

- **UCLA Office of the Human Research Protection Program (OHRPP):**

If you have questions about your rights while taking part in this study, or you have concerns or suggestions and you want to talk to someone other than the researchers about the study, please call the OHRPP at (310) 825-7122 or write to:

UCLA Office of the Human Research Protection Program  
11000 Kinross Avenue, Suite 211, Box 951694  
Los Angeles, CA 90095-1694

*You will be given a copy of this information to keep for your records.*

### SIGNATURE OF STUDY PARTICIPANT

\_\_\_\_\_  
Name of Participant

\_\_\_\_\_  
Signature of Participant

\_\_\_\_\_  
Date

### SIGNATURE OF PERSON OBTAINING CONSENT

\_\_\_\_\_  
Name of Person Obtaining Consent

\_\_\_\_\_  
Contact Number

\_\_\_\_\_  
Signature of Person Obtaining Consent

\_\_\_\_\_  
Date

## **Appendix 17: ADU Financing Protocol**

### **University of California, Los Angeles**

#### **Impact of Foreclosure Crisis in Los Angeles County Neighborhoods**

#### **UP 217: Comprehensive Planning Project**

#### **Opening Script**

I would like to thank you for taking time out of your day to participate in this interview. My name is Zacharias and Marlene and we are graduate students at UCLA. For our class, we are conducting homeowner interviews in the Pacoima neighborhood to better understand how ADUs have been/are financed. Understanding the financial ability of Pacoima homeowners to afford the construction/renovation costs associated with ADUs provides clearer context of potential financing gaps that exist in the study area. Please don't hesitate to ask me if you have any questions as we go through the interview.

First, we are required to have all interview participants sign a "Consent to Participate" form.

1. This form explains the purpose of the study, which is to research the financial status of Pacoima homeowners to analyze the borrowing capacity of the study area for the purposes of ADU financing.
2. It also explains that an interview is a conversation, and I will be asking you questions about your financial status and experience accessing various private financing methods.
3. The interview should last about 30 minutes.
4. If at any point during the interview, you feel uncomfortable or you do not feel like not answering a question that is completely fine. You do not have to answer all of the questions and may end the interview at any time without any consequences.
5. Since your input may assist other homeowners facing obstacles financing an ADU, you will receive a \$20 gift card in compensation for your time.
6. This research project is voluntary and the information that you provide will be confidential. Only summarized group information will be published in reports. Data will be kept in locked files only accessible by the research staff, and later will be destroyed.
7. In the consent form, it discusses your rights as a study participant and persons at UCLA that you may contact if you have any questions about the study.

Let me give you a few minutes to review the consent form. [When the participant is finished reading the form, ask:] Do you feel comfortable signing the consent form? [If yes, proceed with interview.]

Please sign two copies of the consent form. I will also sign two copies of the consent form and provide you with a copy that has both our signatures. Thank you for signing the consent forms.

## **Appendix 17: ADU Financing Protocol**

Now, we are ready to start the interview. A few logistics before we get started. With your permission, we will audio record the conversation. Although we'll be audio-recording the conversation, I want to assure you that we will not share the recording with anyone outside of our staff or connect your name with the information you provide. If at any point in time you would like me to stop recording the interview, please let me know and I will do so.

Do you have any questions before we begin? [Start recorder. Reminder: take notes on key responses and write down the time when key quotes were stated by interviewee to go back to the recording later. Key question topics and themes are highlighted/shaded below].

### **General Questions (Skip if already participated in the focus group)**

1. What kind of ADU do you have on your property? (attached, unattached)
2. When was the ADU built?
3. How long have you owned the main house?
4. How is the ADU currently being used?
5. How have you used your ADU in the past?
6. How are you planning to use your ADU in the future?.
7. What was the original plan or purpose for building the ADU?
8. Who did the physical labor construction on your ADU?
9. Who designed your ADU?
10. How much did you or someone else pay for your ADU to be constructed?
11. What products were used to finance the ADU?
12. Was the estimated budget close to actual budget (within 15% difference)?
13. What were the two biggest challenges you faced in building your ADU?

### **Financing the ADU**

Next, I'd like to talk about more personal financial questions and how these variables may have potentially impacted your ability to finance the ADU.

### **Financing**

1. Approximately how many unpaid hours ("sweat equity") were spent, by you or anyone else, constructing your ADU?
2. What were the loan terms and amount of the loan product used?
3. For these loan product(s), what lenders did you speak with, and how did you learn about them?
4. PROBE: Were the terms explained to you and easy to understand? Please explain why or why not
5. Did you receive any assistance with your application?
6. How much, if any, from personal savings, was used to finance the ADU?
7. What loan amount would you be comfortable taking out in order to finance an ADU?

### **Financial Status**

1. How would you describe your household's financial situation now?
2. PROBE: I know this can be difficult to talk about.



## Appendix 17: ADU Financing Protocol

3. What type of expenses does your household spend the most money on?
4. After paying for housing-related and other necessary costs, are you able to save?
5. What is your household income?
6. Do you have any existing loans (this may include bank loans or family loans)?
7. Roughly speaking, What is your credit score?
8. Roughly speaking, How much do you currently owe on your credit cards?
9. How much do you owe on your home mortgage?
10. Over the past year, have you had any late payments (utility bills, mortgage payment, etc.)?
11. How much is rent in the ADU?
12. How long has this tenant been living in the ADU?
13. Do you own any other properties besides your home?

### Conclusion

1. We're nearing the end of the discussion. I have just a few final questions before we conclude.
2. To start, are there any other ways that your experiences have affected you and your household that we haven't discussed?
3. Looking back, is there anything that you would have done differently? Is there anything that you are glad that you did?
4. PROBE: Is there anything that you wish you had known before financing your ADU that would have helped you to deal with the situation better?
5. What advice would you give to homeowners like you that are thinking of constructing an ADU? What advice would you give to community groups and other organizations that are trying to help homeowners access affordable capital?
6. Is there anything we haven't discussed that you think would be important for us to know?
7. Do you have any questions before we conclude?
8. If you are interested in receiving a copy of the UCLA research report, please let me know how we can provide you with a copy (e.g. email or mail)?

### Closing Script

Thank you so much for spending time today discussing your experiences constructing an ADU. The input that you have given will be helpful to community groups, academic research, and others to respond to these issues in the future. In appreciation for your assistance and your time, I would now like to give you a \$20 gift card.

[Turn off recorder.]

[After the respondent leaves, take some time to write some notes describing the respondent's characteristics (e.g. approximate age category<sup>2</sup>, race/ethnicity, language ability, understanding of the questions, how open or forthcoming were they).]

[Also, write down any special comments by the respondent that you feel should be highlighted, or any special problems involved in this particular interview.]

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<sup>2</sup> Approximate age categories: adults (ages 20s-30s), middle age (ages 40s-50s), and seniors (60s and older).

## **Appendix 17: ADU Financing Protocol**

### **University of California, Los Angeles UP 217: Comprehensive Planning Project**

#### **DRAFT EMAIL TO POTENTIAL INTERVIEWEES**

Dear [Potential Interviewee Name],

I am a University of California at Los Angeles (UCLA) student working on a comprehensive project with Pacoima Beautiful on Accessory Dwelling Units (ADUs) in Pacoima. We are interviewing people who are local experts on ADU financing. The information that you provide will be confidential (no names will be mentioned in any of our reports, only summary information will be made public).

We could conduct the interview with you at a place/date/time that is convenient for you. For example, we could meet at a coffee shop near your work. Please let me know when you are available to meet for an interview. I look forward to meeting with you.

If you have questions about our credentials, please contact the UCLA Department of Urban Planning at the Luskin School of Public Affairs at: 3250 Public Affairs Building, Box 951656, Los Angeles, CA 90095. Or alternatively, questions can be answered over the phone at (310) 825-4025. You can also contact our instructor, Vinit Mukhija, or Silvia Gonzalez from the Center for Neighborhood Knowledge at 818- 270-0497.

Thank you,  
Marlene Salazar and Zacharias Gardea  
(323) 605-7083 and (323) 979-7486  
UCLA Luskin School of Public Affairs

## **Appendix 17: ADU Financing Protocol**

University of California, Los Angeles

### **CONSENT TO PARTICIPATE IN RESEARCH INTERVIEW**

#### **Accessory Dwelling Units in Pacoima**

Students from the Master's in Urban & Regional Planning program at the Luskin School of Public Affairs and the Center for Neighborhood Knowledge at the University of California, Los Angeles (UCLA) are conducting a research study. You were selected as a possible participant in this study because your organization are key players in ADU financing. Your participation in this research study is voluntary.

#### **Why is this interview being done?**

This research project is aimed at examining the conditions of ADUs, the households that live in or own ADUs, the motivation for living in ADUs, and the relationships between ADU tenants and owners. Through this research, we hope to help inform a displacement avoidance plan for the Pacoima neighborhood. In the following interview, you will have the opportunity to help us understand the role that ADUs play for households in Pacoima. This is a confidential research project and any information given will only be used for research purposes.

#### **How long will I be interviewed?**

We anticipate the interview will take 30-45 minutes.

#### **Are there any potential benefits if I participate?**

Although you will not directly benefit from your participation in the research, your input may assist the development of policies and programs like financing tools, legalization strategies, and displacement avoidance.

#### **Will I be paid for participating?**

No compensation for the interview.

#### **Will information about me and my participation be kept confidential?**

Any information that is obtained in connection with this study and that can identify you will remain confidential. It will be disclosed only with your permission or as required by law. Confidentiality will be maintained by means of no individual's name will be directly associated with any specific response. Only

## **Appendix 17: ADU Financing Protocol**

aggregated or group information will be reported in publications or reports. Participation is completely voluntary, and you are free to withdraw your participation at any time without consequences of any kind.

### **What are my rights if I take part in this study?**

- You can choose whether or not you want to be in this interview, and you may withdraw your consent and discontinue participation at any time.
- Whatever decision you make, there will be no penalty to you, and no loss of benefits to which you were otherwise entitled.
- You may refuse to answer any questions that you do not want to answer and still remain in the study.
- The Principal Investigator may withdraw you from this research if circumstances arise which warrant doing so.

### **Who can I contact if I have questions about this study?**

- **The research team:**

If you have any questions, comments or concerns about the research, you may contact the Principal Investigator. Please call (310) 206-7738 or write to:

Professor Vinit Mukhija, Principal Investigator  
UCLA Luskin Department of Urban and Regional Planning,  
3250 Luskin Public Affairs Building  
Los Angeles, CA 90095

You may also reach out to Silvia Gonzalez, the community projects liaison at the UCLA Center for Neighborhood Knowledge at UCLA: 818-270-0497, [knowledge@luskin.ucla.edu](mailto:knowledge@luskin.ucla.edu).

- **UCLA Office of the Human Research Protection Program (OHRPP):**

If you have questions about your rights while taking part in this study, or you have concerns or suggestions and you want to talk to someone other than the researchers about the study, please call the OHRPP at (310) 825-7122 or write to:

UCLA Office of the Human Research Protection Program  
11000 Kinross Avenue, Suite 211, Box 951694  
Los Angeles, CA 90095-1694

***You will be given a copy of this information to keep for your records.***

## Appendix 17: ADU Financing Protocol

### SIGNATURE OF STUDY PARTICIPANT

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Name of Participant

---

Signature of Participant

---

Date

### SIGNATURE OF PERSON OBTAINING CONSENT

---

Name of Person Obtaining Consent

---

Contact Number

---

Signature of Person Obtaining Consent

---

Date

Date created: 4/8/2019

## **Appendix 17: ADU Financing Protocol**

### **University of California, Los Angeles ADU Project**

#### **Interview Guide**

##### **Opening Script**

I would like to thank you for taking time out of your day to participate in this interview. My name is Zacharias and Marlene and we are graduate students at UCLA. For our class, we are conducting interviews with key ADU financial players in Los Angeles. Understanding the financial ability of Pacoima homeowners to afford the construction/renovation costs associated with ADUs provides a clearer context of potential financing gaps that exist in the study area. Please don't hesitate to ask me if you have any questions as we go through the interview.

We'll be recording this interview and I'm going to read your rights as a participant.

First, we are required to have all interview participants sign a "Consent to Participate" form.

1. This form explains the purpose of the study, which is to research the financial status of Pacoima homeowners to analyze the borrowing capacity of the study area for the purposes of ADU financing.
2. It also explains that an interview is a conversation, and I will be asking you questions about your financial status and experience accessing various private financing methods.
3. The interview should last about 30-45 minutes.
4. If at any point during the interview, you feel uncomfortable or you do not feel like answering a question, that is completely fine. You do not have to answer all of the questions and may end the interview at any time without any consequences.
5. Your participation is voluntary and the information that you provide will be confidential. Only summarized group information will be published in reports.
6. In the consent form that we'll be sending after this interview if that's fine with you, it discusses your rights as a study participant and persons at UCLA that you may contact if you have any questions about the study.

##### **Do I have your consent to continue the interview?**

Let me give you a few minutes to review the consent form. [When the participant is finished reading the form, ask:] Do you feel comfortable signing the consent form? [If yes, proceed with the interview.]

Please sign two copies of the consent form. I will also sign two copies of the consent form and provide you with a copy that has both our signatures. Thank you for signing the consent forms.

## **Appendix 17: ADU Financing Protocol**

Now, we are ready to start the interview. A few logistics before we get started. Although we'll be audio-recording the conversation, I want to assure you that we will not share the recording with anyone outside of our staff or connect your name with the information you provide if you wish. If at any point in time you would like me to stop recording the interview, please let me know and I will do so.

Do you have any questions before we begin? [Start recorder. Reminder: take notes on key responses and write down the time when key quotes were stated by interviewee to go back to the recording later. Key question topics and themes are highlighted/shaded below].

[Interviews will be conducted by one person, while the second individual takes notes. Each interview, people will switch roles and alternate responsibilities.]

### **Financing an ADU**

First, I'd like to talk about what your ADU financial products, in particular with Pacoima and/or low-income homeowners.

1. What products does your organization offer to homeowners looking to finance an ADU?
2. Which products, particularly, are accessible for low, fixed-income homeowners?
3. Why did your organization decide to finance ADUs?
4. Can you describe the ideal borrower for your product(s)?
5. How many borrowers do you have that have an ADU loan? Any in Pacoima?
6. Have you had any challenges obtaining borrowers for this type of loan? If so, what are those challenges?
7. Can you explain some of the challenges financing an ADU for an institution like yours?
8. Do you offer any loan application assistance to prospective borrowers? If yes, please elaborate on the process.

### **Underwriting Questions**

1. Any different underwriting terms for these products aimed at lower income borrowers? If so, please describe.
2. Do you have applications in different languages?
3. Have any borrowers missed or had difficulties paying their loan payments? If so, has there been any modifications to loan terms?

### **Conclusion**

We're nearing the end of the discussion. I have just a few final questions before we conclude.

1. Are there alternative models/products that you believe can be effective for ADU financing?
2. Is there anything we haven't discussed that you think would be important for us to know?
3. Do you have any questions before we conclude?
4. If you are interested in receiving a copy of the UCLA research report, please let me know how we can provide you with a copy (e.g. email or mail)?

## Appendix 17: ADU Financing Protocol

### Closing Script

Thank you so much for spending time today discussing the products offered by your organization for financing ADUs. The input that you have given will be helpful to community groups, local governments, and others to respond to these issues in the future.

[Turn off the recorder.]

[After the respondent leaves, take some time to write some notes describing the respondent's characteristics (e.g. approximate age category<sup>3</sup>, race/ethnicity, language ability, understanding of the questions, how open or forthcoming were they).]

[Also, write down any special comments by the respondent that you feel should be highlighted, or any special problems involved in this particular interview.]

---

<sup>3</sup> Approximate age categories: adults (ages 20s-30s), middle age (ages 40s-50s), and seniors (60s and older).



## Overcrowded Households in Pacoima

Dora Armenta

June 6, 2019

### **Abstract:**

*Numerous vehicles in the driveway of single-family homes in Pacoima are typically a tell-tale sign that these homes house more than one family. Los Angeles's severe affordable housing shortage creates high barriers for low-income individuals and families trying to live in the city. The housing scarcity has resulted in unauthorized converted units, subdivided homes and overcrowding. Pacoima residents, like many other Angelenos, have capitalized on the financial opportunity of Accessory Dwelling Units (ADU's) or "backyard units," using them as short- and long-term housing to either rent to family members or new tenants.*

*In this research paper I examine the concentration of ADU's in Pacoima, the area specifically around the Transformative Climate Community Area (TCC), and explore how these unauthorized units, along with other housing adaptations, have led to overcrowded housing conditions. I first begin with a literature review on definitions of overcrowding, the reasons why overcrowding exist in Los Angeles, and challenges of these living situations. Second, I present an analysis using American Community Survey (ACS) household data, that shows the prevalence of overcrowding in Pacoima.*

Keywords: Pacoima, San Fernando Valley, Overcrowded, Household, TCC

## **Methodology**

### *Tenure by Occupants per Room*

The ACS variable I use to assess overcrowded households in Pacoima is the “Tenure by Occupants Per Room,” as seen in Table 1. This variable will henceforth be referred to as the TOPR variable. I use 2017 ACS 5-year<sup>1</sup> estimate data and calculate the percentages of households that fall within the five TOPR categories (Table 1). I calculate this for all 18 census tracts<sup>2</sup> that represent the TCC Project Area. The five TOPR categories determined by ACS can be seen in Table 1. Additionally, I compare the difference between owner and renter-occupied households.

### *The five ACS Categories of Tenure by Occupants per room*

To determine the share of the households in a census tract is experiencing overcrowding conditions, I divide the total number of households that fall within each category by the total number of people that live in that census tract. See Table 2 for example. This was done for each of the TOPR categories for all census tracts in Pacoima, once with separated owner and renter-occupied households and another with those totals combined. It should be noted that these data have various limitations. First, it is a sample survey and historically many undocumented and communities of color have been undercounted (See more in Methodology, *Flaws in Data*).

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<sup>1</sup> The ACS publishes annual estimates, the five-year estimates are the only ones available at the census tract level.

<sup>2</sup> See the Appendix to see all eighteen Pacoima Census Tracts.

Table 1, Tenure by Occupants per Room

|                                 |
|---------------------------------|
| 0.50 or less occupants per room |
| 0.51 to 1 occupant per room     |
| 1.01 to 1.50 occupants per room |
| 1.51 to 2.00 occupants per room |
| 2.01 or more occupants per room |

Source: ACS 2013-2017 5-year estimates

Table 2, Example of Household Overcrowding Calculation

| TOPR with 0.50 or less occupants per room | Residents in census tract 1041.05 | % of the census tract that lives with 0.5 or less occupants per room |
|---|-----------------------------------|--|
| 365                                       | 1,611 people                      | 23%  |
| $365/1,611 = 0.2265$                      |                                   |  |

Source: ACS 2013-2017 5-year estimates

## Literature Review

### *Flaws in Data*

Historically, the Census has not equally counted all the residents that live in United States. In the study, “The Underground Economy and Undocumented Migration: The Case of Dominicans in Santurce, Puerto Rico” (Duany 1998, 1) the author highlights how the 1990 Post-Enumeration Survey estimated that the census missed 5.2% of the U.S Hispanic population. He goes on to elaborate the numerous reasons that ethnographic researchers believe this is the case: (1) disbelief in the confidentiality of the census; (2) distrust of government authorities (Brownrigg and Martin 1989); (3) fear of losing public assistance; (4) fear of deportation among undocumented immigrants; and (5) cultural differences in defining household structure (Rodríguez and Hagan 1991). These are valid

concerns, some of which could jeopardize a family or individual's working and housing conditions if reported to authorities. For tenants that live in unpermitted ADUs or that are living in crowded households, residents may be more hesitant to be truthful about their answers. This may contribute to an undercount of residents, especially when ADUs are not accessible to ACS surveyors or when a resident does not respond accurately.

### *Defining Overcrowding*

The U.S Department of Housing and Urban Development (2007, 4) outlines the varying definitions to measure overcrowding, including persons per room (PPR) or occupants per room, persons per bedroom (PPB), and unit square footage per person (USFPP). They define overcrowding as having more than one resident per room in a dwelling unit and define severely overcrowded homes as having more than 1.5 residents per room (bedrooms, kitchen, and living room, are included in this calculation). In this paper, I define overcrowding as persons per room (PPR) or occupants per room. Due to the unique nature of the TCC area, instead of defining overcrowded as "one person per room," I will provide an estimate of the share of the tenants living within each of the TOPR categories.

### *Reasons for Overcrowding*

According to the ACS 1-year estimate data (2015), California's overcrowding rate is 8.4%, more than twice as high as the national average of 3.4%. Additionally, California has the second highest percentage of overcrowded households of any state. Renter overcrowding rate for California is at 13.5% which is more than triple the owner overcrowding rate of 4%.

There are many reasons why homes become overcrowded, on a broad level overcrowding can be in part due to high rent and housing prices, low-income and low-paying jobs, and cultural preferences. High rents and housing prices force occupants to rent out rooms to more than one individual per room or to families to pay for rent and mortgages. The California Health and Human Services Agency (CHHSA) states that residential crowding reflects demographic and socioeconomic conditions (2019). CHHSA elaborates; “older-adult immigrant and recent immigrant communities, families with low income and renter-occupied households are more likely to experience household crowding.” A form of residential overcrowding known as “doubling up—co-residence with family members or friends for economic reasons—is the most commonly reported prior living situation for families and individuals before the onset of homelessness (2019, <https://data.ca.gov/dataset>).” According to Los Angeles City Planning’s Housing Need Assessment (2013), overcrowding may also be due to the changes in housing composition that accompany the customs of immigrated individuals and families. These living arrangements can include multi-generational living situations or housing for recent immigrants. This may be in part due to cultural preferences as well as affordability constraints. Additionally, the housing markets does not have options for large families that will appropriately fulfill their needs at affordable costs. Large families would need to inhabit dwelling units with three or more bedrooms to avoid being overcrowded.

### *Impacts of Overcrowded Households*

Per the Los Angeles Housing Needs Assessment (2013), one of the common consequences of overcrowding is the creation of illegal dwelling units, such as occupied

garages and converted Accessory Dwelling Units (ADU). Steve Lopez's (2018) homelessness series depicts the precarious living situations of many in Pacoima; residents living in motels, families renting a room in a home, and living in converted garages or ADU's as a means to an accessible and affordable housing option. While converted units and subdivided homes provide affordable housing options, they can also pose challenges for the occupants. Overcrowding can pose a variety of health, mental, and physical challenges for occupants. Living in close quarters with many people poses greater exposure to infectious diseases and daily stresses. According to the California Affordable Housing Cost Study from the California Department of Housing and Community Development (HCD), people living in overcrowded homes have higher blood pressure and experience more psychological distress and feelings of helplessness (HCD, 2014). Because many of the converted ADU's are unauthorized and did not go through building and safety compliance, this can also mean that the occupants are at risk of exposure to environmental hazards such as asbestos, lead, and mold, and possibly unsafe or poor-quality housing. Low-income and immigrant families are more likely to live in housing units with substandard conditions.

The impact of overcrowded households takes a bigger toll on children. Children in these living situations tend to have lower educational achievement, have more behavioral issues and develop higher rates of physical and mental health problems. In the journal article, *Housing Crowding Effects on Children's Wellbeing* (Solari and Mare 2012) the researchers find that crowded households negatively impact many aspects of children even after controlling for socioeconomic status. Using a 2000 dataset from the Los Angeles Family and Neighborhood Survey, Solari and Mare controlled for demographic

and SES characteristics and found that there is a statistical significance between the number of persons per room and a child's educational performance. For example, with each additional person per room, math and reading scores dropped and behavioral problems such as withdrawal, depression, and strong tempers increased. These academic achievement issues are in part due to the lack of space to perform basic student functions such as study, do homework, and the privacy to sleep.

Childhood is a critical period of development and significant disruption and lack of conducive and consistent space to academically focus can cause impacts that can last a lifetime. These effects can be clearly seen in the Los Angeles Times homelessness series covered by journalist, Steve Lopez (2018). The heart-wrenching stories outline the struggles of children living in transient and unstable living situations. The stress of moving or living in crowded, unsafe, or subpar living conditions can cause internalized emotional and psychological stress to children. The stress of the parents, due to financial strains and crowded conditions, is also something a child witnesses and assumes. As many cases in the homelessness series covered, the overcrowded conditions that arise from severe poverty result in many behavioral and educational challenges for the children.

## **Results**

There are many impacts of overcrowding and severe overcrowding on the dynamics of family, from mental health and wellness issues on adults to negative educational outcomes for children. It is important to understand the level of overcrowding in Pacoima and the TCC area to better address these needs. The LA Planning Departments Housing

Need Assessment estimated that in 2010, 15 percent of occupied units in the city were considered overcrowded with a little more than half of those households being severely overcrowded (2013, page 1-57).

As shown in Table 3, the majority of households, 77%, have one or less occupants per room. The TOPR categories that would be considered overcrowded and severely overcrowded are more than 1 occupant per room and more than 1.5 occupants per room, respectively, 23% of Pacoima’s households live in crowded and severely crowded households.

Table 3, TOPR totals for Pacoima

| <b>Households in Pacoima</b>   |        |
|--|--------|
| Total count of Homeowners and Renters  | 17,167 |
| Estimate Owner Occupied  | 54%    |
| Estimate Renter Occupied   | 46%    |
| <b>TOPR<sup>3</sup> Totals for Pacoima</b><br>(owner and renter occupied combined) |        |
| 0.50 or less occupants per room  | 30%    |
| 0.51 to 1 occupant per room  | 47%    |
| 1.01 to 1.50 occupants per room  | 16%    |
| 1.51 to 2.00 occupants per room  | 5%     |
| 2.01 or more occupants per room  | 2%     |
| *Overcrowded households: >1 .01<br>Severely overcrowded: >1.5                      | 23%    |

Source: ACS 2013-2017 5-year estimates

<sup>3</sup> Tenure by Occupants per Room



Examining the data by tenure (only owner-occupied or only renter-occupied) revealed that renters are more likely to experience overcrowded households. Table 4 shows that more owner-occupied households live in standard-occupancy conditions with 80% of owner-occupied households having 1 or less person per room. In contrast, only 73% of renter-occupied households live in these same conditions. Combining TOPR categories (highlighted) for overcrowded and severely overcrowded households reveals that more renters live in these limiting conditions than owner-occupied homes.

There are varying reasons why renter-occupied households are more likely to experience overcrowding. A few reasons are lack of protection for renters, financial constraints, and immigration status. If individuals or families are renting an unauthorized unit or subdivided home from a landlord, they cannot control the choices of the landlord to rent individual rooms to families or to more than one person. Even if tenants protest, if they are living in an unauthorized unit they jeopardize being removed from their current housing. Financial constraints may be the main reason than renters may experience overcrowding more than homeowners. Since they are subject to the informal and formal housing market, the only affordable option available to them may be to rent out one room for multiple people. Financial limitations are the biggest determinants of where a person can live. Lastly, in the case of undocumented immigrants, due to their legal status it is more difficult for them to rent a home or apartment because rental properties typically ask for legal documentation like valid social security, W2's, credit history, and

references. They are subject to a smaller housing market, making ADUs a convenient choice.

Table 4, Estimate Owner-only and Renter-only TOPR

| <b>Estimate Owner-only Occupied TOPR</b>                      |     |
|---|-----|
| 0.50 or less occupants per room                               | 32% |
| 0.51 to 1 occupant per room                                   | 47% |
| 1.01 to 1.50 occupants per room                               | 15% |
| 1.51 to 2.00 occupants per room                               | 3%  |
| 2.01 or more occupants per room                               | 2%  |
| *Overcrowded households: >1 .01<br>Severely overcrowded: >1.5 | 20% |
| <b>Estimate Renter-only Occupied TOPR</b>                     |     |
| 0.50 or less occupants per room                               | 27% |
| 0.51 to 1 occupant per room                                   | 46% |
| 1.01 to 1.50 occupants per room                               | 18% |
| 1.51 to 2.00 occupants per room                               | 6%  |
| 2.01 or more occupants per room                               | 2%  |
| *Overcrowded households: >1 .01<br>Severely overcrowded: >1.5 | 26% |

Source: ACS 2013-2017 5-year estimates, Table 4

While the data does show that Pacoima experiences a high rate of overcrowding, it is safe to say that the entire story is not represented. A Steve Lopez’s homelessness series illustrates (2018), there are many families that live in much denser overcrowding than the categories that the ACS specifies, in extreme cases upwards of six people per

room. Garages and individual rooms with entire families are not adequately represented in this data set and dealing with that level of overcrowding may have much more severe consequences for residents. Additionally, this data set may not accurately depict the actual number of undocumented people that live in Pacoima and the TCC area because undocumented individuals are undercounted and do not always fill out US Census for fear of being revealed and deported.

### **Next steps**

The results of these data emphasize the importance of community data collection. There is critical need to document the living situations and circumstances of a community such as Pacoima. While existing data shows partial reality, it only scratches the surface of the housing landscapes. The crippling poverty accompanied with non-existent affordable housing, leaves an already-vulnerable population with few housing options, many of which are stressful and unsafe. Gathering first hand data on overcrowding circumstances in Pacoima would provide a more nuanced understanding of the housing needs this community faces and would provide Pacoima Beautiful a better understanding to advocate for their community. This information could also inform efforts to gather resources for vulnerable students that deal with steep educational hurdles. Additionally, having a better context of the household overcrowding that exists in the community could help Pacoima Beautiful better plan for future housing projects, such as ADUs.

Overcrowding touches upon many issues that Pacoima residents face, from poverty, to food insecurity, to education disparities and homelessness. There are not much data that thoroughly covers the experiences of communities of color. Collecting

these data could help bring more clarity to the needs of the community, because the only way to solve the problem is understanding how big the magnitude of overcrowding is to properly address it.

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**Assessment of available funding sources and models for accessory dwelling unit  
upgrading program in the City and County of Los Angeles**

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***Abstract:** As evident in Pacoima Beautiful's Transformative Climate Communities Grant Application, the legalization of Accessory Dwelling Units (ADUs) within the project area is a vital component of the organization's Displacement Avoidance Plan. However, the vast majority of ADUs in Pacoima are the result of unpermitted conversions and are typically not compliant with building and safety codes. In these cases, legalization is contingent on the upgrading of the ADUs. This poses a challenge insofar that legalization of an ADU does not result in any direct economic return, so incentive to invest in upgrades is arguably nonexistent for residents of the TCC project area. This paper presents an assessment of available funding sources for ADU upgrades as the basis for implementing a non-profit upgrading service in the project area. The primary focus is public funding at the city and county levels. In tandem with this survey of existing funding sources, I investigate various ways in which public funding has been leveraged by existing non-profit public benefit programs, including the Housing and Community and Investment Department of Los Angeles' Lead Hazard Remediation and Handyworker Programs.*

## **Introduction**

The TCC project area, which includes Pacoima and parts of Sun Valley, is located in the Northeast San Fernando Valley region of Los Angeles and faces a multitude of challenges, namely lack of access to safe, affordable housing opportunities and increased exposure to environmental hazards. As part of a widespread community-based effort to improve conditions for residents of the area, Pacoima Beautiful (PB), a local environmental justice organization, works with residents to advocate for various public benefit programs throughout the area. In 2018, PB and a coalition of non-profit organizations secured a Transformative Climate Communities (TCC) Grant from the State of California Strategic Growth Council to fund “development and infrastructure projects that achieve major environmental, health, and economic benefits” (California Strategic Growth Council, 2019). As part of this grant proposal, PB was required to develop a Displacement Avoidance Plan (DAP) for businesses and households to protect against potential negative impacts of community investment related to gentrification; programs and initiatives included in the DAP, however, are not funded by the TCC grant (Pacoima Beautiful, 2018).

As a result, identifying potential sources of funding for strategies outlined in PB’s DAP is of the utmost importance. One vital strategy of the DAP’s *Activities for Households* component is the preservation of affordable housing stock within Pacoima through the legalization of existing accessory dwelling units, or ADUs (Pacoima Beautiful, *Activities for Households*; 2018). The vast majority of ADUs in Pacoima are the result of unpermitted conversions and are typically non-compliant with building and safety codes. In these cases, legalization is contingent on the upgrading of the ADUs (Padilla, 2019). This poses a challenge insofar that legalization of an ADU does not necessarily result in direct economic return, so incentive to invest in upgrades is arguably nonexistent for Pacoima residents. The following sections outline potential sources of funding for ADU upgrading that could be administered via a PB-led ADU legalization program as part of

the long-range effort to preserve affordable housing stock within Pacoima. The two primary funding categories discussed below are: (1) public funding pools and, (2) existing public benefit programs.

### **Public Funding Pools**

The city and county of Los Angeles are both committed to addressing the current housing crisis, and as a result provide opportunities for funding for related programs via large public funding pools. These sources of public funds are typically administered via public agencies and require an application and approval process in order to acquire funding. The two primary public funding pools currently available for financing of programs related to addressing issues of housing and homelessness are Measure H and Proposition HHH, both of which are discussed in detail below.

#### *Measure H*

Passed in March of 2017, Measure H approved a 0.25% sales tax increase to fund homeless services and prevention throughout Los Angeles County, lasting for ten years. Projected to generate around \$355 million per year, Measure H supports the Los Angeles County Homeless Initiative (LACHI) in providing funding to local governments and community based organizations for programs that qualify under an established set of 47 approved strategies, 21 of which are funded directly by Measure H. These 47 strategies fall within six strategy areas: (1) prevent homelessness; (2) subsidize housing; (3) increase income; (4) provide case management and services; (5) create a coordinated system; and (6) increase affordable/homeless housing (LA County Homeless Initiative, 2019). Although these primary strategy areas are mostly oriented toward the provision of homeless services specifically, they do not exclude general support for provision or preservation of affordable housing stock - a key piece in the effort to combat homelessness. This suggests that Measure H funds could potentially be used for an ADU upgrading program in tandem with legalization and affordability protections.



How funding is allocated

Each fiscal year the LACHI puts forth a set of funding recommendations based on the *Approved Strategies to Combat Homelessness*.<sup>1</sup> These funding recommendations establish the portion of Measure H funds intended for each strategy area for that year. For FY 2018-19, the official funding recommendation for Strategy F7. *Preserve and Promote the Development of Affordable Housing for Homeless Families and Individuals* was \$15 million, showing an increase from FY 2017-18 in which the allocation was \$10 million (LA County Homeless Initiative, *Measure H Funding Allocations*; 2017).

Beyond these bulk funding allocations, the Measure H funds are further allocated to a lead agency across Los Angeles County’s eight Service Planning Areas (*See Figure 01*), either LA County Department of Health Services (DHS) or Los Angeles Homeless Services Authority (LAHSA). For reference, the TCC project area falls within Service Planning Area 2, San Fernando Valley. The amount of funding that each SPA receives is based on need, and need is determined by each region’s share of the preceding year’s homeless count conducted by LAHSA. The acting lead agency in each SPA then contracts local community based organizations to distribute funding for the provision of services and/or rental subsidies (LA County Homeless Initiative, 2019). In order to contract the local providers, LAHSA



Figure 01. LA County Service Planning Areas.  
Source: County of LA Dept. of Public Health

<sup>1</sup> <http://homeless.lacounty.gov/wp-content/uploads/2018/07/HI-Report-Approved2.pdf>

puts out requests for proposals to which only previously vetted organizations can apply. Alternatively, DHS maintains a master list of local providers from which they choose a local organization when the need arises (Kim, 2019). In FY 2017-18, contracted organizations in SPA 2 received a combined total of \$22,022,273 for services across 11 of the approved strategies (LA County Homeless Initiative, *FY 2017-18 Measure H-Funded SPA 2 Contracts*; 2018).

### Viability

While ADU upgrading falls within the realm of eligibility with regard to LACHI's 47 approved strategies (LA County Homeless Initiative, Feb 2016), it is atypical for the local funding streams (those which are allocated by SPA) to incorporate any programs directly related to affordable housing development or preservation. The \$15 million allocation for strategy F7 is funneled directly to the Community Development Commission at the county housing authority (HACLA), while strategies served by local SPA funding are for other strategies such as supportive services and interim housing, among others (Kim, 2019).

### *Proposition HHH*

Proposition HHH was passed in November 2016 by the City of Los Angeles and consists of a general obligation bond in the amount of \$1.2 billion to be used for the development of supportive homeless housing. Under the measure, the City of Los Angeles has “the authority to issue up to \$1.2 billion in general obligation (GO) bonds to finance the development of permanent supportive housing (PSH), affordable housing, and facilities.” Although the majority of this funding source is explicitly reserved for PSH, 20% of the GO bonds issued can be used for the development of affordable housing for “extremely low-income, very low-income, or low-income individuals and families, who are at risk of homelessness” (City of Los Angeles, June 2018).

### How funding is allocated

Projects seeking funding from Proposition HHH are required to apply directly to the City of Los Angeles Housing and Community Investment Department, and the application cycle occurs once yearly. In order to apply for Proposition HHH funding, applicants must qualify as one of the following entities:

- non-profit developer
- for-profit developer
- joint venture
- limited liability corporation
- limited partnership

Proposition HHH funds are designed to fund traditionally financed affordable housing development projects, so generally seem less viable as a source of funding for ADU upgrading. However, there is language included in the regulatory document *Proposition HHH Permanent Supportive Housing Program Regulations, Policies, and Procedures 2018-2019* that suggests non-traditional projects are potentially eligible for funds under this structure, as found in the following excerpts:

- *Section 1.5* describes eligible projects as those that serve individuals “whose primary nighttime residence is a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.”
- *Section 1.7* describes eligible activities as “new construction or adaptive reuse of non-residential structures with suitable amenities.”

(City of Los Angeles,

June 2018)

In particular, this language could be interpreted to include garage conversions as a *private place not designed for, or ordinarily used as, a regular sleeping accommodation*, as well as the *adaptive reuse of non-residential structures*.

Additionally, in January 2019 the Los Angeles City Council authorized for \$120 million of Proposition HHH funds to be set aside for the Proposition HHH Housing Challenge, which will put out an RFP to developers for “1,000 units of supportive housing as a test of alternatives to the slow and increasingly costly method of building conventional apartments for homeless people using traditional tax-credit financing” (Smith, 2019). The pilot program is also planned to be more lenient with application criteria than the traditional Proposition HHH funding pipeline (Smith, 2019). Similar to the recently completed Housing Innovation Challenge, this initiative could present an opportunity for ADU upgrading and legalization to be considered a low-cost affordable housing development practice, and one that could be deployed at scale in the TCC project area where the density of ADUs is relatively high.

### **Existing Nonprofit Public Benefit Programs**

In addition to securing funding for a new ADU upgrading program, it is worthwhile to consider whether or not existing programs could fulfill this need in the project area, and if not, how they might change in order to do so. The City of Los Angeles Housing and Community Investment Department (HCIDLA) offers two public benefit programs that provide residential upgrading services, the Lead Hazard Remediation Program and the Handyworker Program. The following sections discuss these two programs and their respective criteria in detail.

#### *Lead Hazard Remediation Program*

HCIDLA’s Lead Hazard Remediation Program (LHRP) offers grant funding (referred to as lead-safe grants) to both homeowners and renters who wish to renovate their

residential spaces for fear of lead contamination. The grants are targeted primarily to low-income recipients, and typically are only approved for those residences that house children under the age of 6 (HCIDLA, 2019).

#### How funding is allocated

Grants are acquired through an application process within HCIDLA, which both homeowners and renters (with approval of owner) can complete at any time. The applications can be readily found on HCIDLA's website in both English and Spanish<sup>2</sup>, and the process is fairly simple. However, as part of the application applicants must document that at least one child under the age of 6 lives in the residence.

#### Qualifications

Applicants must meet all of the following criteria in order to be eligible for a lead-safe grant:

- The property is located within City of Los Angeles limits
- The building was built prior to 1978
- The units must have one or more bedrooms (no studios or zero-bedroom units)
- Resident household income is 80% of the Area Median Income for the County of Los Angeles (*see Figure 02*)
- The property must have lead-based paint hazards
- A child under six years old must reside or spend a significant amount of time<sup>3</sup> at the residence (HCIDLA, 2019)

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<sup>2</sup> <https://hcidla.lacity.org/home-safe-lead-paint>

<sup>3</sup> Defined by HUD as "at least two days within any week, provided that each day's visit lasts at least three hours, the combined weekly visit lasts at least six hours and the combined annual visits last at least 60 hours."

| 2017 Income Limits             |          |          |          |          |          |          |          |          |
|--------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|
| Number of persons in household | 1        | 2        | 3        | 4        | 5        | 6        | 7        | 8        |
| Combined Income                | \$50,500 | \$57,700 | \$64,900 | \$72,100 | \$77,900 | \$83,650 | \$89,450 | \$95,200 |

Figure 02. Income eligibility for LHRP. *Source: Los Angeles Housing and Community Investment Department*

*Handyworker Program*

HCIDLA offers up to \$5,000 in free home repairs and/or improvements related to health and safety to seniors (age 62 or older) and people with disabilities who are qualified homeowners. Renters who qualify are also eligible, but only for safety repairs and/or improvements. Although the primary recipients of this program are seniors or people with disabilities, the eligibility criteria also lists “low-income persons” as eligible (HCIDLA, 2019).

How funding is allocated

In order to receive repairs or improvements, applicants must identify a partnering agency in their area, which they can do by contacting HCIDLA, and then apply in person. Applicants are required to provide documentation of their eligibility for the program.

Qualifications

The following property types are eligible for this program:

- Single family home

- Duplex
- Condominium, town-home or co-op
- Stationary mobile units
- Multi-family rental apartments

HCIDLA identifies detached garages as ineligible for this program, but it is not explicit whether or not detached garages that have been converted to residential use or other detached units fall under this category.

### **Recommendations**

Of the programs assessed, none in particular is entirely applicable to an accessory dwelling unit upgrade program without slight accommodation.

With regard to Measure H funding, although ADU upgrading could in fact fall under the umbrella of approved strategies to combat homelessness, it does not qualify for the local funding pipeline that provides funding to community based organizations. If the policy were to change in order to incorporate all approved strategies into this Service Planning Area funding allocation, then ADU upgrading could be funded by Measure H. Otherwise, it is necessary to investigate the allocation of funds for Strategy F7, the strategy most directly related to preservation of affordable housing, once transferred to HACLA's Community Development Commission.

This assessment has shown that Proposition HHH is likely not a viable source of funding for ADU upgrading. However, a subsequent assessment of the Proposition HHH Housing Challenge RFP should be conducted as it is a promising opportunity for innovation in how we define affordable housing development.

HCIDLA's Lead Hazard Remediation Program is a viable option for limited funding, as it operates under strict criteria that would not encompass all ADUs in the project area. Additionally, lead exposure is likely not the only challenge facing many unpermitted ADUs in the TCC project area. However, one change that could widen the program's applicability is to remove the clause requiring eligible applicants to have a young child living in their residence.

Similarly, HCIDLA's Handyworker Program is a viable option for very limited funding. However, further assessment is needed in order to clarify whether the exclusion of detached garages includes detached units and/or garage conversions, as well as whether or not the income limit dictates applicant eligibility in and of itself or in concert with the other eligibility criteria.



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# **Transported Spatial Practices: Latinos In American Urbanity**

By Thomson Dryjanski

## **Introduction**

In this paper, I review and collate existing literature on the ways Latino populations living in urban areas in the United States have bucked Anglo-American norms and created unique ways of using and occupying space. Latino spatial practices differ from Anglo-American practices primarily in their prolific use of public and semi-public space. To set a context for these practices, I have included research about the “Latinoization” of space, spaces of memory, spaces of hybrid identity, and the creation of a communally imagined “Latino Village”. I then concentrate on the how the usage of public and semi-public spaces, ranging from the front yards of homes, to sidewalk spaces to designated public gathering places, are uniquely Latino and how these spatial practices have shifted the architectural vernacular. Reviewed literature pulls from the disciplines of urban and landscape studies, sociology, geography, vernacular architecture, and ethnic studies.

To begin, Latino is a broad, aged, and often problematized term used to describe persons who can trace their origins to Latin America. This term cuts across many different intersections, where the people described may have been born in the US or abroad, they may or may not speak Spanish, or they may not even self-identify as Latino. The populations in the literature reviewed includes Mexicans, Mexican-Americans, persons identifying as Chicano/a/x and persons from Central America. It is important to note that this term lumps together many different national origins with their own unique needs and histories under one banner that flattens identity. Therefore, the conclusions drawn for the literature may not necessarily be applicable to all populations. I want to acknowledge the challenges of using this term, recognize the diversity of peoples studied within, and also clarify that the majority of literature reviewed herein uses Latino as its default term. Latino/a/x, Latina, and Latinx may also be used.

I will begin with a short discussion of homes and home life for Latino populations. This is followed by sections that demonstrate how memory and cultural identity are essential elements in reshaping spaces, both materially and imaginatively, so that they reflect the cultural values of the Latino populations using them. This is followed by an in depth discussion of the elements and creation methods of the “enacted environment”, a term coined by urban planner and scholar James Rojas. This section contends that it is how people use space that creates a place, rather than the constructions that make up that place. Finally, the last section provides historical context for Rojas’ theory, offering analysis of Latino populations predilection towards public space and how that differs from other American populations.

## **A Quick Note on Homes**

Most resources on spatial practices in Latino communities emphasize activity in public and semi-public areas. There is very little reference to the home’s interior life. As previously noted, the home is thought of as one element within the larger urban fabric, in opposition to

Anglo sensibilities where it is the center of life. Throughout the literature, Latino homes in America are described as crowded and intergenerational, which is then given as one primary reason for the spillover of activity into the home's exterior areas and urban public spaces (Rojas, 2003, p. 276).

However, day laborers interviewed in David Wilson's "Neoliberal-Parasitic Economies and Space Building: Chicago's Southwest Side" nuance the home as "sites for the social reproduction of the self, the family, and Latino ways. "To be Mexican," as one worker told us, "is to live a life and be part of a family with traditions and values...that makes our homes and neighborhood so important to us (Wilson et al, p. 620)." This is another broad vein of research contributing to spatial practices that is not explored in this report.

### **Latinoization of Space and Place**

Spatial practices of Latino urbanism do not occur in a vacuum. *La Vida Latina en L.A.: Urban Latino Cultures* is a compendium that explores Latino urbanism, with the majority of articles focusing on Mexican populations in Los Angeles. Researchers examine new forms of urbanism through the cultures and practices of everyday life. Editors Gustavo Leclerc and Michael Dear posit that a contemporary Latino identity guides place and spatial production and exists at:

...the intersection of memory, person, and cultural mixing. More specifically, the dimensions of this process are these: *Memory and the South*, referring to the primordial origins of ancestry, identity, tradition and selfhood; *Body and Identity*, referring to the individual (body and mind) in the dynamic evolution of identity formation; and *Borders, Hybrids, and Resistance*, referring to the volatile synergies of old and new places (e.g., ancestral home, border crossing, and barrio exile) in identity, participation and resistance (Leclerc and Dear, p. 3).

These frameworks offer a useful lens to place a variety of contemporary Latino spatial and placemaking practices in America. As previously mentioned, the frameworks above, nor the practices listed below are all-encompassing of a Latino/a/x experience. This term crosses lived intersections of class, racial dynamics, gender, sexual orientation, and others. However, the ideas of remembrance of the homeland, bodily identity, borders, and hybridity can help conceptualize a variety of alterations Latino populations have made to the urban landscape.

### **Community Imagination of Place**

Remembrance of the homeland can be performed under adverse conditions. Writing in "Neoliberal-Parasitic Economies and Space Building: Chicago's Southwest Side", Wilson posits that place-based community building occurs through group resignification of the meanings of everyday activities. Using a cultural-economic analysis and an ethnographic lens, their work with Latino day laborers and residents of Chicago's Little Village demonstrates the ways that space is "always institutionally and technocratically made but also humanly seized and rescripted to embody meanings and emotive content.(Wilson et al, p. 606)" While struggling within a neoliberal neighborhood landscape of temporary labor agencies, day labor sites,

payday lenders, check cashing outlets, pawnshops, and convenience stores, the study's participants have also mentally created an idealized "Latino Village" in La Villita. Interviews showed residents symbolically identifying an idealized homeland in the contemporary lived space, with instances such as children playing, adults jaywalking or customers having friendly exchanges with street vendors embodying "ethnically enriching meanings (Wilson et al, p. 619)".

Similarly, immigrant's remembrance of spaces formerly lived in is central to the thesis of Kelly Main and Gerardo Francisco Sandoval's "Placemaking in a translocal receiving community: The relevance of place to identity and agency". The article considers how the creation of spaces of identity for translocal migrants are influenced by the physical qualities of the spaces they interact with, specifically how they remind them of home. Using place identity literature from environmental psychology, the article takes users of Los Angeles' MacArthur Park for its case study. The site was chosen due to its high proportion of foreign-born Latino residents. Conducting interviews and surveys, researchers determined that "immigrants seek out and remake places where they can form social and cultural connections that reconfirm past identities (Main & Sandoval, p. 78)." Factors that sparked this identification ranged from physical elements like construction and natural features, to social and cultural reminders like street vendors, to the pedestrian liveliness of the park and other park activities, to events put on by Mexican and Central American community groups.

A similar observation is recorded in *Latino Metropolis*, in which Latino frequenters of the Whittier Narrow Recreation Area say the riverbeds and arid landscape feels like their homeland, and in turn, the park is made more inviting (Valle & Torres, p. 159). The recreation area was claimed by older generations of California residing Latinos. In a twist on remembered space, Chicano author Luis Rodriguez tells of his younger generation's experience of *Marrano* Beach, or Hog Beach, a shallow riverfront beach located within the Whittier Narrows. He writes that that the beach "stunk, which is why we called it what we did. But it belonged to the Chicanos and Mexicanos. It was the barrio beach. Ours. (Valle & Torres, p. 159)" This intergenerational remembrance mimics the transnational remembrance of migrant groups. In turn, using this space actualizes a more recent culture memory and reconfirms ownership of the space. This feeling of ownership gave rise to a culturally Latino usage of the park. The author posits that Latino usage of the Whittier Narrows poses a "challenge to the imposed urban models that have separated our communities along racial and class lines...played out in urban geography, in the way we use space (Valle & Torres, p. 160)."

In Raul Villa's *Barrio-Logos*, he hypothesizes that Chicano cultural production not only challenged urban segregation but also produce alternative spaces for identity formation and local politics. He theorizes this occurs due to the dichotomy between "barrioization" and "barriology" (Willard, p. 826). The former is the process through which the law, media, and built environment have spatially repressed Chicano and Mexican populations, while the latter is the "culturally affirming, place-specific, hybrid knowledges and practices that result from interaction with destructive urbanization that form the basis of Chicano sociospatial opposition (Willard, p.

826).” Villa draws upon a study of Chicano newspapers, poetry, punk rock, murals and more as methods of creative practices representing and making place.

### **The Enacted Environment**

While Latino places are partially created imaginatively, they are also created through everyday uses. One of the main frameworks for my research is James Rojas’ “enacted exterior environment” (Rojas, 2003, p. 278). Rojas bases his study in the residential streets and front yards of East Los Angeles, the largely Mexican-populated area in which he was raised. For the most part, Rojas details this phenomenon taking place in the public realm between the facades of homes facing each other on opposite sides of a residential street. However, he also applies this concept to commercial areas at times.

The enacted environment is the way in which people create personalized spaces and activity centers between buildings. These spaces are the product of community memory, through patterns of behavior “affected by culture, space and time (Rojas, 2003, p. 278).” He describes a fluidity of uses where front yards become semi-public spaces of decoration and sociality, the street acts as a plaza that encourages lingering, movement and interaction with neighbors, and roaming vendors bend the standard American divisions between residential and commercial space. By placing the burden of creation on residents and non-professionals, he is critical of architecture or urban design’s capacity to create human activity and a sense of place.

In Rojas’ research, the enacted environment is a distinct, cultural creation occurring in his ethnically homogenous Mexican neighborhood. This kind of place creation may arise from Latino populations sharing a set of historical, place-based values. Scholars of chain migration have shown that it is common for Latino populations to migrate and resettle living near many of the same people from the neighborhood, town or village they had just emigrated from (Davis, p. 93).

However, cultural landscape studies have been criticized in the past for pushing “ecological fallacies”, in which an individual’s characteristics are assumed by generalizing from the attributes of a larger population. For scholars of Latino cultural landscape studies and vernacular architecture, using this migration framework in combination with additional data analysis,

...offers some of our methodologies a new lease on life, because by insisting on the centrality of environmental influences over personal characteristics...[this] has turned what was once considered a dead end into a point of departure. While architectural scholars in the past sometimes oversimplified or overestimated the influence of people’s surroundings on their behavior, the sociological literature on neighborhood effects allows us to reaffirm the importance of built and performed environments and then to broadly rethink the kinds of claims we can make for the centrality of spaces, places, and landscapes (Sandoval-Strausz, p. 11).

The key elements of the enacted environment allow us to deduce a number of key themes arising in Latino spatial practices. These key elements are presented in order of importance, and from most private to most public. It is anchored by the people who live and use these spaces, the necessary activating agent of lived space. Methods of community placemaking has been well explicated in previous sections. Front yards follow, offering a semi-public space that is seen as an extension of the home and an outdoor room to be activated based upon the needs and personality of the resident. Fences serve a pivotal role as spatial delineators between public and private, offering space for social catalytic moments between the home's residents and neighbors or passerby. Outside of the fenced area of the home (although sometimes interacting within it as well), movable and temporary props ranging from chairs to goods for sale to paint and sound mark places of interaction and identity. Finally, street vendors, both stationary and the moving *ambulantes*, enliven the static American commercial landscape. They also blur the boundaries between residential and commercial spaces by movement through residential space, erecting semi-permanent structures or the running of home businesses (Rojas, 2003, p. 279). Street vending is a complex, living topic in contemporary Los Angeles and other American cities. Due to its scale, it will not be covered in this research.

Yards in front of residential homes, or *la yarda*, offer a mutable semi-public space. This is the place for residents to personalize to suit their aesthetic desires, planting choice, or daily needs that don't fit in other parts of the home. These spaces are a visual example of Mexican culture applied to American suburban built environment. According to Rojas,

The front yards in East L.A. are not anonymous spaces upholding a single community identity, but rather exuberant vignettes of the individual owners' lives. Upon entering one of these enclosed spaces, the residents' private world suddenly unfolds...the enclosed front yard is almost a like another room in the house (Rojas, 2003, p. 280).

Meanwhile, the boundaries of ownership and privacy are constructed by the visually permeable, waist-high chain link or wrought iron fence standard to homes in the area. Unlike the psychological barrier the fence and lawn create in Anglo neighborhoods, in East Los Angeles it becomes a site for social interaction (Rojas, 2003, p. 282). They are used for laundry, sidewalk sales and a place to talk with neighbors from the safety of the outdoor front room. Rojas says the fence solves the "problem of the front door" (Rojas, 2003, p. 283). It shifts the social expectation of interaction and threshold crossing from the public/private divide experienced at the home's entrances, to the semi-public/fully public experienced at the fence gate. There requires no decision to invite the visitor inside, nor show them out, because in this semi-public realm the social threshold redefined by a physical element that allows for sociability and exclusion simultaneously.

Props are movable, temporary objects or actions that mark space for the purpose of the prop owner. Rojas writes,

In East Los Angeles, the use of props of all kinds creates a unifying human scale of activity...Props scale down the commercial landscape to pedestrian size, which contradicts the automobile scale of the major Los Angeles avenues and the city's wide, straight residential streets... When walking, however, one experiences a richly textured visual and tactile (that is, "hands on") landscape...(Rojas, 2003, p. 285)

Rojas gives the example of a gas station transformed into a *taqueria*, minimally retrofitted with tables and chairs. Through marking of space via props and subsequent activation by people, this enacted environment allows for the remaking of vernacular architecture previously designated for a different use (Rojas, 1999, p. 132). Music is a prop that adds to the rich atmosphere of East Los Angeles. Whether playing from a speaker or wandering *marichis*, music defines a spatial boundary for the listener and those who enter its sphere. Painted elements like murals and graffiti can also be considered props that temporarily mark or resignify the space of its creator.

However, these props have not existed without conflict. Opposition against vibrantly painted houses and parties or audible music has spurred legal action from Anglo residents in ethnically mixed areas. Mike Davis details instances such as the Los Angeles suburb of South Gate passing an ordinance against tropical house colors, or other municipalities passing noise ordinances and curfews implicitly targeting new Latino residents (Davis, p. 64).

### **Latino Public Space**

Other academics have shown broad trends and empirical evidence that substantiates Rojas' findings within a historical continuum. Contemporary research, particularly cultural landscape studies, argues that Latino populations usage of public and private space is informed more by their cultural history than by their immediate physical environments. Scholars also postulate that a cultural history of housing typologies inform how Latino populations use the spaces of their Anglo-American designed homes. They also draw a link between usage of public space in their homeland countries, and how that practice has been adapted for an US urban environment. Finally, they show how Latino cultural heritage can transform an a public space to reflect the population using it.

Echoing Rojas' principles of the enacted environment, Andrew K. Sandoval-Strausz argues that Latino spaces in the US must be understood through "less [by] the materiality of the built environment and emphasize the ongoing interactions between people and the spaces they occupy (Sandoval-Strausz, p. 4)." In his article "Viewpoint: Latino Vernaculars and the Emerging National Landscape", Strausz responds to Eric Klinenberg's book *Heat Wave*, a sociological investigation into the deadly consequences of Chicago's 1995 heat wave. This event had a disproportionately lower effect on Latino communities. Klinenberg believes that the bustling economic thoroughfares of Mexican enclave La Villita (Little Village, as mentioned earlier) and the social conditions created by these spaces drew people out of their homes, and therefore created favorable conditions where they could find a slightly cooler outside area and more



readily come into contact with family and neighbors who could be in need of aid (Sandoval-Strausz, p. 4).

Strausz contends that Klinenberg privileges “place-specificity” over “cultural practices”, placing social, economic, and physical environments over residents’ historical identities (Sandoval-Strausz, p. 5). He argues that the study of vernacular architecture and cultural landscapes are essential to understanding the community’s response to the heat, and Latino usage of space at large. He cites the historical built form of cultural geographer Daniel Arreola’s “Mexican American housescape” to explain why residents acted as they did (Sandoval-Strausz, p. 6). Traditionally, the homes occupied by Mexican populations consists of an enclosed front yard, be it the walled front courtyards in Mexico or the frontal enclosures of Mexican American homes in the Southwest region. It is characterized by a more intensive use of outdoor space than other Anglo-American populations. However, Strausz complicates that notion by saying Latino settling in the late twentieth and twenty-first centuries have rarely constructed their own dwellings, and instead, have adapted previously existing Anglo built environments to suit their needs and spatial practices.

He also argues that Latino communities have a relationship with public space that is different from other Anglo-American constituencies. Whereas Klinenberg analyzed the healthy business corridor as being the reason for drawing the residents of La Villita outside, Strausz postulates that the corridor is instead a symptom of a healthy public life, reflecting a community with a historical predisposition towards plazas, markets, and public civic life (Sandoval-Strausz, p. 10). Cultural geographer Lawrence Herzog describes “Mediterranean-Latino urban space is structured so that the settlement space comprises the main setting for life, with the dwelling representing one element within the larger whole (Sandoval-Strausz, p. 10).” He is echoed by urban planner David R. Diaz who describes the leaving home for public space as a commonplace activity, and that being in the social arena of public space what makes the Latino experience “urban” (Sandoval-Strausz, p. 10). James Rojas describes the residential areas where “the streets and front yards were accessible at all times to us; they were the public spaces where we would gather daily to become part of the larger community (Rojas, 2003, p. 276).” Urban theorist Mike Davis nuances the argument further. He indicates that it is difficult for historians to determine the lineage of Mexican public spaces. They struggle to see if they sprang out of a colonial Spanish or indigenous city planning tradition, so enmeshed are the two cultures (Davis, p. 65). He also makes a case for the importance of the Latino body politic’s role in preserving American urban commons through their usage.

On a smaller scale, *Latino Metropolis* gives insight to the Latinoization of the Whittier Narrows Recreation Area. With 86% of the adjacent communities identifying as Latino, and 65% of the users of the park doing the same, the Narrows has become a Latino space through spatial activity, economic activation and political advocacy. Authors Victor M. Valle and Rodolfo D. Torres describe park activities ranging from fishing, to large extended family gathers, to the sounds of music and the smell of cooking food. Soccer takes center stage on the sports fields, and in the parking lots Chicano car clubs gather. Park space is has been adapted to meet

cultural uses (Valle & Torres, p. 158). Recently built at the time of the book's publication, the Pico Rivera Sports Arena offered a specifically Latino agenda. It hosts *charro* tournaments, Latino music and religious events, and the parking lot regularly hosts food, produce and flower vendors (Valle & Torres, p. 1162). Finally, community groups were pressuring their politicians to provide placemaking motifs and reconfigured exhibition design within the park that more accurately reflected their cultural signifiers (Valle & Torres, p. 164).

## **Conclusion**

The included research has shown that Latino residents living in the United States have applied spatial practices derived from the transported cultural practices of their homelands. By applying spatial construction frameworks that consider memory of the homeland, and hybrid cultures, those spatial practices are seen to construct a communally realized sense of place, often referred to in the literature as the Latino Village. These practices contribute to the Latinoization of American space. The enacted environment demonstrated the ways Latino spatial practices have reformed the American vernacular home and residential neighborhood. By blurring the distinction between public and private, and residential and commercial, Latino spatial practices breath new life into the American built form. Finally, research shows that these spatial practices are grounded in a historical precedent, and part of a larger trend where Latinos living in the US are subverting the Anglicized codes of public life and spatial usage to their benefit.

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**What makes a community land trust work?**

**Written by Anna Figel**

**June 9, 2019**

**Introduction**

As a recent recipient of the Transformative Climate Communities grant, the Los Angeles neighborhoods of Pacoima and Sun Valley are poised for big changes and improvements. Unfortunately, these benefits may also result in gentrification and displacement of residents and local businesses. In anticipation of this, Pacoima Beautiful and other community-based organizations created a displacement avoidance plan. One of the strategies identified for this plan is to create a community land trust (CLT), a model of property ownership in which the value of the land is divorced from the value of the developments or improvements on the land, such as houses and businesses. More specifically, the land is permanently removed from the market to be owned and managed by a nonprofit organization on behalf of the community. The land is then put to community-oriented use by leasing out parcels for purposes such as housing, food production, or local commerce. Any structural improvements are owned separately from the land, with a long-term land lease granting the building owner exclusive use of the land beneath the building (Davis, 2010; White, 2011). In a hot real estate market where land prices are increasing, the CLT model of separating the value of the land from the value of the building creates housing or commercial spaces that are more affordable than prevailing market rates, providing options for lower-income residents to remain in the community.

As Pacoima Beautiful considers a feasibility study and action plan for implementing a CLT, it is important to consider why this model of property ownership is not more common. This paper examines if there are certain conditions or variables that lead to a greater likelihood of success or failure for a CLT. It is these factors that Pacoima Beautiful should consider first when exploring the viability of a CLT in its own community. To determine which factors have the most impact, I examined resources created by organizations and networks that promote and support CLTs, as well as academic articles and professional studies that provide insight into why some perform better than others. This research resulted in a list of six external and internal variables that can have a significant impact on a CLT's eventual success.

### **Background on Community Land Trusts**

The first CLT in the United States was New Communities, Inc., a collective farm created in Albany, Georgia in 1969 to empower African American communities in Southwest Georgia (New Communities, 2017). Since then, hundreds of CLTs have formed across the country, in both urban and rural settings, resulting in a large variation in organizational structures and purposes. In the most common model, the CLT is a nonprofit organization with a staff to manage the day-to-day operations as well as a board of directors to provide oversight and make decisions about the trust's development and continuing functions. To ensure that the CLT is meeting its purpose in acting in the interests of the community, the board is typically comprised with equal representation from residents or businesses on the CLT, local community organizations and nonprofits, and local public officials. When a CLT includes non-rental housing, a co-ownership model exists: the CLT owns the land and the homeowner owns the dwelling, with a long-term lease on the land (typically 99 years). To preserve affordability over time, the new homeowner

agrees to a deed restriction which limits the percentage of profit that can be made when the owner decides to resell the house (Community-Wealth, n.d.).

There are many benefits of community land trusts. In addition to maintaining affordability, they can be an effective tool against gentrification by preserving community character and strengthening neighborhood stability (Choi, 2016). Many CLTs provide an opportunity for low-income households and communities to not only own homes, but to build wealth equity and exercise community control over community assets (Thaden, 2018; DeFilippis et al, 2019). In addition to providing homeownership opportunities to those who might otherwise not be able to afford it, CLTs provide stewardship for both the land and the homeowner. If a homeowner is struggling, the CLT provides support and assistance, rather than leaving them to figure out a solution on their own. This benefit proved valuable during the Great Recession, when homeowners living on CLTs were less likely to default on their loans and lose their homes to foreclosure (Thaden and Rosenberg, 2010). CLTs are also a more effective use of affordable housing subsidies over time. When a CLT first sells a home, it will likely need to sell the unit for less than the cost of constructing or acquiring it through the private market. To cover that financial loss, it might require a government subsidy. Thanks to the restricted resale formula, the value of that subsidy is maintained through each subsequent sale, benefitting multiple households over the years, rather than just the initial household (Thaden, 2018).

Given the many ways in which community land trusts are beneficial, one might expect them to be in every community throughout the country. However, despite the fanfare, CLTs have not grown as rapidly as their proponents would have hoped. In 2006, the National Housing Institute reported 162 CLTs in the United States with somewhere between 5,000 to 9,000 owner-occupied homes.

In the following 12 years, that number has only increased to approximately 225. Of those, only 165 included homeownership, totaling approximately 12,000 units (Thaden, 2018). However, the prevalence of affordable rental units on CLTs has increased. In 2011, the National CLT Network surveyed approximately 100 CLTs and found that about two-thirds of their residential properties are rentals. This is likely due to an increased demand for well-maintained affordable rental units as well as stricter qualifications for mortgage loans put in place after the Great Recession (Ciardullo, 2013).

So what factors have kept the overall growth in numbers of CLTs so low and allow some to perform better than others? My survey of literature and other resources has revealed that the complexities involved in forming and maintaining a CLT provide many potential pitfalls. There are internal and external factors, including social, legal, and financial components that must exist to allow a CLT to form. Further, the CLT must put in place the right purpose, policies, and personnel to ensure longevity.

### **External Factors Affecting CLT Feasibility**

There is much that a community land trust must do to ensure its own success. However, there are external realities that can have a big impact on the feasibility of the trust. Prior to forming a CLT, a community must consider at least three external factors: (1) if there is the necessary support from a wide spectrum of members, (2) whether the legal conditions allow for it, and (3) if financing options exist to ensure the trust's financial viability as well as allow for low-income residents to be able to obtain loans.

#### *Community Support*

There is no community land trust without the “community.” Pacoima has expressed great interest in forming a CLT as a strategy in preventing displacement, but interest alone cannot guarantee success. The community must also be able to provide the time and resources necessary for the creation of a CLT and its continued operation. To ensure that the CLT has a positive and desired local impact there must be residents, community organizations, and public officials willing to actively participate on a board of directors. The following stakeholders should be considered when exploring the level of community support (White, 2011).

### Government

What kind of support and involvement will the local municipality, such as a city or county, be able to provide? In some cases, CLTs begin as a government activity. The local municipality provides not only funding, and possibly land, but also operational staff (Davis, 2008). Even when CLTs are not operated as part of a government function, it is still critical to have governmental support, as it can lead to other necessary elements required for a successful CLT, such as increased access to financing and subsidies. In her 2018 *Shelterforce* online article, “The State of Shared-Equity Homeownership,” Emily Thaden states, “It is in political climates where there is deep buy-in to building and preserving affordable housing that shared-equity programs have expanded to have meaningful community impact.” For Pacoima and Sun Valley, having the support of the local Council District office and Neighborhood Councils can help pressure the City of Los Angeles to devote resources to a CLT.

Despite the demonstrated benefits and advantages of CLTs, local municipal leaders may still raise objections if they only have a surface level understanding of how CLTs work. Some common reasons for not supporting CLTs - or actually opposing them - are that CLTs limit the amount of



wealth that an individual or household can build, they require a larger initial subsidy and have “less bang for the buck”, and they impede development when they require affordable housing. In other cases, political figures or entities simply cave in to residents who are opposed to development or increased density in their communities (Thaden, 2018).

### Organizations

It is extremely important to understand the ecology of nonprofits near a proposed CLT to ascertain the level of support the local nonprofit community will provide for a CLT. Many community-oriented organizations may like the idea of a CLT in theory. However, when the realities of finite resources surface, that support could evaporate. This is particularly true if the CLT would be competing for the same funding sources as existing nonprofits (Decatur, 2016). An organization may support the mission of a CLT, but not at its own expense. Even if the CLT is able to secure funding through new sources, a critical factor is whether other organizations are willing to devote their limited time and resources to ensure the successful operation of another entity.

Another reason it is important to survey existing nonprofits is to see if any have the interest and capacity to take on the functions of a CLT. One way to form a CLT is to have it begin as a new function of an established nonprofit. That can help save on the initial time and costs of creating a new organization. If the nonprofit has successfully existed for a significant amount of time, it is likely that it has an effective and efficient structure. The strength of this existing structure will be one less thing that a new CLT would need to implement, allowing it to devote resources to other initial projects and goals. Once the CLT is more established, it can branch off and incorporate as a

separate 501(c)3. However, an existing organization would need to have the staffing and financial capacity to take on this additional work (White, 2011).

### CLT Residents

According to CLT researchers Jeffrey Lowe and Emily Thaden, residential engagement is crucial to advancing the CLT objectives of residential betterment, community control of land, and asset preservation (Lowe and Thaden, 2015). Founders and inaugural residents of a CLT are generally enthusiastic and committed to being active participants in CLT governance. They typically move into a CLT property because they want to have more involvement and agency is what happens with the community. However, as the second generation of residents move in, their motivation to move into a CLT property could simply be that it is one of the few affordable options available in the area. These residents might not have interest in spending their free time in CLT governance and activities (Gray and Gallande, 2011). Additionally, even if they are interested, some residents may not have the time to spare for these activities. If residents are low-income to begin with, they may be working multiple jobs just to get by, leaving little time to actively participate in organizational governance. CLTs with renters might have an even harder time engaging with residents, as renters often face more obstacles in their personal lives which can be time consuming and draining; they also tend to move more frequently and be less attached to their neighborhoods, so would be less likely to get involved in the organizational component of a CLT (Ciardullo, 2013).

### *Legal Conditions*

With land ownership and leasing activities, a CLT falls under more legal jurisdictions than a typical nonprofit, requiring it to also comply with local business association laws (Decker, 2018).

For this reason, the laws regulating the operation of a community land trust can be complex and confusing. Luckily, some states, including California, have enacted laws to provide clearer guidelines on how CLTs should operate. It is easier for a CLT to form and succeed in states with CLT laws, which has led to a higher concentration of existing CLTs in these locations. For instance, only 24% of states with CLTs have CLT statutes and yet these states contain 35% of CLTs across the country (Decker, 2018).

According to legal scholar Andrew Decker, the most comprehensive and helpful laws are those that address most or all of the topics related to a CLT model. These topics include organizational requirements, permitted activities, ground lease requirements, taxation and assessment of CLT-owned properties, lessee requirements and transfer limitations, responsible state departments, recordation, and relations to other laws (2018). Examples of these laws are found in California, Connecticut, Maryland, South Carolina, and Texas. When CLT laws are less comprehensive, CLTs must navigate a combination of property, corporate, and tax laws that govern their operations. Forming a CLT in a state without a comprehensive CLT statute requires extra time and money to navigate and comply with a web of laws and regulations. The CLT may also face additional legal challenges that could prevent it from operating as a typical CLT, such as laws that prohibit long-term leases (Decker, 2018).

Laws that define property tax assessment can create a financial burden to a CLT, as well as greatly impede its ability to maintain housing affordability over time. A CLT might have to hold a property for months or years before it can be leased to a new homeowner. In the meantime, the CLT could be responsible for paying the property tax on that land, endangering the financial security of the organization. Furthermore, if property taxes in an area begin to rise, low-income

homeowners might not be able to keep up. A CLT can control who buys the home and its selling price, but it cannot control the tax assessment. For owners that are already spending their limit on housing, even a small increase in property tax could cause them to default. Low-income renters who can't afford to own a home, even on a CLT, might also be in danger of displacement if a building owner decides to pass along the extra cost to the tenants (Decker, 2018).

### *Financing and Land*

A CLT requires funding to enable the affordable housing and commercial opportunities, not to mention covering the costs of operations and land acquisition. A big obstacle to a CLT's ability to provide affordable homeownership opportunities is insufficient subsidies. In order for a low-income owner to be able to afford a CLT home, it must be sold at a fraction of the market-value of the property. However, this may be less than the fair market costs involved in building a new home or acquiring and refurbishing an existing one. In order to cover that difference a CLT would likely require donations or government subsidies. However, there is a lack of subsidies, in large part due to a lack of growth in federal funding. In some cases, there is even a decrease in funding for federal programs that provide subsidies. After the foreclosure crisis during the Great Recession, even if a local municipality does receive funding, many prioritize affordable rent projects rather than homeownership. The foreclosure crisis not only had a negative impact on the federal funding that a CLT might receive, but also the ability of low-income homeowners to get approved for mortgage financing (Thaden, 2018). In an effort to avoid a repeat of the crisis, banks are less relaxed with their credit which has made it more difficult for low-income buyers to qualify for mortgages (Thaden, 2018).

Another resource that could prove challenging for the success of a CLT is land available for acquisition. Much like “community,” a community land trust cannot really be considered successful without the “land.” Land for CLTs can be donated, purchased, or seized through eminent domain powers. In Los Angeles, the city is one of the biggest landowners, but it will not give up the land for CLTs because the value is too high (Hardman, 2019). For the same reason it will probably be very expensive for a Pacoima CLT to purchase land at market-rate prices. Given the infrastructure improvements coming to Pacoima through the TCC grant and the planned Metro light rail line, there will likely be increased competition from speculators interested in snatching up land that can be developed or sold at a profit in the near future. If that is the case, the best opportunities for a CLT to acquire land might be through donations or from property owners who are willing to sell their land at a discounted price. It is important to explore the likelihood of being able to acquire land before the CLT is formed.

Even if a CLT is able to acquire land, the current condition of the land and building structures also plays an important role. Pacoima received the TCC grant because it suffers from some of the highest negative environmental impacts in the state of California. Depending on the prior uses of the land or its location, it may not be allowed to contain housing, at least not for awhile. On the opposite end of the spectrum, if the land acquired by a CLT already contains housing, there is a risk of displacing current residents. This is one of the challenges and disappointments of an existing Los Angeles CLT. T.R.U.S.T (Tenemos que Reclamar y Unidos Salvar la Tierra) South LA purchased land that held a public housing building with many low-income tenants. The CLT intended to simply refurbish the existing housing without having to displace tenants, but the deteriorated building conditions made it more financially feasible to completely redevelop the property. This required tearing down the existing structures which meant the current tenants were

required to vacate. Despite one of the initial goals of this purchase being the provision of continued affordable housing for the existing residents, circumstances actually led to their displacement (Foster, 2019).

### **Internal Variables Impacting CLT Success**

If external conditions do not prohibit the formation and future success of a community land trust, the next step would be to consider internal factors of the organizational structure. With careful, deliberate planning and smart decisions at the start, a CLT can achieve long term sustainability. The three most important internal variables identified in the literature are (1) clarity of concept, (2) the quality of the CLT's stewardship elements, and (3) sensible staffing.

#### *Clear Concept*

Many difficulties and challenges with land trusts can stem from a difference in expectations between participants and managers of a CLT (Decatur, 2016). For example, if a homeowner does not understand the limitations on selling their house, they may be rudely surprised when they want to move and find out that the profits might not generate enough income to purchase a similar house at market-rate prices. This could cause resentment on the part of the homeowner who may feel trapped in their situation. For this reason, careful consideration should be put into the purpose and structure of the CLT. Once these two things have been decided upon, they should be clearly communicated and implemented.

Examples of CLT purposes or concepts include providing affordable housing, preventing business displacement, protecting natural space, and creating spaces for meetings and activities. Perhaps the community will want to incorporate more than one of these concepts. It is important

to consider how these uses will be balanced on the available land and who will be involved based on the uses. If the CLT purpose includes housing and commercial tenants, then the organization must specify how residents and businesses qualify to live or operate on the CLT. If the purpose includes protecting natural space or creating community spaces, that might require involvement for the municipal department in charge of parks. Creating a list of relevant stakeholders will help to ensure that communications and policies are targeted to those who will be most affected by a CLT or necessary participants.

In addition to clarifying the purpose, a CLT must decide on a governance and operational structure. Those establishing the CLT should determine if local conditions favor the CLT being run by a local municipality, an existing nonprofit, or if it is better to create a new nonprofit organization. Furthermore, the CLT must determine the details of the governing board, including how many members it will have what elements of the community will be represented and in what ratio, and how members will be chosen. Lastly, the CLT should outline the operating guidelines, down to the minutiae of the legal and financial details of land leases. The CLT needs to ensure long term solvency by including lease and transfer fees substantial enough to cover costs, even when it is not selling new homes (White, 2011). It is important for the CLT to think through all of these components so all parties have the same understanding of what they are agreeing to when they join a CLT.

### *Stewardship*

As Kirby White says in *The Community Land Trust Technical Manual*, “The CLT’s post-purchase stewardship function is what distinguishes the CLT model from other affordable homeownership programs” (2011, ch. 23 p.1). As he explains, the role of the CLT is not only to

be a steward of the land, but also a steward of the people who live on it. This means providing all necessary information, and sometimes education, on the front-end so that prospective owners and renters know what they are agreeing to by participating in the CLT (Thaden, 2018). In the long term, this stewardship includes monitoring the level of care that homeowners take with their homes, as well as providing training and resources to low-income homebuyers (White, 2011, ch. 24). This is particularly important because higher-income homeowners are likely to have acquaintances they can go to for advice or to answer questions about owning a home. Those from a low-income background are less likely to have a network with the same depth of homeownership experience who can answer those questions or give advice (White, 2011, ch. 23). By providing this support, the CLT decreases the possibility of foreclosure among its residents, contributing to a stronger community overall.

### *Staffing*

The day-to-day operations of a CLT are generally run by a professional staff hired by the CLT. The staff is responsible for ensuring that the CLT is in compliance with all relevant laws, managing budgets and financials, and ensuring homeowner compliance with CLT guidelines. This includes making sure owners are maintaining their homes and selling at the affordable price determined by the agreed-to resale formula. Therefore, it is crucial to hire staff that is both competent and honest (White, 2011).

### **Conclusion**

There are many factors that lead to the success or failure of a community land trust. These variables can be classified as internal and external. Those listed in this paper are only a few, but I consider them the most important due to the significant impacts they can have on the viability of a



CLT. As Pacoima Beautiful moves forward with a feasibility study, it should first examine whether the external conditions are favorable to forming a CLT. Is the community support deep and wide enough to commit the necessary time and resources required for implementing and maintaining a CLT? Additionally, what are the possibilities for land acquisition and what kind of financial or political resources would be needed to achieve it? How conducive to CLTs are the laws and policies in Los Angeles and California? If the answers to these questions are favorable, then Pacoima Beautiful can conduct the necessary community engagement process to create a clear concept for the mission of a Pacoima and Sun Valley CLT. Lastly, the new CLT organization should make sure to create the stewardship programs and resources to support the CLT residents; and if resources permit, hire staff to make sure this careful planning and preparation is carried out in order to give the best chance for success.

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## Appendix

### Questions to consider for a new Community Land Trust (CLT)

#### **Community Support**

##### *Government*

- What kind of support and involvement will the local municipality be able to provide?
- Can the City or County run the CLT?
- Can the local Council Districts or Neighborhood Councils provide support to get funding, subsidies, or land donations from the City or County?

##### *Organizations*

- Would a CLT be competing for the same funding sources as existing organizations?
- Would other organizations be willing to devote their limited time and resources to ensure the successful operation of a CLT?
- Do any existing community organizations have interest and capacity to take on the functions of a CLT?

##### *CLT Residents*

- Do current residents of the community have a high level of interest and capacity to dedicate hours every week or month to participate in CLT governance and activities?
- Will the populations intended to live or work on the CLT be likely to have a high level of interest and capacity to participate CLT governance and activities?

#### **Legal Conditions**

- Do local laws allow for long-term land leases?
- How are property taxes assessed?

## **Financing and Land**

### *Funding Options*

- Are there federal, state, or local subsidies or funding programs for operational or land acquisition costs?
- What philanthropic grants can a CLT apply to?
- What kind of bank loans are available to a CLT for land acquisition?
- If the CLT is meant to provide homeownership opportunities to low-income residents, will they be able to access bank loans to purchase CLT homes?

### *Land Acquisition*

- What are the local possibilities for a CLT to receive a land donation (e.g. eminent domain, private donation)?
- Would local property owners be willing to sell land for below market-level prices?
- What is the condition of a property upon acquisition?
  - Does the land have any environmental contaminants that require clean up?
  - Are there existing buildings/structures? Can they be refurbished or do they need to be torn down and replaced?
  - Are there current residents who might be displaced?

### **Clear Concept**

- Is it meant to provide affordable housing, prevent business displacement, protect natural space, or create spaces for meetings and activities?
- If the CLT will have multiple purposes, how will those uses be balanced on the available land?
- If residents and businesses are to live or operate on the CLT, how will they qualify?
- Will the CLT be run by a nonprofit or a local municipality?

- What will be the makeup of the governing board and how will representatives be chosen?
- What will the operating guidelines of the CLT be?

**Stewardship**

- How will the purpose, structure, and guidelines be communicated to relevant stakeholders?
- If the CLT will have low-income homebuyers, what kind of training and resources will the CLT offer (e.g. information and education about finances and home maintenance)?
- How will the CLT monitor the level of care that homeowners take with their homes?

## Can Pacoima Homeowners Leverage Existing Private Financing to Construct an ADU?

The housing market in Los Angeles has received wide media attention due to its lack of affordability in the rental market and skyrocketing home values. The community of Pacoima in the Northeast San Fernando Valley is not immune to the effects of a tight housing market. In its anti-displacement plan for the Transformative Climate Communities grant, Pacoima Beautiful (PB) explicitly targets accessory dwelling units (ADUs) as a critical tool to combat displacement pressures resulting from the grant's green reinvestments. ADUs- commonly referred to as granny flats or secondary units with a full kitchen and full bathroom- serve as an additional living unit to an existing single-family home that can be used for extra living space for homeowners or rented out on the market.

To encourage the supply of naturally affordable ADUs, construction costs must be within the realm of financial feasibility for Pacoima homeowners. In this paper, I examine two issues that affect the feasibility of encouraging the supply of naturally affordable ADUs: construction costs of various ADU types, and the borrowing capacity of Pacoima homeowners to leverage private financing. I address these matters by landscaping common ADU financing methods and gathering financial data to measure how well Pacoima homeowners qualify for traditional financing.

### **Background**

Pacoima is a dense, suburban community of the San Fernando Valley that is largely made up of Latinos (89%) and immigrants (46%) (Green Together). Central to this discussion, Pacoima suffers from a low average household income of \$50,375 relative to the City of Los Angeles at \$54,501 (U.S. Census). Due to the overcrowding nature of Pacoima's housing market- nearly a quarter of units have more than one occupant per room (Green Together) - the need to better utilize large single-family lots to accommodate more housing has spurred the supply of both unpermitted and permitted ADUs.

Central to PB's policies to avoid the displacement of vulnerable residents, ADUs offer the potential for naturally-occurring affordable housing that conform to existing neighborhood character and integrity. Additionally, ADUs provide opportunities for multi-generational living and create financial benefits for low-income homeowners. Pacoima residents have already displayed a preference for ADUs, as an estimated 30% of residences have a second living unit on the property (Green Together). However, as this paper will present, the high costs to construct an ADU in Los Angeles, along with the inaccessibility to leverage financing, makes the prospects bleak for homeowners of a low-income community like Pacoima.

### **ADUs As A Viable Housing Option in Pacoima**

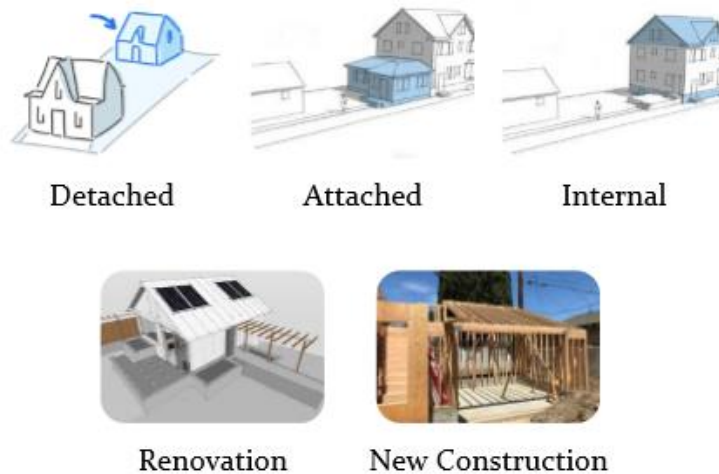
ADUs provide the potential for naturally affordable rental units for its low-income, vulnerable residents without compromising neighborhood character. ADUs are increasingly being



encouraged by cities and local housing organizations primarily along the West Coast of the United States as a viable solution to growing housing unaffordability concerns. The primary benefits of ADUs stem from its relatively lower construction costs, the potential to increase the number and variety of housing units in a community, and as an added source of rental income for property owners.

There are three common types of ADUs, regardless of legality: 1) attached, 2) detached, and 3) internal. To be legal under state law, an ADU needs to contain a full bathroom and kitchen, including existing, unpermitted units. An attached ADU is physically connected to the main structure and must have access to its own entry and exit. A detached ADU is disconnected from the home and commonly takes form as a converted free-standing garage. Lastly, an internal ADU can be either a converted basement or attic with its own entry/exit and full bath, full kitchen. If the homeowner has available lot space and wishes to build an ADU as either an independent structure or attached unit, it is considered a new construction.

Figure 1- ADU Types



Credit: Hausable

Currently, ADUs are permitted by-right on all single-family lots in Los Angeles; lot sizes that are larger than 3,500 square feet are ideal for ADUs in order to comply with zoning codes like maximum lot coverage<sup>1</sup> and yard setbacks<sup>2</sup> (CityLab UCLA). The maximum square footage of an ADU is 1,200. For an attached ADU, it is typically 50% the size of the main residence or smaller. For this reason, construction costs are naturally lower than typical single-family homes and multi-family units. Even with a lower cost to construct, as we will see in the next section, building an ADU can be inaccessible for homeowners in precarious financial conditions.

<sup>1</sup> Maximum lot coverage is the total area of impervious surface on the lot divided by the total lot area.

<sup>2</sup> Yard setbacks require a minimum distance for a building or other structure to be away from the property line.

## **ADU Construction Costs**

The cost to construct an ADU prices out a significant segment of households, even in a relatively lower property value community like Pacoima. Building an ADU comes with financial obstacles for low-to-moderate income households considering construction, permitting, and soft costs. High land values in Los Angeles coupled with increasing labor expenses drive up total costs of housing development.

To understand ADU construction costs in Pacoima, I gathered information from Hausable, a one-stop website for homeowners seeking to understand the development and financial feasibility of an ADU on their property. Using Google Maps, I identified an 8,000 square foot property on Oneida Ave near Pacoima City Hall that will serve as the Pacoima case study address. This lot has no obvious existing secondary unit. Inputting the address into Hausable, I found the construction cost for 600 square feet newly constructed ADU totals roughly \$152,000 (Hausable). For the conversion of an existing 600 square feet living unit, construction costs are estimated to total \$91,000 (Hausable). By all accounts, Hausable estimates are based on traditional site-built housing. As we see, with costs ranging from \$90,000 to \$150,000 for a commonly constructed ADU, it is imperative to explore alternative materials that offer the prospects of lower financial and time costs for Pacoima homeowners.

### **Alternative ADU Materials: Financial Benefits**

Increasingly common alternative ADU materials are prefabricated homes--also known as modular-- and shipping containers. The growing interests in these construction materials derive from their generally cost-effective and time-efficient construction periods. Prefabricated models are marketed as more sustainable and create relatively lower environmental impact, while not compromising on style, beauty, and functionality (Proto Homes).

A noteworthy example is prefab manufacturer LivingHomes. This company offers an ADU model known as AD1 that is priced under \$100,000 for 400 square feet. Although the price tag including on-site labor costs and permit fees rises to \$160,000, the AD1 markets itself as an affordable, sustainable rental unit offering a range of customizable options (Bazeley, Alex). The model in Figure 2 is fully equipped with living arrangements including bedroom, bathroom, kitchen, and living room—conforming to state ADU law and building code.

Figure 2- Conceptualization of LivingHomes AD1 Prefab ADU



Credit: LivingHomes AD1

Retrofitted shipping containers have recently gained momentum as being an alternative and appropriate form of housing to combat high construction costs and density concerns. Dubbed “cargotecture” extra containers are recycled to accommodate living spaces, particularly for homeless individuals in transition. Two companies in Southern California- GrowthPoint Structures and Flyaway Homes- have developed apartment complexes that use modified containers as permanent transitional housing.

GrowthPoint’s project in Orange County, as seen in Figure 3, is a 16-unit shipping container apartment complex for homeless veterans that took just 6 months to complete after breaking ground. The company’s CEO believes that their 8-by-20-foot containers are 106 times stronger than building code regulations and can endure 100 years of weathering (Kalfus, Marilyn). Another benefit of containers are lower building expenses, as the units are manufactured off-site including utility installations, and fitted on-site at a fraction of the time compared to traditional on-site construction. Flyaway Homes built a 9-unit permanent supportive<sup>3</sup> apartment complex in South LA using 48 shipping containers, as depicted in Figure 4. The development cost per resident totaled only \$109,000 and was permitted and constructed in under 12 months (Flyaway Homes). Projects utilizing retrofitted containers can take half the time and cost of traditional developments, according to the company’s CEO (Modular Home Builder).

Figure 3- GrowthPoint’s 16-unit Shipping Container Apartment Complex



Credit: The Orange County Register (Potter’s Lane on Jackson Street)

<sup>3</sup> Permanent supportive housing is low-barrier affordable housing that provides wrap-around services to help individuals and families transition from homelessness.

Figure 4- Fly Away Homes' Shipping Container Apartment Complex



Credit: Modular Home Builder (820 W Colden Ave)

## **ADU Financing Landscape**

The current landscape for ADU financing is limited, as ADU-specific loan products have not been widely developed. ADUs are not yet a common enough product for financial institutions to have crafted specific financing that addresses its differences between single-family and multi-family lending. For this reason, homeowners must find creative methods to fund the previously mentioned high ADU conversion and construction costs even in Pacoima.

Due to high construction costs, a financing barrier exists for a significant number of low, fixed income households with high debt, bad credit, and/or low-home equity. As demonstrated by Figure 5, the financing options to cover capital costs<sup>4</sup> are limited. For this reason, there is increasing interest from local governments, nonprofits, and financial institutions focused on economic justice to consider creative ways to expand access to affordable capital to encourage the supply of ADUs, particularly lower income communities like Pacoima.

According to UC Berkeley's 2017 survey of ADU-building homeowners in three key cities on the frontline in this field- Portland, Seattle, and Vancouver- nearly 45% strictly used personal resources like savings or credit cards to finance the ADU (Center for Community Innovation). Another 40% borrowed against built-up home equity, and 4% borrowed against the future value of the property after completion of the ADU. In the cases where homeowners leveraged private financing, credit unions and regional banks were more willing partners than national banks to provide lending. Common private financing that homeowners leverage to fund ADU construction are Home Equity Line of Credit (HELOC), cash-out refinance, renovation loan, and personal savings (Center for Community Innovation).

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<sup>4</sup> Capital costs are fixed, one-time expenses typically incurred for construction in this context.

A HELOC is a second mortgage with a fixed interest rate and monthly payments for homeowners to tap built-up equity. HELOCs are ideal for smaller loan amounts that can be paid back in a short term, This product can be similarly described as a credit card, since borrowers have the option to pay interest only without having to repay any principal, and it comes with a revolving credit line. HELOCs typically have an amortization period<sup>5</sup> of 30 years and loan-to-value<sup>6</sup> from 80-100% of the appraised value of the home (Propel Studio).

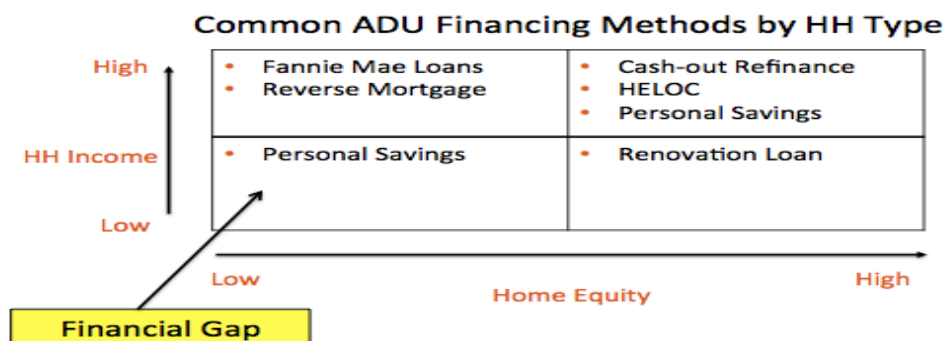
A borrower who takes out cash after refinancing leverages built-up equity and cashes out the difference between the new, higher loan and the existing mortgage owed. With a fixed rate and 30-year amortization, a cash-out refinance leads to higher monthly payments than a HELOC, but the principal and interest remain constant through the life of the loan (Propel Studio).

With a renovation loan, the borrower has the ability to finance both the primary residence plus the costs associated with the ADU. The increased value of the property expected after construction of the ADU factors into the loan amount. Renovation loans are typically more difficult to obtain considering the special application requirements and higher closing costs (Center for Community Innovation).

A homeowner who only has personal savings to finance an ADU is in a difficult position, considering the high construction costs. Households of higher socioeconomic status who can leverage investments, rely on friends and/or family, and use personal credit cards have little financial stress when deciding whether to personally finance or borrow from an institution. On the flip side, households of much lower financial flexibility typically do not have significant cash savings, relatives with deep pockets, or large enough credit lines to afford ADU development.

A report from San Mateo County breaks down the best financing methods by household type using equity and income as the two central measures. As Figure 5 demonstrates, a financing gap exists for households of low income and low equity; a category that I hypothesize many in Pacoima fall within.

Figure 5- Common ADU Financing Methods by Household Type



Source: Center for Community Innovation, UC Berkeley (2017)

<sup>5</sup> Amortization period is the length of time between loan initiation and full repayment.

<sup>6</sup> Loan-to-value (LTV) is the ratio of a loan to the value of the property. For example, a \$350,000 mortgage on a property valued at \$400,000 has an LTV of 87.5%.

Unsurprisingly, high equity, high income households have the most financing options available. A HELOC, cash-out refinancing, and personal savings are all viable methods for this segment of homeowners who can take advantage of low interest rates for refinancing or take out a second mortgage if rates are high. For low equity, high income households, renovation loans are ideal for those who demonstrate an ability to repay but may not have enough equity to leverage. High equity, low income households have some financing choices as well, primarily Fannie Mae Loans like HomeReady, Homestyle, and Reverse Mortgage since they target “borrowers earning up to 100% of AMI and allows rental income from an ADU to contribute a borrower’s debt-to-income,” and a reverse mortgage for elderly homeowners (Center for Community Innovation). Fannie Mae products will be more discussed later in the report to understand their prospects in expanding access to affordable financing for Pacoima homeowners.

Lastly, for low equity, low income households, the main financing method to fund an ADU is personal savings, since traditional private loan underwriting and terms are out-of-reach for households without built-up equity or sufficient credit score. This presents a financing gap that is relevant to Pacoima, considering the study area’s relatively low median household income and property values.

### **Case Studies: Private Lending Institutions with ADU Financing Products**

To provide more understanding of the ADU financing landscape broadly, I present three financial institutions that offer ADU-specific products with more flexible and favorable terms and underwriting criteria designed to expand access to homeowners on a fixed income or with low home equity built up.

#### *Advantis Credit Union (Portland, OR)*

Advantis offers a rehabilitation mortgage for either renovation or new construction (CUInsight). This product is designed to appeal to homeowners that aim to improve the condition of their property to reinvigorate distressed neighborhoods. Eligible improvements range from minor to major remodels like roofing, landscaping, and room additions. Product details include:

- 15-year fixed rate, 10% down payment
- Loan-to-value up to 90% of projected value after ADU construction
- No private mortgage insurance (PMI) is required, and no prepayment penalties exist

#### *Self-Help Federal Credit Union (Los Angeles, CA)*

In partnership with LA-Mas, Genesis LA Economic Growth Corporation, and the Housing Authority of the City of Los Angeles, Self-Help is developing a permanent mortgage product to assist low-to-moderate income homeowners finance an ADU through The Backyard Homes Project. The pilot program’s intent is to serve as a model for affordable construction and smart design without compromising neighborhood integrity and character (The Backyard Home Project). As part of the program, Genesis LA will cover pre-development costs, which will be repaid through the permanent mortgage. Product details include:

- Fully underwritten first mortgage; minimum credit score of 580 required
- Fixed rate, no PMI, loan terms of 30, 20, 15, 10 years
- Loan-to-value up to 90% of projected value after ADU construction

### *Umpqua Bank (Portland, OR)*

Umpqua Bank primarily serves the Pacific Northwest and is active in ADU financing. The bank offers at least three financial products tailored to finance ADU construction: Fannie Mae Homestyle Loan, Custom Construction Loan, and Home Equity Line of Credit. Below is a brief description of the loan terms for each of the products (AccessoryDwellings.org).

1. Fannie Mae Homestyle Loan
  - Works for ADU renovation or new construction.
  - Product details include: 15 & 30-year fixed loan terms, maximum construction loan amount is 50% of the “as completed” value, and maximum loan amount is \$417,000.
2. Custom Construction Loan
  - Serves for new construction ADU projects.
  - Product details include: adjustable-rate mortgage terms, 10% down payment for homes valued up to \$850,000 and 20% for greater values, and no maximum construction loan amount and up to \$2 million for total loan amount.
3. HELOC
  - Renovation product only.
  - Product details include: 30-year loan terms, 80% maximum loan-to-value, maximum loan amount up to \$250,000, and loan is based on current value of main home.

Although these financial institutions have begun to roll out products that can expand access to affordable capital to construct an ADU, none of these options are available for Pacoima homeowners. The Self-Help permanent mortgage is still in development and not currently in a position to scale beyond the pilot project. The two other cases focus strictly in the Pacific Northwest, largely in the Portland area. Pacoima’s two prominent financial institutions- Valley Economic Development Center (VEDC) and Pacoima Development Federal Credit Union- currently do not have similar products designed for home improvements.

The VEDC supports local small business and entrepreneur development through small, standard business loans. Its website has no mention of ADUs as a potential small business for homeowners who would gain rental income from it. Similarly, the Pacoima Credit Union offers various loans, none of which can be applied to residential improvements. After speaking with a representative, the Pacoima Credit Union does have an ADU policy on the books, but it hasn’t rolled out the product to a Pacoima homeowner. The contact did not share specific underwriting criteria, so the accessibility of this product could not be determined. However, I can infer that since no deals have closed, the thresholds of the product are either too high or the credit union is not in a financial position to lend to risky borrowers.

When obtaining information on the Pacoima case study address, Hausable featured an ADU financing program offered by US Bank (Hausable). The program is intended for home improvements of various scales including ADUs. The loan minimum is \$100,000 with a maximum of \$3,000,000 and is based on the future value of the home after construction. Fixed

and variable rates are both options and the first 12 monthly payments are interest only. The renovations and mortgage products offered by U.S. Bank necessitate high credit scores and built-up equity in the property to leverage for favorable rates and terms.

## **Pacoima's Borrowing Capacity**

In this paper I have detailed the exorbitant costs to construct and renovate an ADU and the limited financing options available for Pacoima homeowners. The question of this section is to understand the study area's borrowing capacity to leverage more traditional private financing. Determining how much a household can borrow depends on several financial factors. Debt-to-income, monthly expenses, credit history, personal savings, assets, and property value dictate how large of a loan the borrower can pursue (Mortgage Choice).

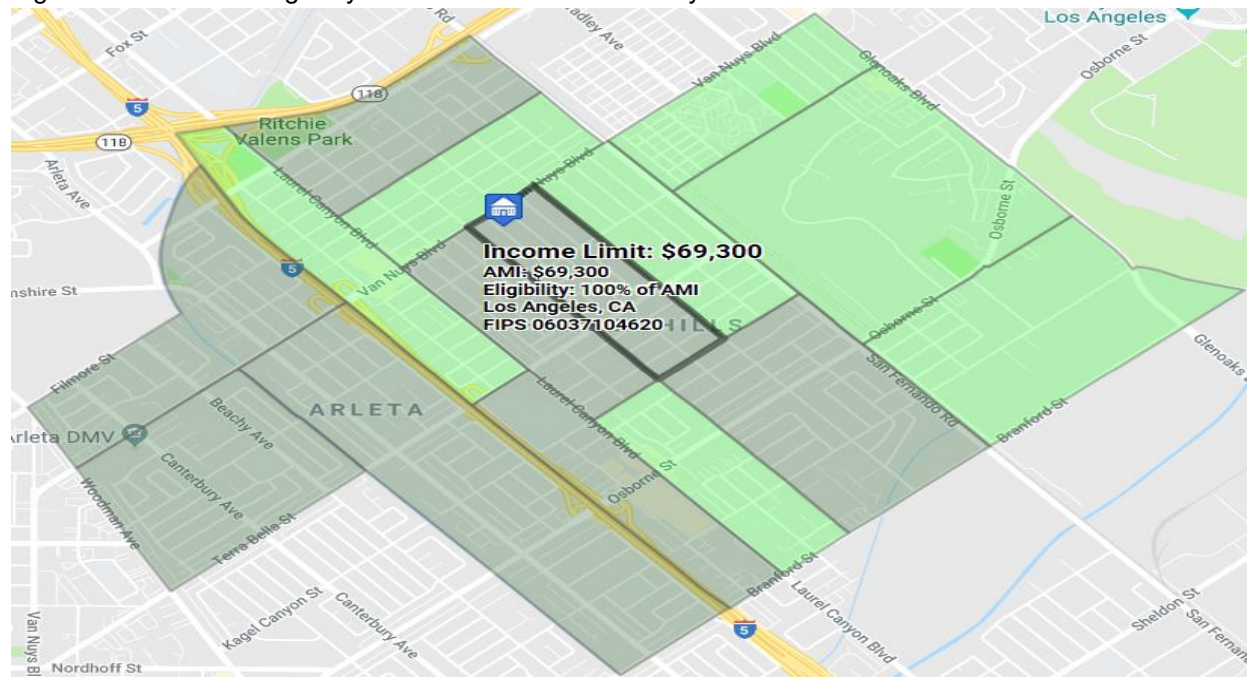
Lenders will use income, monthly expenses, and debt like credit cards and personal loans, to determine a homeowner's ability to afford and make repayments. Credit history is a critical variable for lenders, as higher scores suggest greater reliability that repayments can be made on schedule, and importantly, this can help borrowers obtain higher loan amounts and lower interest rates. Another indicator lenders examine is personal savings, as higher amounts indicate the ability to manage money smartly over time and during economic downturns, the repayments would not be greatly jeopardized. Owning assets like stocks, properties, vehicles, can be leveraged as collateral to influence the lender's decision. Finally, property values are especially important for a HELOC. Property valuations and mortgage-owed tells lenders how much equity the borrower can leverage. Applying the commonly used underwriting criteria to Pacoima homeowners provides potential insight into the community's ability to leverage private capital. The following sections attempt to measure the study area's borrowing capacity.

### *Fannie Mae HomeReady Loan*

The Federal National Mortgage Association, more commonly referred to as Fannie Mae, provides an open portal to assess income eligibility for the HomeReady loan on various scales. The HomeReady Loan targets low-to-moderate income borrowers that have limited cash for down payment and a poor credit score (Fannie Mae). The product features innovative underwriting criteria that expand flexibility for what can determine credit responsibility. Rental income from an ADU and non-occupant borrowers, like a parent, are alternative sources of income that the product recognizes, even though traditional financing does not. Accessing the open portal to determine loan eligibility reveals if certain addresses fall within an income limit and if census tracts have an income limit at all. Using the Pacoima case study address, its census tract has an income limit of \$69,300 (area median income of LA County), of which the annual income of borrowers cannot exceed (Fannie Mae). As Figure 6 displays, Pacoima contains a mix of tracts that have income limits of \$69,300 in grey, and no income limits in green.



Figure 6- Pacoima's Eligibility for Fannie Mae HomeReady Loan



Source: Fannie Mae HomeReady Eligibility Portal

### *US Census American Community Survey Financial Data*

To further examine Pacoima's financial status and borrowing capacity, I gathered relevant financial data from the 2013-2017 American Community Survey. Although not all census tracts representing Pacoima offered key data during this time span, I was able to obtain information from 11 out of 14, which provided enough substance to analyze community trends.

Table 1 lists relevant financial data by census tracts found in Pacoima. We see that, across census tracts, a total of 4,302 owner-occupied housing units have a mortgage. Of these households, the median household income across tracts ranges from \$40,769 to \$93,293. Median monthly housing costs indicate that many in these Pacoima tracts suffer from an overburden of housing costs that include rent, utilities, and maintenance. Seven out of the 11 tracts dedicate over 30% of monthly income to housing costs, while the remaining 4 tracts cluster between 25% and 27%. These monthly costs do not factor other non-housing related expenses and amount of debt from personal loans or credit cards. It can be inferred that these households that dedicate an excessive monthly amount to housing costs also suffer from high expenses in other financial areas.

Another key indicator to determine borrowing capacity is home values. Across all tracts, the median home values of these housing units with a mortgage range from \$314,600 to \$379,200, compared to \$555,600 at the city level. Across housing units with a mortgage, a mere 6% have either a second mortgage or home equity loan, and only 1% of units have both a second mortgage and home equity loan. With only 6% of households having a second financial product, homeowners in this study group have not had much success in leveraging resources and built-up equity to obtain private financing. The 93% of housing units with a mortgage without a

second mortgage or home equity loan suggests that the overwhelming majority of homeowners in these Pacoima tracts either do not feel comfortable in seeking private financing or have been previously denied based on relatively high DTI ratios.

Table 1- Pacoima Financial Data

| Census Tracts                                      | 1041.05 | 1042.01 | 1043.10 | 1043.20 | 1044.01 | 1045    | 1046.10 | 1046.20 | 1047.01 | 1048.10 | 1095    |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Owner occupied housing units with a mortgage       | 637     | 592     | 413     | 330     | 301     | 222     | 344     | 274     | 174     | 552     | 463     |
| Median Home Value (\$)                             | 314,600 | 366,400 | 363,000 | 355,800 | 367,500 | 379,200 | 365,100 | 366,700 | 348,100 | 355,800 | 314,800 |
| With either a second mortgage, or home equity loan | 31      | 70      | 18      | 0       | 16      | 26      | 5       | 20      | 17      | 13      | 57      |
| Both second mortgage and home equity loan          | 11      | 16      | 10      | 0       | 4       | 0       | 0       | 0       | 0       | 0       | 0       |
| No second mortgage and no home equity loan         | 595     | 506     | 385     | 330     | 281     | 196     | 339     | 254     | 157     | 539     | 406     |
| Median household income (\$)                       | 70,855  | 60,000  | 80,795  | 93,293  | 90,954  | 81,250  | 67,019  | 74,286  | 40,769  | 79,875  | 69,543  |
| Median Monthly Housing Costs (\$)                  | 1,826   | 2,139   | 1,808   | 2,109   | 1,908   | 1,783   | 2,009   | 2,062   | 1,819   | 2,307   | 1,833   |

Source: US Census ACS 5-Year Estimates, 2013-2017

**Data Limitations**

Determining eligibility is a complicated proposition for financial products not easily accessible or publicly transparent, since many of the key underwriting variables are private in nature. This paper encountered several limitations in obtaining sensitive information related to mortgage owed, assets and debt, credit score, personal savings, and home equity. Due to the absence of such critical variables in the underwriting process, it became infeasible to accurately depict the borrowing capacity of Pacoima homeowners.

**Moving Forward**

Next steps for this research focus largely on primary data collection, where hopes are that a significant number of these sensitive, financial data points can be answered through homeowner surveys and interviews. These primary research vehicles intend to carry questions centered on, not only financial status, but the community's appetite for alternative ADU construction materials. The latter will be presented as a quasi-cost/benefit analysis, where the homeowner will choose between different cost and construction-type scenarios. With these data gaps filled, a clearer picture can emerge detailing the true borrowing capacity of Pacoima homeowners.

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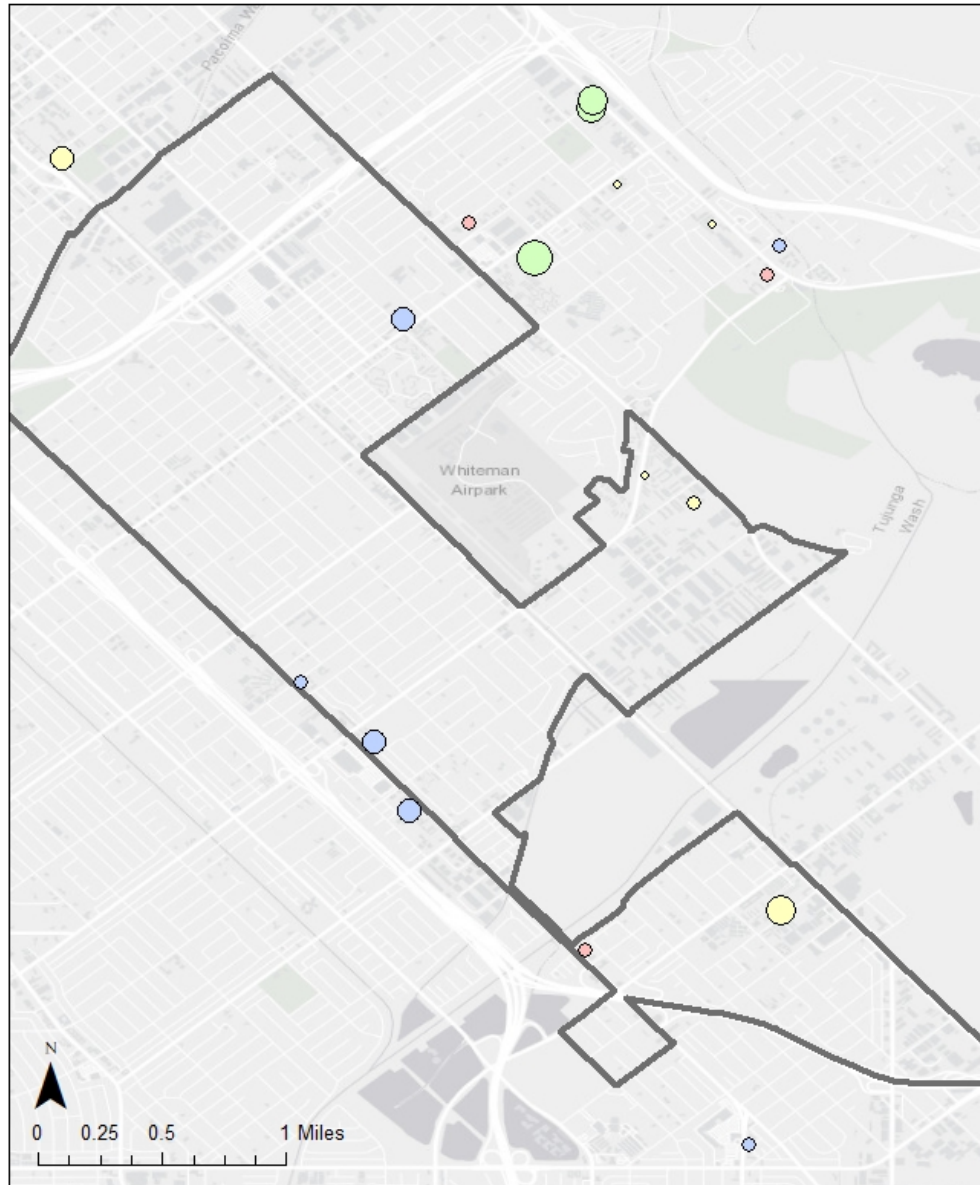
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*Affordable Housing Supply and Access in Pacoima*

The abundance of informal housing across Pacoima makes clear that the existing supply of formal affordable housing in the neighborhood is failing to adequately address local needs. Is this simply an issue of quantity, or are there other factors at play? There are certainly a number of advantages to the formal affordable housing and public housing that exists in the neighborhood. Units under affordability contracts have the potential to allow low-income households to remain in the neighborhood in the face of displacement, such as might result from environmental investments or the planned construction of a light rail line through the neighborhood. The stability provided by subsidized housing is not a given, however as contracts have set expiration dates, and some, such as those signed in exchange for HUD-subsidized mortgages, can be ended prematurely by landlords. Furthermore, income levels and other requirements can exclude many households from occupying these units, to say nothing of competition for a limited number of spaces. In this paper, I will examine the existing supply of affordable housing units in and around Pacoima Beautiful's Transformative Climate Communities project area and the policies that govern it to determine where affordable housing has been falling short.

## Number of Units by HUD Subsidy Type



| Project-based Section 8 only | Section 202/811 only | LIHTC only  | LIHTC and Section 8 |
|------------------------------|----------------------|-------------|---------------------|
| ◊ 0 - 50                     | ◊ 0 - 50             | ◊ 0 - 50    | ◊ 0 - 50            |
| ◊ 51 - 75                    | ◊ 51 - 75            | ◊ 51 - 75   | ◊ 51 - 75           |
| ◊ 76 - 100                   | ◊ 76 - 100           | ◊ 76 - 100  | ◊ 76 - 100          |
| ◊ 101 - 150                  | ◊ 101 - 150          | ◊ 101 - 150 | ◊ 101 - 150         |
| ◊ 151 - 450                  | ◊ 151 - 450          | ◊ 151 - 450 | ◊ 151 - 450         |

*Existing Supply in Pacoima*

Table 1: HUD-Subsidized Housing in Project Area

| <b>Subsidy type</b> | <b>Number of Projects</b> | <b>Number of Assisted Units</b> |
|---------------------|---------------------------|---------------------------------|
| LIHTC               | 4                         | 292                             |
| Section 8           | 3                         | 210                             |
| 202/811             | 1                         | 57                              |
| Total               | 7                         | 494                             |

Table 2: HUD-Subsidized Housing in or near Project Area

| <b>Subsidy type</b> | <b>Number of Projects</b> | <b>Number of Assisted Units</b> |
|---------------------|---------------------------|---------------------------------|
| LIHTC               | 16                        | 1,463                           |
| Section 8           | 12                        | 1,277                           |
| 202/811             | 3                         | 203                             |
| Total               | 28                        | 2,326                           |

Tables 1 and 2 summarize the supply of HUD-subsidized affordable units in the project area defined by Pacoima Beautiful’s TCC grant application and within one mile of its boundaries, including parts of San Fernando, Arleta, and Sun Valley (note that many projects and units are subsidized through both LIHTC and Section 8). At present, there are 494 affordable units in the project area and 1,832 surrounding it, for a total of 2,326 affordable units in the study area. Much of this supply is vulnerable. Affordability contracts for 424 units are set to expire in 2021, and for an additional 475 units by 2030,



amounting to 38% of the area's affordable units. These contracts are signed by developers in exchange for HUD funding, guaranteeing that the subsidized units will remain affordable for a period determined by the subsidy program; if these contracts are not renewed, the affordability requirements and any subsidies will cease, and owners will be able to charge market-rate rents for these units. The California Department of Housing and Community Development (HCD), which requires that advanced notification of contract expiration notice be given to tenants and the department by owners, lists no notices of ending affordability contracts in Pacoima thus far (HCD 2018). Assuming that this is not due to owners' failure to give notice, it would indicate that affordable housing owners in the area have, by and large, not sought to convert their projects to market rate. This could change in the near future, however; two projects within the Sun Valley portion of the study area, the Pendleton Arms Apartments and Sunland Park Apartments, have ended multiple subsidies since 2010 (HCD 2018). With rents rising across Los Angeles and a light rail line planned for Pacoima in the coming years, affordable housing owners in the neighborhood may be more likely to convert their projects to market rate. Non-profits, of course, are less likely to convert to market rate when their contracts expire, but may sell their properties if the costs of rehabilitation or maintenance are too high, so current non-profit ownership is not a guarantee of continued affordability (Cowing 2012, 241). Fortunately, units with affordability contracts (including Section 8) are not exempt from the city's Rent Stabilization Ordinance (RSO), which means that rents would increase gradually and remain below the actual market rate for some time; unfortunately, only three of the 28 projects in the study area—Lakeview Terrace Apartments, Sunland Park Apartments, and the Van Nuys Pierce Park Apartments—would be under RSO

protection, having been put into service before the cut-off date of 1978 (Cowing 2012, 242).

### *Affordable Housing Programs in Pacoima*

The Low-Income Housing Tax Credit (LIHTC) program is the largest source of subsidy to affordable housing owners in the study area, followed by project-based Section 8. LIHTC was introduced in 1986 and provides tax credits with fixed values to developers of projects aimed at households making 50-60% of the area median income (AMI) (Edson 2011, 205-206). For Los Angeles County, this is currently between \$48,450 and \$58,140 for a family of four (CTCAC 2018). LIHTC units have an affordability period of 30 years, with the federal government maintaining the right to recuperate tax credits for any units that are not occupied by families below the income threshold (Edson 2011, 205-206). Four LIHTC projects in the study area are also recipients of funds through HOME, a federal program that provides block grants to state and local governments for affordable housing development (Edson 2011, 202-203).

Unlike LIHTC, Section 8 subsidizes low-income tenants rather than affordable housing development. Section 8 tenants pay 30% of their income for rent, with federal funds, distributed through local housing authorities, making up the difference between this amount and the asking rent (Cowing 2012, 235-236). While the Section 8 voucher system is fairly well-known, housing authorities can use up to 20% of their funding for

project-based subsidies, in which assistance is given to all eligible tenants in a given unit (Edson 2012, 211-212). Tenants must be Very Low-Income (earning 50% of AMI) or Extremely Low-Income (earning 30% of AMI) in order to receive Section 8 assistance, whether vouchers or project-based (HUD 2013, 3.8). While tenants themselves cannot receive more than one subsidy, including project-based Section 8, projects with other subsidies can receive project-based Section 8 and vice versa (HUD 2013, 3.23). Section 8 contracts are far less consistent than affordability contracts under LIHTC and other subsidies; they can last anywhere from 5 to 20 years, and renewals are much shorter, often only one year. Furthermore, Section 8 is funded by Congressional appropriation, which means that funds may not be available in a given year to renew all expiring contracts (Cowing 2012, 235-236).

Table 3: Targeted Affordable Housing Within Study Area

| <b>Target</b> | <b>Number of Projects</b> | <b>Number of Assisted Units</b> | <b>Percent of Affordable Units</b> |
|---------------|---------------------------|---------------------------------|------------------------------------|
| Family        | 7                         | 599                             | 26%                                |
| Seniors       | 5                         | 392                             | 17%                                |
| Special Needs | 3                         | 128                             | 6%                                 |
| All Targets   | 15                        | 1026                            | 44%                                |

Almost half of these units (44%) are in projects targeted towards specific populations and household types, as shown in Table 3 above. The largest category of targeted projects is for families, which, with 599 units, accounts for 26% of all affordable units in the study area. An additional 392 (17%) and 128 (6%) units are for senior and special needs tenants, respectively. While several of these are LIHTC projects, there are

also a number built under the Section 202 program, which carries its own eligibility requirements. Section 202 provides subsidy to non-profit developers building senior housing, initially through loans and now, since 1990, with grants, a three-year operating subsidy, and project rental assistance payments (PRAC) (Edson 2011, 198-199). Section 202 projects carry a 40-year affordability contract, with no prepayment of loans to end affordability earlier (HUD 2010, 1). Units in these projects are dedicated to Very Low-Income residents age 62 and over, as well as multi-person households with one eligible senior, and are required to provide a number of supportive services, including transportation, housekeeping assistance, and voluntary meals programs. Tenants pay 30% of their monthly-adjusted income or 10% of their gross income, whichever is higher (HUD 2010, 1.5).

### *Affordable Housing Eligibility*

In addition to income requirements, there are a number of requirements common to all HUD-subsidized affordable housing units, regardless of program. Most notably, only citizens, permanent residents, or refugees and people with asylum status are eligible for rental assistance, which would exclude undocumented immigrants and those with other immigration statuses from Section 8 units or from Section 202 units built after 1990. This is very significant for neighborhoods with large immigrant populations like Pacoima; the 2017 American Community Survey reports that 36.% of adults in the neighborhood are not citizens, a figure that is likely higher in reality, as undocumented immigrants are typically undercounted (United States Census Bureau 2013-2017). However, these restrictions do not apply to Section 202 projects that do not receive

Section 8 or other forms of rental assistance, including all of those in the study area, or to LIHTC projects, as LIHTC is not a rental assistance program (HUD 2013, 3.4, 3.25-3.39). This makes for a total of 850 affordable units in the study area that are available to residents without eligible statuses, amounting to just 36.54% of the units in the study area. Tenants are also screened for criminal records, “drug-related criminal behavior,” use of drugs or alcohol that would be considered to interfere with other residents, and sex offender registration; people with records of drug use or criminal activity are prohibited unless they have completed an approved rehabilitation program (HUD 2013, 4.19-4.21). This, of course, can exclude people who have struggled with substance abuse in the past or who have been convicted of nonviolent crimes, though project owners are allowed to consider cases individually based on the nature of the offense, the applicant’s degree of rehabilitation, and the potential effects on other household members and other residents. Finally, owners are allowed to deny tenancy to applicants with poor credit histories or whose ability to pay rent would be in doubt (HUD 2013, 4.19-4.21, 4.24). This means that affordable housing units may not actually be serving households with the greatest financial need.

Owners of HUD-subsidized units cannot refuse to renew a lease without just cause, just as they would for terminating a lease mid-term. Just causes for either form of eviction include lease violations, fraud in applications or documents submitted, drug abuse, and criminal activities (HUD 2013, 8.11). Nonpayment of rent is also a just cause, but is subject to regulation under state laws. In California, households that are unable to pay rent can apply for a hardship exemption, which grants them a 90-day protection from

eviction; this must be granted if the household's income has decreased due to loss of employment or a death in the family, or if the household would have to pay more than 50% of their monthly income. If the financial hardship is determined to be short-term, the tenant and owner are expected to come to an agreement regarding the payment of the back rent owed once the period of hardship is over (HACLA 2019, 29-30).

### *Public Housing*

In addition to these privately-owned HUD-subsidized units, there are 448 units of public housing at San Fernando Gardens, owned by the Housing Authority of the City of Los Angeles (HACLA) (Los Angeles Open Data 2016). Requirements for these units are similar to those for HUD units, but residents without exemptions due to age or disability must complete 8 hours of community service or "self-sufficiency activities" per month, in accordance with federal requirements (HACLA 2018, 9-10). Newly admitted tenants must be at least 40% Extremely Low-Income and at most 40% Very Low-Income and 20% Low-Income, according to the HUD definitions mentioned previously (HACLA 2019, 16). Applicants are given preference if they work at least 20 hours per week at minimum wage or are attending higher education full-time or at least 20 hours per week, are income self-sufficient, are members in or veterans of the military, or are disabled and/or age 62 or over (HACLA 2019, 13-14). In many cases, these preferences would favor the applicants who are *not* the most in need.

### *Conclusion*

The greatest advantage of formal affordable housing in Pacoima is its stability—contracts have set affordability periods that last for decades, ensuring that units will maintain their current level of affordability even in the face of changes to local rents. Given that a substantial portion of the affordability contracts in and around the TCC project area will expire in the coming years and may not be renewed, development of new affordable housing in the neighborhood is certainly necessary as a means to address existing housing needs and prevent future displacement. Many residents, however, are excluded from these units, whether by law or in practice. Undocumented immigrants and immigrants with temporary status are barred from most of the area’s affordable units, while applicants with criminal records, substance abuse issues, or financial instability are likely to be rejected, either due to HUD regulations or the discretion of building owners. These more marginalized residents are dependent on housing that is affordable without subsidy, which in Pacoima often takes the form of ADUs. As necessary as it is, preservation and expansion of Pacoima’s affordable housing supply cannot address the community’s housing needs alone.

*Appendix: All Affordable Housing Projects in Study Area*

| Project Name | Address                            | ZIP                      | Total Units | Affordable Units | Section 8 Units | Other Subsidies | Target        | Year in Service | Contract Expiration |
|--------------|------------------------------------|--------------------------|-------------|------------------|-----------------|-----------------|---------------|-----------------|---------------------|
| Project Area | Laurel Canyon Terrace              | 91331                    | 52          | 52               | 52              | None            |               | unavailable     | unavailable         |
|              | Laurel Village                     | 91331                    | 80          | 79               |                 | LIHTC           |               | 2015            | 2045                |
|              | Osborne Gardens Apts               | 91331                    | 51          | 50               |                 | LIHTC           | Families      | 2008            | 2038                |
|              | Osborne Place Apts                 | 91331                    | 64          | 62               |                 | LIHTC           |               | 2012            | 2042                |
|              | Palm Village Senior Apartments     | 9050 Laurel Canyon Blvd. | 91352       | 58               | 57              | Section 202     | Seniors       | 2008            | 2048                |
|              | Pledgerville Senior Citizens Villa | 11060 Norris Ave.        | 91331       | 94               | 93              | None            | Seniors       | 1984            | unavailable         |
|              | Villa Del Sol Apts                 | 11971 Alleghany St.      | 91352       | 103              | 101             | LIHTC           | Families      | 2006            | 2021                |
|              | Arminta North & South              | 11038 Arminta St.        | 91352       | 60               | 12              | LIHTC           |               | 1988            | 2018                |
|              | Arleta Park Apartments             | 14104 Van Nuys Blvd.     | 91331       | 24               | 24              | None            |               | 1985            | unavailable         |
|              | Budlong Manor                      | 11998 Terra Bella St.    | 91342       | 60               | 59              | None            |               | 1984            | unavailable         |
| Study Area   | Glenoaks Gardens                   | 8925 Glenoaks Blvd.      | 60          | 60               | 48              | LIHTC           | Special Needs | 1983, 2011      | 2043                |
|              | Hillview Village                   | 12408 Van Nuys Blvd.     | 50          | 49               |                 | LIHTC           | Special Needs | 1993            | 2023                |
|              | Lakeview Terrace Apts              | 12500 Filmore St.        | 128         | 125              | 74              | LIHTC           | Families      | 1969, 2001      | 2031                |
|              | Lorne Park                         | 11111 Strathern St.      | 72          | 72               |                 | LIHTC           | Families      | 1991            | 2021                |
|              | Mid Celis Apts                     | 1422 San Fernando Rd.    | 19          | 19               |                 | LIHTC           | Special Needs | 2013            | 2043                |
|              | Nikkei Village                     | 9551 Laurel Canyon Blvd. | 100         | 99               | 99              | None            |               | unavailable     | unavailable         |
|              | Pendleton Arms                     | 8400 Laurel Canyon Blvd. | 56          | 56               | 56              | None            |               | 1979            | unavailable         |
|              | San Fernando Community Housing     | 133 Park Ave.            | 62          | 61               |                 | LIHTC           |               | 2013            | 2043                |
|              | San Fernando Senior Housing        | 101 Park Ave.            | 98          | 96               |                 | LIHTC           | Seniors       | 2006            | 2036                |
|              | Silvercrest Lake View Terrace      | 11840 Foothill Blvd.     | 73          | 72               |                 | Section 202     | Seniors       | 2004            | 2044                |
| Study Area   | Strathern Court                    | 91352                    | 93          | 92               | 92              | None            |               | 1984            | unavailable         |
|              | Strathern Park                     | 91352                    | 185         | 185              |                 | LIHTC           | Families      | 1991            | 2021                |
|              | Sunland Park Apts                  | 10836 Roycroft St.       | 120         | 120              | 120             | None            |               | 1969            | unavailable         |
|              | TELACU Las Flores                  | 12793 Mercer St.         | 75          | 74               |                 | Section 202     | Seniors       | 1998            | 2038                |
|              | Van Nuys Pierce Park Apts          | 12700 Van Nuys Blvd.     | 430         | 426              | 430             | LIHTC           |               | 1977, 1999      | 2029                |
|              | Vineland Place                     | 7843 Vineland Ave.       | 18          | 18               |                 | LIHTC           | Families      | 1995            | 2021                |
|              | Willow Tree Villages               | 12000 Foothill Blvd.     | 49          | 48               |                 | LIHTC           | Families      | 2001            | 2021                |
|              | Woodman Nordhoff Apartments        | 9135 Woodman Ave.        | 80          | 65               | 65              | None            |               | 1980            | unavailable         |



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**Mobile Home Parks at Risk of Displacement:  
An Analysis of Ways Residents Have Resisted Displacement**

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**Abstract**

About 20 million Americans live in mobile homes, which offer unsubsidized, relatively affordable homeownership that primarily serve low-income households. Unfortunately, mobile homes are often disregarded as significant contributors to the affordable housing stock, leaving park residents at risk of being displaced as land values rise and redevelopment pressures persist. Pacoima is seeing an influx of change with the development of high-speed rail, real estate development and large investments like the Transformative Climate Communities (TCC) grant, leaving a number of residents at risk of displacement. As planning initiatives and development trends continue to affect land values, Pacoima's mobile homeowners are particularly vulnerable. This paper documents past community organizing efforts to resist displacement that can provide a framework for Pacoima residents. I will examine cases of other cities that have faced similar issues of displacement as a result of new development. Multiple options have emerged as viable strategies to resist the displacement of mobile home residents and ensure long-term security. These strategies include establishing a manufacturing home zoning district, selling the land to a third party committed to manage affordable housing property or out-right purchasing the land and establishing a co-op community.

## **Introduction**

About 20 million Americans live in mobile homes—also called manufactured homes because they were built in a factory, rather than on site. Mobile homes offer unsubsidized, relatively affordable homeownership that primarily serve low-income households. Unfortunately, mobile homes are often disregarded as significant contributors to the affordable housing stock, leaving park residents at risk of being displaced as land values rise and redevelopment pressures persist. As “half-homeowners,” mobile home residents are uniquely susceptible to displacement, since they typically own their mobile home but not the land on which their home is located. In addition, any rapid growth near the neighborhood can create premiums on underdeveloped lands—thus making manufactured home communities a prime target for developers of both commercial and residential properties.

Pacoima is seeing an influx of change with the development of high-speed rail, real estate development and large investments like the Transformative Climate Communities (TCC) grant, leaving a number of residents at risk of displacement. Displacement is characterized as the forced movement or removal of people that do not wish to move but have no choice due to external forces (Community Action for Safe Apartments, 2017). Moreover, it draws attention to the reasons and forces that cause their movement and who benefits from them leaving. More often than not, displacement is about race and class in which the history of land use and forced movement have disproportionately affected immigrant, working class, and people of color.

Displacement and its disproportionate impacts are no different in Pacoima. According to Prosperity Now, an increasing number of mobile home parks are becoming predominantly Latinx. Though it is hard to get exact figures, the organization estimates that Latinxs represent a larger part of the mobile home population than the population at large (National Consumer Law Center, 2017). Out of the 57 mobile home parks in Los Angeles, a majority of the parks concentrated in the San Fernando Valley and San Pedro areas. Two major mobile home parks lie within the Pacoima TCC project area: Glenoaks Mobile Home Park with 70 lots (Census Tract (CT) 1047.03) and Shelter Isle with 60 lots (CT 1047.04). Within a mile of the study area there are three mobile home parks with over 300 additional lots: Shadow Hills with 96 lots (CT 1041.05), Blue Star Mobile Park with 186 lots (CT 1042.04), and Laurel Canyon Mobile Home Estates with 60 lots (CT 1212.10). According to the U.S. Census Bureau, these tracts are relatively small and predominately Latinx. Therefore, we can assume the five mobile home parks within these census tracts are home to mostly Latinx residents which aligns with Prosperity Now's finding that Latinxs make up a larger portion of the mobile home population.

As planning initiatives and development trends continue to affect land values, Pacoima's mobile homeowners are vulnerable. This paper documents past community organizing efforts to resist displacement that can provide a framework for Pacoima residents. Given the lack of scholarship on this housing type in Los Angeles, it is difficult to contextualize the experiences of these mobile home residents. As a result, I will examine cases of other

cities that have faced similar issues of displacement as a result of new development. Multiple options have emerged as viable strategies in resisting displacement of Pacoima mobile home parks and ensure residents' long-term security. These strategies include establishing a manufacturing home zoning district, selling the land to a third party committed to manage affordable housing property or out-right purchasing the land and establishing a co-op community.

### **Background**

Although mobile homes provide an alternative housing option for low-income individuals, they don't receive similar attention compared to other instances of displacement. This is a result of deep-rooted stigma in American culture that pinned mobile homeowners, particularly those within parks, as second-class citizens (Sweaney, 2006). This lack of empathy has left these sites viewed in an unfavorable light, leaving these residents more vulnerable to displacement.

Like other affordable housing residents, mobile homeowners are in a precarious situation given their limited income and financial resources. The national median family income for mobile homeowners was roughly half of that of non-manufactured homeowners (Foremost Insurance Group, 2008). In addition, the overall median monthly housing expenses for mobile homeowners in parks is approximately 44 percent of the median monthly housing expenses for site-built homeowners (U.S. Census Bureau, 2017). Adult

residents of mobile homes also have lower levels of formal education and nearly two-thirds lack education beyond high school (Whoriskey, 2019).

Though displacement has often been seen as renters or homeowners being forced out of their residence at the hands of recent development or rising rent or land values, it is important to note that mobile home displacement issues are not all that different than those faced by home and apartment renters. In fact, mobile homeowners face a much larger issue of moving their home in addition to all of their belongings. A misconception of mobile homes is that they are “mobile” when in fact less than 37 percent of mobile homes have been moved after initial siting (U.S. Census Bureau, 2017). The U.S. Department of Housing and Urban Development does not allow relocation of units manufactured before 1976. And, according to the 2017 American Housing Survey, nearly 40 percent of manufactured units were made prior to 1976. Although it is possible for some later-model mobile homes to move between lots, many units are not structurally fit to withstand relocation and those that are must pay a high cost for relocation, ranging from \$5,000 to \$10,000 (National Consumer Law Center, 2017).

### **Legal and Regulatory Landscape**

Mobile home regulations are quite complex. California state law, like the Mobilehome Residency Law, governs many aspects of mobile home rental agreements such as lease requirements, utility connection, and causes for eviction. California requires park owners give residents a 90-day advance written notice of a rent increase. State law also requires

that park owners give residents a 15-day written notice that the park management will request a land use change permit from a local board or planning commission. If approved, the park must give residents a 6-month notice of termination (California Civil Code). Furthermore, Los Angeles requires landlords provide relocation assistance—ranging from \$7,800 to \$19,500 based on AMI and tenure— to tenants for an eviction based on change of land use (LAMC §151.22).

While California does not regulate rent increases in a mobile park, the City of Los Angeles has a rent stabilization ordinance (RSO) that protects tenants from excessive rent increases. Mobile homes in mobile parks—whether rent is paid for the mobile home and the land, or for the land alone—with a permit to operate issued before February 10, 1986 are subject to RSO. The annual allowable rent increase is based on the Consumer Price Index averaged from the Long Angeles-Long Beach-Anaheim areas on September 30 of each year. Since 2010, a 3% annual increase has been allowed (LAMC §151.06). Homes with permits to operate issued after that date are not protected from rent increases. In addition, mobile home leases of more than 12 months are exempt from RSO and buyers or prospective residents may not have the option to reject a long-term lease (California Civil Code §798.17).

### **Redevelopment Pressures**

Mobile home parks are seen as attractive land for redevelopment because of their size and lack of permanent buildings to demolish before new construction can begin.



Redevelopment pressures that have threatened mobile homeowners since the 1980s have recently increased. Since the 2008 financial crisis, and as an aging generation of “mom-and-pop” owners and corporate park operators cash out, a new breed of investors bent on raising rents or selling property to increase returns has bought up a growing share of the market. Large private equity firms and institutional investors have entered the manufactured housing sector in recent years, purchased mobile home communities, and raised rents or partnered with organizations to develop alternative land uses (Private Equity Stakeholder Project, 2019). The mobile home industry is becoming a commodity and interest is so high that courses like Mobile Home Park University—an intensive, three day course on how to strike it rich operating in the trailer-park business—have been crafted to teach investors to successfully enter the sector and either raise rents or develop the land for higher-paying uses (Rivlin, 2014). In fact, real estate investment trusts (REITs) with sizable exposure to manufactured housing outperformed Bloomberg’s REITs index in 2017 and 2018 (Tan, 2018). REITs and private equity firms invest in order to increase their capital, and in this case, mobile home investments do not lead to affordable housing. With these investments proving to be more profitable than other real estate investments, it is expected more investors will enter the mobile home community market. Table 1 shows a few of the largest mobile home park acquisitions by private equity in recent years.

Table 1: Recent Private Equity Investments in Manufactured Home Communities

| <b>Previous owner</b> | <b># of Lots</b> | <b>Private Equity Owner</b>                             | <b>Acquisition Year</b> | <b>Owner Assets</b> |
|-----------------------|------------------|---|-------------------------|---------------------|
| Yes! Communities      | 44,600           | Government of Singapore Investment, Stockbridge Capital | 2016                    | \$418 billion       |
| RHP Communities       | 33,010           | Brookfield Asset Management                             | 2016                    | \$283 billion       |
| RV Horizons           | 31,652           | TPG Capital   | 2016                    | \$94 billion        |
| Inspire Communities   | 13,000           | Apollo Global   | 2017                    | \$270 billion       |
| Horizon Land Company  | 10,200           | Federal Capital Partners                                | 2018                    | \$30 billion        |
| Treehouse Communities | 4,000            | Blackstone Group  | 2018                    | \$457 billion       |

Source: Private Equity Stakeholder Project

### **Organizing**

The continued impact of large private equity firms and institutional investors entering the manufactured home market as well as (re)development on site and in the surrounding areas have left mobile homeowners in a precarious situation. In many areas of the country, mobile home park losses to redevelopment have already been proven as problematic. At least 1,300 low-income mobile home households in Austin, Texas may be displaced in the coming years due to redevelopment in addition to the hundreds that are already displaced (Amaro, 2017). At the same time, mobile homeowners across the country are finding there are few protections to prevent them from being kicked out of

their parks at an owner's or developer's whim. In an effort to fight back, residents have adopted different organizing approaches, be it grassroots, nonprofit partnership, creation of resident associations, or a combination of the three to take control of the land and build community.

In some instances, nonprofits have gotten involved to assist in organizing efforts. For example, Manufactured Housing Action (MHAction) is a growing national movement of mobile home residents that recruits, trains, and coaches manufactured home residents to be community organizers (MHAction, n.d.). They offer organizing resources like door knocking trainings, letter to the editor templates, local campaign guides, and facilitation and listening exercises.

Also, mobile homeowners have created resident associations, funded through membership fees, as a formal, structured vehicle to organize the base, strategically negotiate with owners, and promote residents' needs. Resident Associations require at least 51 percent of the households in the community to be members of the association and elections which chose leaders of the association (National Manufactured Home Owners Association).

Mobile home communities have also fought for increased government support and encouraged park sales to third-parties who will manage the land as affordable housing. In Boulder, Colorado; Albuquerque, New Mexico; and Tumwater, Washington, mobile

homeowners lobbied city officials to establish a manufactured home zoning district to preserve existing affordable housing in response to owners closing their parks and selling the land for development. In other areas, mobile homeowners have encouraged park owners to sell to a third party, like a non-profit housing provider or land trust, committed to managing the property as affordable housing. Yet in other cases, homeowners have out-right purchased their mobile home communities as a co-op.

The following section details the outcomes of mobile homeowners' organizing efforts around the country to fight displacement.

#### *Increase Government Support*

Beginning in 1985, mobile home residents in Boulder, Colorado fought for the city to create distinct zoning districts for mobile home parks (Boulder City Council, 2015). In City Council meetings, residents testified to their vulnerability and the power imbalance between owners and residents (Boulder City Council, 2015). If the existing zoning allows for another use, a developer can demolish the park without permission from council or the planning commission. Contrarily, a mobile home specific zone would require landowners who wish to redevelop to apply for a zoning change, contact local officials, and go through the public rezoning process, allowing residents a chance to organize and testify at local commissions. Boulder City Council approved an ordinance in hopes it would provide extra protections to the low-income residents of the city's mobile home

parks. Mobile homeowners organized similar campaigns in Albuquerque, New Mexico and Tumwater, Washington.

Since then, mobile homeowners have continued to push the Boulder city officials to protect their homes from displacement. In 2017, the City of Boulder purchased a 6.5-acre park, Ponderosa Mobile Home Park, to ensure long-term affordability and complete postponed infrastructure upgrades. 67% of the 190 Ponderosa residents are extremely-low income (below 30% Average Median Income). Boulder's Deputy Director of Housing said "[The city] met with many of the residents at Ponderosa and we will work with this tight-knit community that exists, to create a resiliency and permanent affordability as well as long-term sustainable infrastructure" (City of Boulder, 2017). One resident stated that city officials met and listened to residents demands for hundreds of hours throughout the acquisition process (Niedringhaus, 2019).

Similarly, in 2017 mobile homeowners from Portland, Oregon's Oak Leaf Mobile Home Park engaged with city officials to stop their park from being redeveloped. As a result of this engagement, the city's housing bureau financed a deal that saved the mobile home park from being sold by an absentee landlord to a developer. The city department used a combination of federal Community Development Block Grant and excise taxes to fund the \$1.5 million purchase of the 30-unit park in order to avoid eviction and rehabilitate the park (Quinton, 2017). The city ultimately plans to partner with a local nonprofit to operate the park.

Furthermore, resident associations across the country have pushed to make it easier for sales to residents. Oftentimes, it can be more profitable for park owners to sell to prospective redevelopers because they'll pay premium prices, based on their expected future returns. To encourage owners to engage with residents during the selling process, a number of states, including Montana, North Carolina, Washington and Oregon provide tax incentives when a manufactured home community owner sells the community to the residents or a nonprofit buyer (Quinton, 2017). A tax credit that rewards owners who sell to residents makes resident purchase considerably easier and more realistic (National Consumer Law Center, n.d.). Even better, a policy that ensures community residents have a guaranteed opportunity to bid when their communities are for sale gives them equal rights with other potential buyers. Though I could not find any instances where legislation like this was in place, resident associations have organized campaigns around a first right of refusal policy that allows residents the first opportunity to buy before other potential buyers can put in a bid.

Coupled with the RSO protections for Pacoima mobile homeowners, distinct zoning districts dedicated to mobile homes could prove to be an effective route to displacement avoidance. Though Los Angeles does have a Mobilehome Park Zone (RMP), not all of Pacoima's mobile home parks lie on land designed RMP. In addition, the regulations allow for single family dwellings to be built on the land as well, undermining the protections the zone is supposed to provide (LAMC §12.09.3). Improved mobile home

zoning regulations, state level policies, and commitment from the City of Los Angeles to assist for-sale mobile homes, could reduce the displacement risk Pacoima's mobile park residents face today.

*Encourage Sale to a Third-Party or Resident-Owned Cooperative*

In an effort to build economic autonomy, mobile homeowners have also organized to encourage their parks be sold to a third-party who will ensure affordability. Affordable housing advocates say the best way to preserve mobile home parks is to turn them into cooperatives owned by residents, but in some instances, it is unlikely that low-income residents are able to finance the purchase alone or access the capital needed to out-right purchase their community. Selling the park to a third-party, like a nonprofit housing provider committed to managing the property as affordable housing. This model is common in areas with high land costs or at parks requiring extensive, high-cost infrastructure upgrades. This is seen in Marin County, California where the San Geronimo Valley Affordable Housing Association agreed to purchase a 19-unit mobile home community for \$1.5 million in order to avoid displacement of the parks' low-income, senior residents as well as keep the units in perpetuity, meaning forever affordable (Evans, 2017).

But, new financing programs, and non-profit partnerships, have made resident ownership of mobile home communities a real possibility to prevent parks from being sold or closed for redevelopment—even for households with fixed or low incomes. In the case or

resident-owned parks, homeowners have several options. Residents have taken ownership through different models: either through the creation of a nonprofit, which provides tax exempt status, or through a co-op, which is a more involved process but has the lowest cost per unit—or some combination of both. Most commonly, mobile homeowners form a cooperative—which can also be a nonprofit organization in some cases—in which each household is a member. The cooperative then owns the land and manages the operations needed in the community. Members continue to own their homes individually as well as an equal share of the land beneath the entire neighborhood.

The push toward resident ownership began in New Hampshire in 1984 when families in Meredith Center Trailer Park were poised to lose their homes to a developer who wanted to buy the park and evict them. Residents approached a local nonprofit, New Hampshire Community Loan Fund (NHCLF), for help (Bradley, 2012). NHCLF suggested the families form a cooperative and then loaned them the money to buy the park. NHCLF continued to work with other New Hampshire communities over the years and eventually partnered with Prosperity Now and Capital Impact Partners—with support from the Ford Foundation—to form a coalition of nonprofits to serve one mission: To make quality resident ownership viable nationwide and expand economic opportunities for homeowners in manufactured home communities (ROC USA, n.d.). Resident-Owned Communities USA (ROC USA) officially launched in 2008. Typically, residents at risk of displacement contact ROC and work collectively to come up with a plan to save their park. They then work with ROC's technical assistance provider, which trains residents in



finance and park management. Technical assistance will be provided throughout the term of the mortgage--a minimum of 10 years.

As of today, more than 20 percent of mobile home parks in New Hampshire are now owned by residents. Vermont, Massachusetts, and Rhode Island have also converted a substantial percentage of their manufactured home communities to resident or nonprofit ownership (National Consumer Law Center, n.d.). Communities as large as 430 homes and as small as four homes have joined a cooperative ownership model. Though most of the resident-owned communities are in the Northeast region of the country, the West coast has recently seen growth. California is now home to 192 mobile home cooperatives, though none are located within Los Angeles city limits (Mobile Home Park Home Owners Allegiance, 2019).

According to research conducted by the Carsey Institute at the University of New Hampshire, resident owned parks have lower and more stable lot rents after three years of ownership than their investor-owned counterparts (Ward et al, 2010). Since their 1992 conversion, South Parrish Road Cooperative in Concord, NH has seen stable recent for nearly three decades. Member payments have increased just \$30 per month in that time, which is the same amount by which rents have increased in the three years before they cooperatively purchased (Bradley, 2012). Stabilized rents allowed homeowners to invest in their homes and community, enhancing property values, potential home resale values, and most importantly residents' quality of life. The empowerment of ownership spurs

homeowners to take better care of and reinvest in their homes, driveways, and yards and to help neighbors who aren't able to do the same. Many residents post co-operative creation report a tighter knit community as residents know each other more intimately because of their work to run the park via various committees.

### **Conclusion**

I recommend Pacoima adopt the described community organizing strategies to ensure the 400+ mobile homeowners in Pacoima avoid displacement and have the best possible outcome. Mobile homeowners can do one or a combination of the following: gather City of Los Angeles support to create distinct mobile park zoning districts, encourage park owners to sell the land to a third party, or purchase the land themselves through the formation of a resident co-operative.

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Running Head: Mobile Home Parks in Pacoima, CA

Data on Mobile Home Parks in Pacoima, CA

Stephanie Law

UP 217 Comprehensive Project White Paper

UCLA 2019

## **Abstract**

I provide an overarching review of mobile home parks and how mobile home park residents are susceptible to displacement. I will begin with exploring the benefits and challenges of mobile home ownership and then discuss the unique vulnerability of mobile home park residents in relation to gentrification, eviction, and displacement. I will begin with a large geographical scope and end with a narrower lens, focusing on the three mobile home parks in Pacoima, CA: Shelter Isle Mobile Estates, Shadow Hills Mobile Home Park, and Glenoaks Mobile Manor. I seek to provide more clarifying data on mobile homes in Pacoima as there is currently a lack of reliable data on this specific population of residents that reside in Pacoima mobile home parks. More specifically, I discuss vacancy rates, monthly land lease costs, and neighborhood amenities surrounding the three sites. Lastly, I argue that further research should be conducted using the preliminary results found in this piece to address potential displacement and formulate a proactive strategy to protect Pacoima's mobile home residents.

*Keywords: Pacoima, mobile homes, mobile home parks, displacement, gentrification*

## **Introduction: Benefits and Challenges**

Mobile home (manufactured home) parks have historically been an important source of affordable housing. Mobile homes offer the largest source of unsubsidized affordable housing in the United States providing shelter to around 6% of Americans which pens out to roughly 18 million people (Sullivan 2017), although this number may be higher. Hallie Golden of CityLab indicated that mobile homes are “typically the least expensive option when it comes to unsubsidized housing, serving households with a

## Mobile Home Parks in Pacoima, CA

median annual income of about \$30,000” (Golden 2018). Mobile homes have historically provided housing for low income residents, seniors, and residents with disabilities, yet many are at high risk of removal from our cultural landscape. The redevelopment of mobile home parks can cause severe challenges for their residents as many have difficulty affording the relocation process or simply cannot identify any affordable replacement housing due to our nation’s persistent affordable housing shortage. Additionally, there is another layer of exploitation of mobile home owners who are typically already living on a very limited income. Mimi Kirk of CityLab discusses the loan process for purchasing mobile homes. Kirk states that most residents take out a chattel loan “similar to one you would get for a car, as mobile homes are generally classified as “chattel”—personal property as opposed to real estate” (Kirk 2017) Kirk explained that “people were paying exorbitant interest rates—sometimes 13.5 percent or more—for property that, like a vehicle, loses as much as half its value in three years” (Kirk 2017). The potential for resale is low for many of these mobile homes as their value depreciates over time, making it difficult on homeowners to leverage any profit to move should they be evicted and displaced. Many mobile homes are too old to withstand a move, and those that were manufactured before June 15, 1976 are prohibited from being sited as they predate federal safety standards (HUD 2018). This leaves mobile home owners with no option of relocating should they even identify an opening. Many mobile home residents are in a unique situation as they own their mobile home, but they rent the land their mobile home is situated on from the land owner or landlord. The advantage mobile homes offer, affordable housing, also happens to be its downfall. Mobile homes offer a gateway to homeownership, however, the land mobile homes sit on is typically



## Mobile Home Parks in Pacoima, CA

privately owned and at greater risk of being sold. Real estate is in a crisis with far too little land and much higher demand skyrocketing the price of land, and aging mobile home parks can prove to be expensive to maintain resulting in a loss of profit for the park owners (Bear 2018). The maintenance factor compounded with the temptation for these mobile home park owners to sell their land for a premium is far too great. There is not a lot of tenant protection in mobile home parks as residents are typically not privy to advanced notice to vacate or having relocation costs covered, and the decision to close a mobile home park for redevelopment does not typically involve the voices of those who are at risk of being displaced. Additionally, land speculation is an alarming concern as corporate investors intentionally target certain prime pieces of land for redevelopment which can lead to eviction and displacement of vulnerable residents.

### **Pacoima, CA**

The city of Pacoima is no exception to the mobile home park conversation. Pacoima is home to three large mobile home parks: Shadow Hills Mobile Home Park, Glenoaks Mobile Manor, and Shelter Isle Mobile Estates. The only seemingly reliable source for these three mobile home park sites is Mobile Home Village ([mhvillage.com](http://mhvillage.com)), and this website has very limited information on each mobile home park. However, from this website, it appears that Shelter Isle Mobile Estates has 260 total sites, Shadow Hills Mobile Home Park has 96 total sites, and Glenoaks Mobile Manor has 70 total sites (Mobile Home Village 2019). This brings the total number of mobile homes to 426 in Pacoima. There is a lack of accurate research and information for mobile home parks in Los Angeles County as a whole, and even less so on these three specific mobile home

## Mobile Home Parks in Pacoima, CA

parks in Pacoima. None of these three mobile home parks have their own website or operate any type of rental or homeownership listing website where potential renters are able to locate pertinent information such as vacant sites and rental prices. The conditions of the existing mobile homes in Pacoima is also largely unknown as well as the demographics and oral histories of the residents.

The following is information gathered regarding the three Pacoima mobile home parks. The land values, owner changes, sale amounts, parcel areas, and zoning were obtained from ZIMAS. Information about rental prices for vacant sites and prices for mobile home sales is severely limited on a mixture of traditional home and rental listing sites including Redfin, Zillow, and Apartments.com. All of the sites indicate “no matching results” or “not for sale” when the mobile home park addresses are searched. In addition to the secondary research, I completed original research in order to acquire current data on the three mobile home parks which is included below.

### *Shelter Isle Mobile Estates*

|                     |   |
|---------------------|---|
| Address             | 10965 Glenoaks Blvd, Pacoima, CA<br>91331                             |
| Main Parcel         |   |
| Parcel Number       | 2536013007  |
| Assessed land value | \$969,216   |
| Owner               | Howard Helms Industrial Project<br>127 W Ortega St, Santa Barbara, CA |
| Last Owner Change   | 3/1/06  |

## Mobile Home Parks in Pacoima, CA

|                                |                 |
|--------------------------------|-----------------|
| Last Sale Amount               | \$0             |
| Lot/Parcel Area                | 531,568.3 sq ft |
| Zoning                         | RMP-1 CUGU      |
| 10 Additional Adjacent Parcels |                 |
| Total Lot/Parcel Area          | 411,740.3 sq ft |
| Zoning                         | RMP-1 CUGU      |

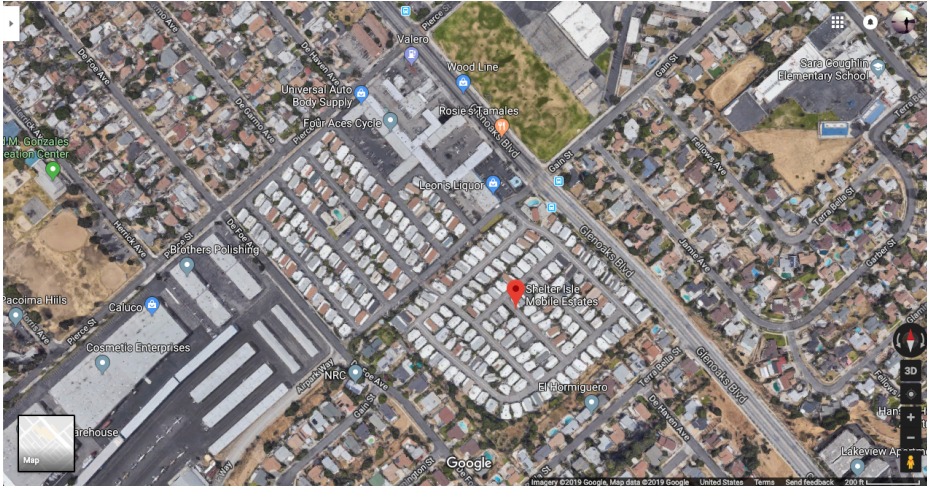
Sources: ZIMAS, Google Maps, LA County Assessor's Office 2019

Shelter Isle Mobile Estates is fairly accessible to transit. The Glenoaks/Gain 92 bus stop is located directly outside the entrance of the park, and the park is two blocks away from the future light rail that will be traveling down Pacoima's main corridor, Van Nuys Blvd (Google 2019). Additionally, the park sits diagonally across from Maclay Middle School and is one block away from Coughlin Elementary School (Google 2019).

I spoke with the mobile home park's staff, and there are currently no vacant sites or homes for sale. Four homes closed a month ago, and homes do not typically become available quickly as the mobile homes are the residents' primary homes. This mobile home park does not rent out any homes and is strictly for homeowners. The homes have to be purchased directly through the owners, and the mobile home park does not advertise any vacancies online. Potential homebuyers have to contact the mobile home park frequently to inquire about any vacancies. The park staff indicated that the land lease ranges from \$530 to \$1,200 a month on top of the purchasing cost of the mobile home. This land lease price varies as the price increases 10% each time the home is sold. The

## Mobile Home Parks in Pacoima, CA

most recent two homes sold in the park went for \$65,000 (2 bed, 2 bath) and \$80,000 (3 bed, 2 bath).



Source: Google Maps



Source: Google Maps

### *Glenoaks Mobile Manor*

|                       |  |
|-----------------------|--|
| Address               | 10471 Glenoaks Blvd, Pacoima, CA 91331 |
| One Contiguous Parcel |  |
| Parcel Number         | 2537001025                             |
| Assessed land value   | \$1,080,643                            |

## Mobile Home Parks in Pacoima, CA

|                   |   |
|-------------------|---|
| Owner             | Unknown to 2017 LA County Assessor's Office 2017 parcel roll data set |
| Last Owner Change | 4/17/01   |
| Last Sale Amount  | \$1,400,014   |
| Lot/Parcel Area   | 156,991.2 sq ft   |
| Zoning            | RA-1 CUGU   |

Sources: ZIMAS, Google Maps, LA County Assessor's Office 2019

Glenoaks Mobile Manor sits directly between the Glenoaks/Osborne and Glenoaks/Montague 92, 166, 364 bus stops (Google 2019). Glenoaks Mobile Manor's location is also further away from the future light rail that will travel down Van Nuys Blvd (Google 2019). Additionally, this park is more removed from the city center and is not adjacent to any schools. This mobile home park is directly across the street from Hansen Dam Recreational Park and two streets over from Branford St, also known in the city as "Auto Dismantler Row" (Google 2019).

I spoke with the mobile home park's staff, and there are currently no vacant sites or homes for sale. The staff indicated that this mobile home park typically does not have vacancies as most of the residents are homeowners who have been living in the park for more than twenty years and do not wish to move. The park staff explained that the homeowners cannot sublease their homes either which makes it more difficult to move. There are seven rental sites apart from the rest of the owned homes, however these rental homes typically do not become vacant either as the renters are on two year contracts which are almost always renewed. The park staff indicated that for homeowners, the land lease is \$675 plus utilities (water, electricity, and trash) a month on top of the purchasing

## Mobile Home Parks in Pacoima, CA

cost of the mobile home, and for renters, the rent is \$1,500 (flat rate for a 2 bedroom, 2 bathroom) and \$2,100 (flat rate for a 3 bedroom, 2 bathroom).



Source: Google Maps



Source: Google Maps

Mobile Home Parks in Pacoima, CA

*Shadow Hills Mobile Home Park*

|                       |  |
|-----------------------|--|
| Address               | 12600 Van Nuys Blvd, Pacoima, CA<br>91331  |
| One Contiguous Parcel |  |
| Parcel Number         | 2532008008   |
| Assessed land value   | \$788,065  |
| Owner                 | Joanne Adger and Dolia Adger of Adger<br>Family Trust<br><br>22880 Savi Ranch Pkwy, Yorba Linda,<br>CA 92887 |
| Last Owner Change     | 1/2/04   |
| Last Sale Amount      | \$0  |
| Lot/Parcel Area       | 338,781.2 sq ft  |
| Zoning                | RMP-1 CUGU   |

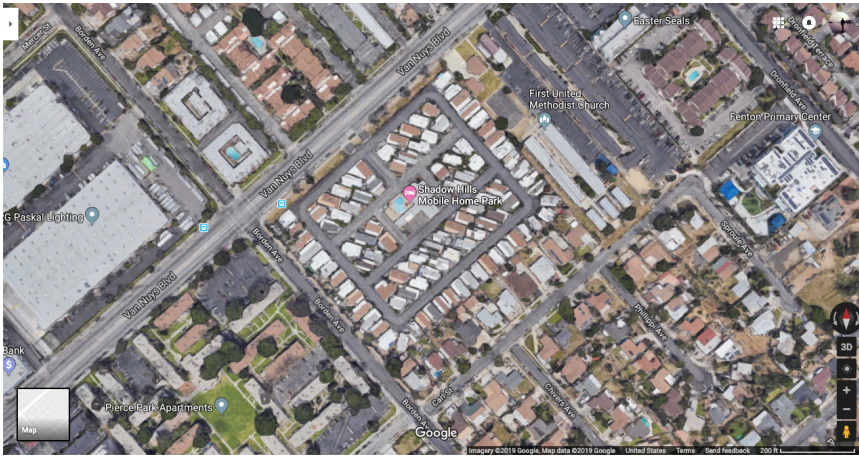
Sources: ZIMAS, Google Maps, LA County Assessor's Office 2019

Shadow Hills Mobile Home Park is very transit friendly. The Van Nuys/Borden 233 bus stop is located directly outside the mobile home park on Van Nuys Blvd. (Google 2019). This mobile home park is also situated directly along Van Nuys Blvd where the future light rail will run through. The light rail will connect the Van Nuys orange line station to the Sylmar/San Fernando Metrolink station. Additionally, the park is located right next to Fenton Primary Center and is one block away from Maclay Middle School and two blocks away from Coughlin Elementary School (Google 2019).

I spoke with the mobile home park staff, and there are currently no vacant sites available for rent or homes for sale. Two homes recently closed within the last month,

## Mobile Home Parks in Pacoima, CA

and there are no openings predicted in the near future as vacant sites and home sales are rare in the mobile home park. The staff member reported that the typical rental price per month ranges between \$500 and \$600, and utilities are not included. The land lease cost per month is 10% of the rental price per month (i.e. if the rental price is \$600 per month, then the land lease cost is \$60 bringing the total per month cost to \$660.) The staff member explained that the park's pricing is very low compared to other mobile home parks in the area which is a large contributor to why vacancies are extremely infrequent.



Source: Google Maps



Source: Facebook



Mobile Home Parks in Pacoima, CA

### **Mobile Home Parks in Neighboring Cities**

Craigslist did not have any results for the three mobile home parks in Pacoima, however, Craigslist had a few rental and sale listings of mobile homes in the San Fernando Valley area (Sylmar, Van Nuys, and North Hollywood). The majority of the listings on Craigslist are for mobile home leveling jobs and dismantling and removing the mobile homes from the site. The “dismantling and removing the mobile home” listings were advertised in a way that appealed to mobile home owners so they would avoid paying thousands of dollars to relocate their home to a new site. I paid particular attention to the North Hollywood listings as it appears the listings are advertising mobile homes as high class living with the park providing many similar amenities to market rate and luxury apartment complexes. Additionally, there are many requirements that prospective residents need to meet before they are able to successfully move in such as a background and credit check, both of which have historically barred many formerly incarcerated/justice involved and undocumented people. This type of advertisement of mobile homes is concerning as it appears to promote gentrification within mobile home parks, spaces that have historically serviced low income, senior, and disabled residents. The details of the San Fernando Valley mobile home listings are below, and these rental and sale prices of the mobile home as well as the monthly rental site fees can provide a general understanding of the mobile homes in Pacoima.

## Mobile Home Parks in Pacoima, CA

### *Sylmar*

|                                |                         |
|--------------------------------|-------------------------|
| Bedrooms and Bathrooms         | 3 bedrooms, 2 bathrooms |
| Square Footage                 | 960 sq ft               |
| Type of Park                   | Family Style            |
| Site Rental Fee                | \$1,050                 |
| Total Sale Amount              | \$94,900                |
| Other Miscellaneous Conditions | None Listed             |

Source: Craigslist 2019

### *Van Nuys*

|                                |   |
|--------------------------------|---|
| Bedrooms and Bathrooms         | 2 bedrooms, 1 bathroom  |
| Square Footage                 | None Listed   |
| Type of Park                   | Family Style  |
| Site Rental Fee                | \$1,750 plus utilities (average is \$140)   |
| Total Sale Amount              | \$94,900  |
| Other Miscellaneous Conditions | Applicants are required to have a total income of \$4,375 at move in date<br>\$35 application fee |

Source: Craigslist 2019

## Mobile Home Parks in Pacoima, CA

### *North Hollywood (Hollywood Backlot Homes Park)*

|                                |   |
|--------------------------------|---|
| Bedrooms and Bathrooms         | 2 bedrooms, 2 bathrooms   |
| Square Footage                 | 750 sq ft   |
| Type of Park                   | “High Class Living”   |
| Site Rental Fee                | \$1,750 plus utilities (average is \$140)   |
| Total Sale Amount              | \$94,900  |
| Other Miscellaneous Conditions | Income requirements is 2.5 times the monthly rent, criminal background check, credit check, and back debt check   |
| Amenities                      | Outdoor fire pit and barbeque grill, spa, laundry facilities, game room, and fitness center.<br><br>Advertised as “high-class living” that is “just minutes from North Hollywood’s finest shopping and dining.” |

Source: Craigslist 2019

## **Conclusion**

Mobile home parks are large targets for investors as they can make a substantial profit from redevelopment, and the vulnerable mobile home residents become victims of the housing crisis. The mobile home residents of Pacoima are not currently protected from displacement and can unexpectedly experience the unfortunate challenges of having to relocate should the land underneath them be sold for redevelopment. Pacoima is a relatively small city, however there are three large mobile home parks that have a combined total of 426 mobile homes. 426 mobile homes is a fairly sizeable number which places many residents at risk of targeted displacement since there are no vacancies at any of the sites. There is a high need for reliable, original research surrounding the

## Mobile Home Parks in Pacoima, CA

mobile home parks in Pacoima to provide insight into the demographics of who is residing in these mobile home parks, what the average rent burden is for these residents, and the sizes and conditions of the mobile homes. Building off of the findings of this research, future research would be invaluable to fighting displacement as the mobile homes in Pacoima would greatly benefit from tenant organization against land speculation, redevelopment, and gentrification to ensure they are able to maintain both long term housing affordability and stability.

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## Vacant Land Viable for Housing Development in Pacoima

### Introduction

In December 2018, Pacoima Beautiful was awarded \$23 million from California's Transformative Climate Communities program, which will fund sustainable infrastructure upgrades that primarily aim to reduce greenhouse gas emissions, but will bring about transformative community planning and investment to Pacoima.<sup>1</sup> As a response to mitigate against gentrification and displacement that is linked to large public investment projects, Pacoima Beautiful must create a Displacement Avoidance Plan (DAP) for the project area. One strategy of the DAP is to acquire land for the purpose of housing development, specifically a community land trust (CLT). In order to inform the feasibility of building a CLT in Pacoima, this white paper outlines **10 parcels** that are viable for housing development. Parcel profiles of each vacant lot are attached.

### Methodology

To identify vacant parcels, I ran a report of vacant sites using CoreLogic. Specifically, I looked at parcels within a three-mile radius of San Fernando Road and Osborne Street (approximately the center of the project area), categorized as "Vacant Commercial" or "Vacant Residential", and are zoned C2, R4, R4, and R5. CoreLogic identified 37 vacant sites. However, to substantiate the sites reported are truly vacant, I used the LA County Assessor's website, LA Zimas, CoStar, and Google Maps for further due diligence.

Thereafter, I examined the Generalized Summary of Zoning Regulations for the City of Los Angeles to assess which of the 37 vacant sites are feasible for development.<sup>2</sup> According to LA City zoning regulations, sites zoned CM, C2, R3, RAS3, R4, RAS4, and R5 require a minimum lot area of 5,000 sf. Below is a summary of "minimum lot area" development standards:

#### City of LA Development Parameters

- **R3, RAS3, R4, RAS4, R5**
  - **Minimum Area Per Lot:** 5000 sf
  - **Base Floor Area Ratio (FAR):** 6:1
- **CM, C2**
  - **Minimum Area Per Lot:** same as R4
  - **Base Floor Area Ratio (FAR):** 6:1

After filtering out parcels less than 5,000 sf, and were truly vacant without current uses, I identified 10 parcels potentially feasible for housing development in the project area. Finally, I determined the maximum unit capacity of each parcel using the following calculations:

- **Max Floor-Area-Ratio (FAR):** determined via zoning capacity of the site
- **Total Gross Buildable Area (GBA):** Lot Size \* FAR
- **Net Leasable Area (NLA):** GBA/1.25
- **Maximum Unit Capacity:** NLA / 550 sf

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<sup>1</sup> L.A. SECURES \$23 MILLION FOR COMMUNITY REVITALIZATION IN PACOIMA-SUN VALLEY. (2018, December 20). Retrieved from <https://www.lamayor.org/la-secures-23-million-community-revitalization-pacoima-sun-valley>.

<sup>2</sup> Retrieved from [https://planning.lacity.org/zone\\_code/Appendices/sum\\_of\\_zone.pdf](https://planning.lacity.org/zone_code/Appendices/sum_of_zone.pdf).

Note, in for each parcel profile I use the base FAR of the relevant zone and apply a Transit-Oriented-Communities (TOC) FAR bonus, if applicable. For example, Parcel Profile #1 has a base FAR of 6:1, as zoned for commercial sites. However, it qualifies for an additional 2.75:1 FAR increase since it falls within a TOC Tier I Zone, and consequently the total FAR of a multi-family development on the site is 4.25:1.

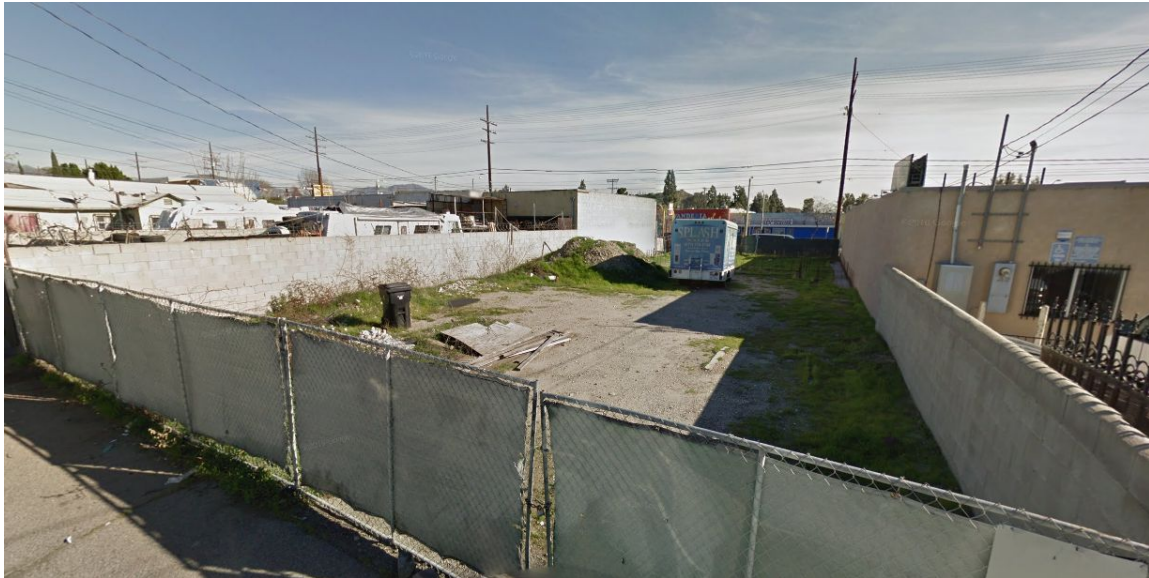
Additionally, note the 1.25 factored into the Net Leasable Area (NLA) represents the efficiency factor of a building, which typically includes corridors, stairs, elevators, etc., or also known as floor area that is not leasable. Maximum unit capacity of each site is calculated by dividing 550 sf (used as the base size of a one-bedroom unit) by NLA.

## **Findings**

All ten parcels identified are zoned [Q]C2, and must adhere to Commercial Zone uses outlined in Section 12.14 of the Los Angeles Municipal Code, which also allows R4 uses. The zoning makes the sites attractive since they potentially allow for dense housing development. However, there are Q conditions tied to each parcel, which implies there are special site conditions and restrictions on each property that require new structures are compatible with surrounding properties. Nearly all 10 parcels identified are adjacent to other commercial uses in low-density neighborhoods, and so changing the zoning to remove Q conditions may be difficult depending on the attitude of the local community toward dense housing development.

In total, all parcels have a combined base unit capacity of 672 units. Considering parcels that have a TOC density bonus, the maximum unit capacity increases to 880 units. Notably, parcels #8, #9, and #10 are adjacent to each other. These three parcels have a combined base unit capacity of 243 units (of the total 672), and a TOC density unit capacity of 355 units (of the total 880 TOC units). Further due diligence is required on each parcel to determine possible external environmental hazards and political feasibility to build housing on each site. Strikingly, the majority of parcels identified via CoreLogic were zoned commercial, while only two were identified zoned R3, which indicates the current zoning in Pacoima is slanted toward low-density, single-family development.

## Parcel Profile #1

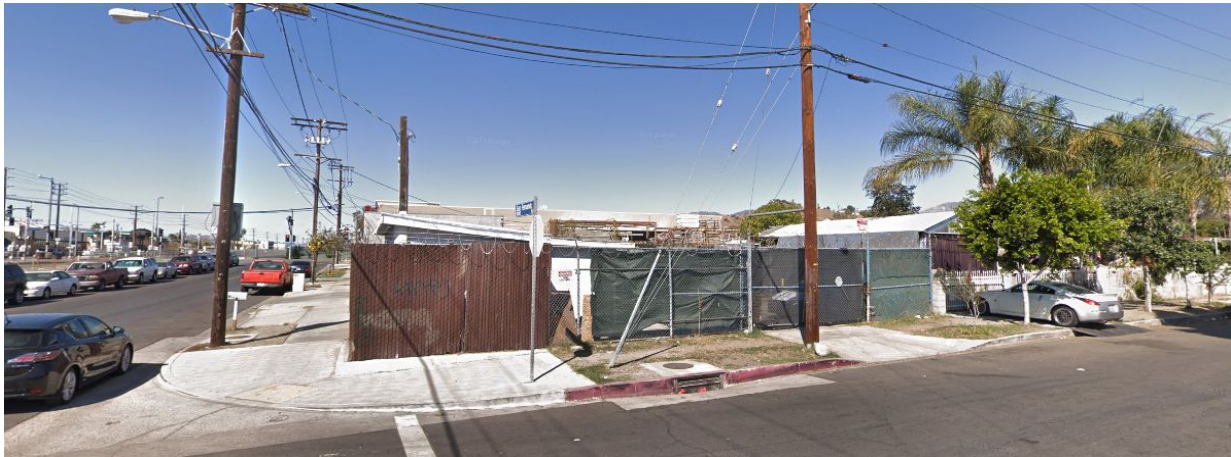


**Note:** Google Street View snapshot is from January 2015.  
A physical site visit must confirm if the lot continues to be vacant.

|                               |   |  |   |   |
|-------------------------------|---|--|---|---|
| <b>Site Address</b>           | 13111 VAN NUYS BLVD LOS ANGELES, CA 91331   |  |   |   |
| <b>Parcel Profile</b>         | <b>Lot Size (sf)</b><br>6,998   | <b>Price / SF</b><br>\$25                                  | <b>Land Cost</b><br>\$178,312   | <b>APN</b><br>2535-018-026                                      |
| <b>Owner</b>                  | Privately-owned by Akop Boulanikian   |  |   |   |
| <b>Zoning Information</b>     | <p style="text-align: center;"><b>Zoning Code:</b> [Q]C2</p> <ul style="list-style-type: none"> <li>- Subject to Clean Up Green Up Ordinance</li> <li>- <b>Q conditions indicate there are restrictions on property that require building is compatible with surrounding property</b></li> <li>- State Enterprise Zone</li> </ul> |  | <p style="text-align: center;"><b>TOC Eligibility:</b> Tier 1</p> <ul style="list-style-type: none"> <li>- 50% increase in number of du</li> <li>- 40% increase in FAR, or increase in at least 2.75:1 FAR, whichever is greater</li> </ul> |   |
| <b>Transit Access</b>         | Approximately 0.3 mile from Metro Bus Line 233 and the future East San Fernando Valley (ESFV) Transit Corridor Light Rail Line  |  |   |   |
| <b>Development Potential</b>  | <p><b>Max FAR</b></p> 6:1 (Base)<br>8.75 (+ TOC)  | <p><b>Total GBA</b></p> 41, 988 sf<br>61, 232 sf<br>(+TOC) | <p><b>NLA</b></p> 33,590 sf<br>48,986 sf  | <p><b>Unit Capacity</b></p> 61 units (Base)<br>89 units (+ TOC) |
| <b>Development Challenges</b> | The site has special site conditions and is within a State Enterprise Zone, meaning if the site maintains a business, rather than residential use, the owner is incentivized to hire “qualified disadvantaged individuals” through a tax credit program.  |  |   |   |
| <b>Level of Feasibility</b>   | <b>Moderately Difficult</b> due to the Q conditions, but is potentially feasible.   |  |   |   |



## Parcel Profile #2



**Note:** Google Street View snapshot is from February 2018

|                               |   |  |   |   |
|-------------------------------|---|--|---|---|
| <b>Site Address</b>           | 12614 W WINGO ST LOS ANGELES, CA<br><i>On the corner of Wingo St and San Fernando Rd</i>  |  |   |   |
| <b>Parcel Profile</b>         | <b>Lot Size (sf)</b><br>8,700   | <b>Price / SF</b><br>\$24                      | <b>Land Cost</b><br>\$207,862   | <b>APN</b><br>2537-011-001                        |
| <b>Owner</b>                  | Privately-owned by Oscar and Rosa Cordova   |  |   |   |
| <b>Zoning Information</b>     | <p style="text-align: center;"><b>Zoning Code:</b> [Q]C2</p> <ul style="list-style-type: none"> <li>- Subject to Clean Up Green Up Ordinance</li> <li>- <b>Q conditions indicate there are restrictions on property that require building is compatible with surrounding property</b> <ul style="list-style-type: none"> <li>- State Enterprise Zone</li> <li>- <b>Whiteman Airport Area</b></li> </ul> </li> </ul> |  | <p style="text-align: center;"><b>TOC Eligibility:</b> Tier 2</p> <ul style="list-style-type: none"> <li>- 60% increase in number of du</li> <li>- 45% increase in FAR, or increase in at least 3.25:1 FAR, whichever is greater</li> </ul> |   |
| <b>Transit Access</b>         | <ul style="list-style-type: none"> <li>- Approximately 0.1 mile from Metro Bus Line 224 and 794</li> <li>- Approximately 1.2 miles from the future ESFV Transit Corridor Light Rail Line</li> </ul>   |  |   |   |
| <b>Development Potential</b>  | <p><b>Max FAR</b></p> 6:1 (Base)<br>9.25 (+ TOC)  | <p><b>Total GBA</b></p> 41,325 sf<br>80,475 sf | <p><b>NLA</b></p> 33,060 sf<br>64,380 sf  | <p><b>Unit Capacity</b></p> 60 units<br>117 units |
| <b>Development Challenges</b> | The site has special site conditions and is within a State Enterprise Zone. Additionally, the site would be under strict review from the Aviation Division of the Department of Public Works to ensure new structures do not pose “potential hazards to air navigation.” <sup>3</sup>   |  |   |   |
| <b>Level of Feasibility</b>   | <b>Very Difficult</b> due to the Q conditions and potential resistance from the Department of Public Works’ Aviation Division.  |  |   |   |

<sup>3</sup> “Whiteman Airport area - LA County and FAA Notification Request.” Retrieved from <http://zimas.lacity.org/documents/zoneinfo/ZI2418.pdf>.

### Parcel Profile #3



**Note:** Google Street View snapshot is from February 2018

|                               |   |  |   |   |
|-------------------------------|---|--|---|---|
| <b>Site Address</b>           | 10074 SAN FERNANDO RD LOS ANGELES, CA 91331   |  |   |   |
| <b>Parcel Profile</b>         | <b>Lot Size (sf)</b><br>8,700   | <b>Price / SF</b><br>\$26                  | <b>Land Cost</b><br>\$224,917   | <b>APN</b><br>2537-011-003                    |
| <b>Owner</b>                  | Privately-owned by Jimalex Properties LLC   |  |   |   |
| <b>Zoning Information</b>     | <b>Zoning Code:</b> [Q]C2<br><ul style="list-style-type: none"> <li>- Subject to Clean Up Green Up Ordinance</li> <li>- <b>Q conditions indicate there are restrictions on property that require building is compatible with surrounding property</b> <ul style="list-style-type: none"> <li>- State Enterprise Zone</li> <li>- <b>Whiteman Airport Area</b></li> </ul> </li> </ul> |  | <b>TOC Eligibility:</b> Tier 2<br><ul style="list-style-type: none"> <li>- 60% increase in number of du</li> <li>- 45% increase in FAR, or increase in at least 3.25:1 FAR, whichever is greater</li> </ul> |   |
| <b>Transit Access</b>         | <ul style="list-style-type: none"> <li>- Approximately 0.1 mile from Metro Bus Line 224 and 794</li> <li>- Approximately 1.2 miles from the future ESFV Transit Corridor Light Rail Line</li> </ul>   |  |   |   |
| <b>Development Potential</b>  | <b>Max FAR</b><br>6:1 (Base)<br>9.25 (+ TOC)  | <b>Total GBA</b><br>41,325 sf<br>80,475 sf | <b>NLA</b><br>33,060 sf<br>64,380 sf  | <b>Unit Capacity</b><br>60 units<br>117 units |
| <b>Development Challenges</b> | The site has special site conditions and is within a State Enterprise Zone. Additionally, the site would be under strict review from the Aviation Division of the Department of Public Works to ensure new structures do not pose “potential hazards to air navigation.” <sup>4</sup>   |  |   |   |
| <b>Level of</b>               | <b>Very Difficult</b> due to the Q conditions and potential resistance from the Department of   |  |   |   |

<sup>4</sup> “Whiteman Airport area - LA County and FAA Notification Request.” Retrieved from <http://zimas.lacity.org/documents/zoneinfo/ZI2418.pdf>.

|                    |                                  |
|--------------------|----------------------------------|
| <b>Feasibility</b> | Public Works' Aviation Division. |
|--------------------|----------------------------------|

### Parcel Profile #4



**Note:** Google Street View snapshot is from February 2018

|                               |   |   |   |  |
|-------------------------------|---|---|---|--|
| <b>Site Address</b>           | 10066 SAN FERNANDO RD LOS ANGELES, CA 91331 ( <i>Adjacent to Parcel #3</i> )  |   |   |  |
| <b>Parcel Profile</b>         | <b>Lot Size (sf)</b><br>5,800   | <b>Price / SF</b><br>\$65                   | <b>Land Cost</b><br>\$380,254   | <b>APN</b><br>2537-011-004                   |
| <b>Owner</b>                  | Privately-owned by Gegam Oganesyian (Last sale transaction in May 2018)   |   |   |  |
| <b>Zoning Information</b>     | <b>Zoning Code:</b> [Q]C2<br><br>- Subject to Clean Up Green Up Ordinance<br><b>- Q conditions indicate there are restrictions on property that require building is compatible with surrounding property</b><br>- State Enterprise Zone<br><b>- Whiteman Airport Area</b>             |   | <b>TOC Eligibility:</b> Tier 2<br><br>- 60% increase in number of du<br><br>- 45% increase in FAR, or increase in at least 3.25:1 FAR, whichever is greater |  |
| <b>Transit Access</b>         | - Approximately 0.1 mile from Metro Bus Line 224 and 794<br>- Approximately 1.2 miles from the future ESFV Transit Corridor Light Rail Line   |   |   |  |
| <b>Development Potential</b>  | <b>Max FAR</b><br>6:1 (Base)<br>9.25 (+ TOC)  | <b>Total GBA</b><br>34,800 sf<br>53, 650 sf | <b>NLA</b><br>27,840 sf<br>42,920 sf  | <b>Unit Capacity</b><br>50 units<br>78 units |
| <b>Development Challenges</b> | The site has special site conditions and is within a State Enterprise Zone. Additionally, the site would be under strict review from the Aviation Division of the Department of Public Works to ensure new structures do not pose “potential hazards to air navigation.” <sup>5</sup> |   |   |  |

<sup>5</sup> “Whiteman Airport area - LA County and FAA Notification Request.” Retrieved from <http://zimas.lacity.org/documents/zoneinfo/ZI2418.pdf>.

|                             |  |
|-----------------------------|--|
| <b>Level of Feasibility</b> | <b>Very Difficult</b> due to the Q conditions and potential resistance from the Department of Public Works' Aviation Division. |
|-----------------------------|--|

### Parcel Profile #5



**Note:** Google Street View snapshot is from December 2018

|                               |   |                               |   |                                  |
|-------------------------------|---|-------------------------------|---|----------------------------------|
| <b>Site Address</b>           | 13647 W VAN NUYS BLVD LOS ANGELES, CA 91331 (currently a parking lot)   |                               |   |                                  |
| <b>Parcel Profile</b>         | <b>Lot Size (sf)</b><br>6,753   | <b>Price / SF</b><br>\$3      | <b>Land Cost</b><br>\$23,461            | <b>APN</b><br>2618-023-019       |
| <b>Owner</b>                  | Unknown   |                               |   |                                  |
| <b>Zoning Information</b>     | <b>Zoning Code:</b> [Q]C2<br><br>- Subject to Clean Up Green Up Ordinance<br>- <b>Q conditions indicate there are restrictions on property that require building is compatible with surrounding property</b><br>- State Enterprise Zone |                               | <b>TOC Eligibility:</b><br>Not Eligible |                                  |
| <b>Transit Access</b>         | - Approximately 0.1 mile from the future ESFV Transit Corridor Light Rail Line  |                               |   |                                  |
| <b>Development Potential</b>  | <b>Max FAR</b><br>6:1 (Base)  | <b>Total GBA</b><br>40,518 sf | <b>NLA</b><br>32,414 sf                 | <b>Unit Capacity</b><br>59 units |
| <b>Development Challenges</b> | The site has special site conditions and is within a State Enterprise Zone.   |                               |   |                                  |

|                             |   |
|-----------------------------|---|
| <b>Level of Feasibility</b> | <b>Moderately Difficult</b> due to the Q conditions, but is potentially feasible. |
|-----------------------------|---|

### Parcel Profile #6



**Note:** Google Street View snapshot is from December 2018

|                               |   |                               |   |                                  |
|-------------------------------|---|-------------------------------|---|----------------------------------|
| <b>Site Address</b>           | 10066 SAN FERNANDO RD LOS ANGELES, CA 91331 ( <i>Adjacent to Parcel #3</i> )  |                               |   |                                  |
| <b>Parcel Profile</b>         | <b>Lot Size (sf)</b><br>6,749   | <b>Price / SF</b><br>\$28     | <b>Land Cost</b><br>\$188,733           | <b>APN</b><br>2618-024-004       |
| <b>Owner</b>                  | Privately-owned by Francisco Herrera  |                               |   |                                  |
| <b>Zoning Information</b>     | <b>Zoning Code:</b> [Q]C2<br>- Subject to Clean Up Green Up Ordinance<br>- <b>Q conditions indicate there are restrictions on property that require building is compatible with surrounding property</b><br>- State Enterprise Zone |                               | <b>TOC Eligibility:</b><br>Not eligible |                                  |
| <b>Transit Access</b>         | - Approximately 0.1 mile from Metro Bus Line 224<br>- Approximately 1.3 miles from the future ESFV Transit Corridor Light Rail Line   |                               |   |                                  |
| <b>Development Potential</b>  | <b>Max FAR</b><br>6:1 (Base)  | <b>Total GBA</b><br>40,494 sf | <b>NLA</b><br>32,395 sf                 | <b>Unit Capacity</b><br>59 units |
| <b>Development Challenges</b> | The site has special site conditions and is within a State Enterprise Zone.   |                               |   |                                  |
| <b>Level of Feasibility</b>   | <b>Moderately Difficult</b> due to the Q conditions, but is potentially feasible.   |                               |   |                                  |

## Parcel Profile #7



**Note:** Google Street View snapshot is from December 2018

|                               |   |   |   |   |
|-------------------------------|---|---|---|---|
| <b>Site Address</b>           | 10837 SAN FERNANDO RD LOS ANGELES, CA 91331   |   |   |   |
| <b>Parcel Profile</b>         | <b>Lot Size (sf)</b><br>9,235   | <b>Price / SF</b><br>\$34                       | <b>Land Cost</b><br>\$317,825   | <b>APN</b><br>2619-017-037                        |
| <b>Owner</b>                  | Privately-owned by Mary Williams  |   |   |   |
| <b>Zoning Information</b>     | <p style="text-align: center;"><b>Zoning Code:</b> [Q]C2</p> <ul style="list-style-type: none"> <li>- Subject to Clean Up Green Up Ordinance</li> <li>- <b>Q conditions indicate there are restrictions on property that require building is compatible with surrounding property</b></li> <li>- State Enterprise Zone</li> </ul> |   | <p style="text-align: center;"><b>TOC Eligibility:</b> Tier 2</p> <ul style="list-style-type: none"> <li>- 60% increase in number of du</li> <li>- 45% increase in FAR, or increase in at least 3.25:1 FAR, whichever is greater</li> </ul> |   |
| <b>Transit Access</b>         | Adjacent to Metro Bus Line 224 and future ESFV Transit Corridor Light Rail Line   |   |   |   |
| <b>Development Potential</b>  | <p><b>Max FAR</b></p> 6:1 (Base)<br>9.25 (+ TOC)  | <p><b>Total GBA</b></p> 55,410 sf<br>85, 423 sf | <p><b>NLA</b></p> 44,328 sf<br>68,339 sf  | <p><b>Unit Capacity</b></p> 80 units<br>124 units |
| <b>Development Challenges</b> | The site has special site conditions and is within a State Enterprise Zone.   |   |   |   |
| <b>Level of Feasibility</b>   | <b>Moderately Difficult</b> due to the Q conditions, but is potentially feasible.   |   |   |   |

## Parcel Profile #8



**Note:** Google Street View snapshot is from December 2018

|                               |   |   |   |  |
|-------------------------------|---|---|---|--|
| <b>Site Address</b>           | 13421 VAN NUYS BLVD LOS ANGELES, CA   |   |   |  |
| <b>Parcel Profile</b>         | <b>Lot Size (sf)</b><br>6,999   | <b>Price / SF</b><br>\$19                   | <b>Land Cost</b><br>\$132,371   | <b>APN</b><br>2619-018-015                   |
| <b>Owner</b>                  | Privately-owned by Benbaroukh LLC   |   |   |  |
| <b>Zoning Information</b>     | <b>Zoning Code:</b> [Q]C2<br><br>- Subject to Clean Up Green Up Ordinance<br>- <b>Q conditions indicate there are restrictions on property that require building is compatible with surrounding property</b><br>- State Enterprise Zone |   | <b>TOC Eligibility:</b> Tier 1<br><br>- 50% increase in number of du<br><br>- 40% increase in FAR, or increase in at least 2.75:1 FAR, whichever is greater |  |
| <b>Transit Access</b>         | - Approximately 0.5 mile from Metro Bus Line 224<br>- Will be adjacent to the future ESFV Transit Corridor Light Rail Line  |   |   |  |
| <b>Development Potential</b>  | <b>Max FAR</b><br>6:1 (Base)<br>8.75 (+ TOC)  | <b>Total GBA</b><br>41,994 sf<br>61, 241 sf | <b>NLA</b><br>33,595 sf<br>48,993 sf  | <b>Unit Capacity</b><br>61 units<br>89 units |
| <b>Development Challenges</b> | The site has special site conditions and is within a State Enterprise Zone.   |   |   |  |
| <b>Level of Feasibility</b>   | <b>Moderately Difficult</b> due to the Q conditions, but is potentially feasible.   |   |   |  |

## Parcel Profile #9



**Note:** Google Street View snapshot is from December 2018

|                               |   |   |   |  |
|-------------------------------|---|---|---|--|
| <b>Site Address</b>           | 13417 VAN NUYS BLVD LOS ANGELES, CA <i>(Adjacent to Parcel #8 and has the same profile)</i>   |   |   |  |
| <b>Parcel Profile</b>         | <b>Lot Size (sf)</b><br>6,999   | <b>Price / SF</b><br>\$19                   | <b>Land Cost</b><br>\$132,371   | <b>APN</b><br>2619-018-024                   |
| <b>Owner</b>                  | Privately-owned by Benbaroukh LLC   |   |   |  |
| <b>Zoning Information</b>     | <b>Zoning Code:</b> [Q]C2<br><br>- Subject to Clean Up Green Up Ordinance<br>- <b>Q conditions indicate there are restrictions on property that require building is compatible with surrounding property</b><br>- State Enterprise Zone |   | <b>TOC Eligibility:</b> Tier 1<br><br>- 50% increase in number of du<br><br>- 40% increase in FAR, or increase in at least 2.75:1 FAR, whichever is greater |  |
| <b>Transit Access</b>         | - Approximately 0.5 mile from Metro Bus Line 224<br>- Will be adjacent to the future ESFV Transit Corridor Light Rail Line  |   |   |  |
| <b>Development Potential</b>  | <b>Max FAR</b><br>6:1 (Base)<br>8.75 (+ TOC)  | <b>Total GBA</b><br>41,994 sf<br>61, 241 sf | <b>NLA</b><br>33,595 sf<br>48,993 sf  | <b>Unit Capacity</b><br>61 units<br>89 units |
| <b>Development Challenges</b> | The site has special site conditions and is within a State Enterprise Zone.   |   |   |  |
| <b>Level of Feasibility</b>   | <b>Moderately Difficult</b> due to the Q conditions, but is potentially feasible. If combined with Parcel #8 to double the unit capacity, a Subdivision Parcel Map application is required.   |   |   |  |



## Parcel Profile #10



**Note:** Google Street View snapshot is from December 2018

|                               |   |   |   |  |
|-------------------------------|---|---|---|--|
| <b>Site Address</b>           | 13425 VAN NUYS BLVD LOS ANGELES, CA (Adjacent to Parcel #8 and #9 to the west)  |   |   |  |
| <b>Parcel Profile</b>         | <b>Lot Size (sf)</b><br>13,912  | <b>Price / SF</b><br>\$25                   | <b>Land Cost</b><br>\$351,204   | <b>APN</b><br>2619-018-025                     |
| <b>Owner</b>                  | Privately-owned by Benbaroukh LLC   |   |   |  |
| <b>Zoning Information</b>     | <b>Zoning Code:</b> [Q]C2<br><br>- Subject to Clean Up Green Up Ordinance<br>- <b>Q conditions indicate there are restrictions on property that require building is compatible with surrounding property</b><br>- State Enterprise Zone |   | <b>TOC Eligibility:</b> Tier 1<br><br>- 50% increase in number of du<br><br>- 40% increase in FAR, or increase in at least 2.75:1 FAR, whichever is greater |  |
| <b>Transit Access</b>         | - Approximately 0.5 mile from Metro Bus Line 224<br>- Will be adjacent to the future ESFV Transit Corridor Light Rail Line  |   |   |  |
| <b>Development Potential</b>  | <b>Max FAR</b><br>6:1 (Base)<br>8.75 (+ TOC)  | <b>Total GBA</b><br>83,472 sf<br>121,730 sf | <b>NLA</b><br>66,777 sf<br>97,384 sf  | <b>Unit Capacity</b><br>121 units<br>177 units |
| <b>Development Challenges</b> | The site has special site conditions and is within a State Enterprise Zone.   |   |   |  |
| <b>Level of Feasibility</b>   | <b>Moderately Difficult</b> due to the Q conditions, but is potentially feasible. If combined with Parcels #8 and #9 to further increase the unit capacity, a Subdivision Parcel Map application is required.                           |   |   |  |

# **Who Owns Pacoima?**

Prepared by Ashley Mashian

White Paper for Comprehensive Project

UCLA Luskin School of Public Affairs, 2019

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## **Who Owns Pacoima?**

### **Abstract**

*This paper spatially and categorically assesses how much ownership of Pacoima corporations, trusts, individual homeowners, the public sector and institutions possess. It also looks at potential absentee homeownership rate to see how many of Pacoima's residences are integrated in the community. It does this by evaluating the 2017 assessor tax roll as well as Census Data by block group.*

### **Introduction**

In January 2019 Pacoima Beautiful (PB) received a 22 million dollar Transformative Climate Communities Grant (TCCG) from the Strategic Growth Council (SCG). New investment from the TCCG as well as the Metro East Valley Light Rail planned to enter the area in 2027 are sure to lure in developers and a new demographic (Hyman 2018). As a response, SCG demands that Pacoima Beautiful create a displacement avoidance plan (DAP) to ensure residents can remain in the area post investment.

Present property ownership identity is significant information to understanding the future of Pacoima with the TCCG and planned Metro line. Recognizing the ownership landscape will enable Pacoima Beautiful to estimate the amount of housing

and businesses that may easily be sold and renovated, as well as face increases in rent once investment enters. Awareness to which entities own the largest parcels of land is also important. Land ownership is a way to assess which entity has the most power to change the landscape of Pacoima in the coming decades.

Understanding how important it is to know the ownership landscape of Pacoima, this paper will classify and quantify who the property owners are (Public, Corporate/ Institution/ Trust/ Private Household) for all sites in the study area as well as how much of the land these entities own. Furthermore, the paper will spatially identify where single family homeowners reside using five year 2012- 2017 American Community Survey (ACS) data, tenure-ship status of these homes, as well as which are absentee homeowners (Census, ND). Such information is vital in understanding which property owners may sell versus which have a strong attachment to the present Pacoima community.

### *Hypothesis*

1. Pacoima is a region of LA City with majority single family homes. It is also located in the north east San Fernando Valley, which has always been more affordable to purchase a property in when compared to other regions of LA City. With that understanding, *I hypothesize that more than 50 % of the households in Pacoima are owner occupied, meaning that the homeowner lives in property they paid for.*
2. Understanding the housing landscape of the City of Los Angeles, I also hypothesize *that less than 25% of the land in Pacoima is owned by corporations, and that more than 75% is owned by private households.*

3. Finally, after visiting Pacoima and looking at the neighborhood on the map, *I hypothesize that Public entities own the largest parcels of land in Pacoima, and thus hold the most power to transform the community once investment hits.*

All parcel examined data from come from the 2017 Assessor Tax Roll. All census data comes from the 2015 and 2017 ACS Data for Home Characteristics from the census website.

Pacoima is located in the northeast corner of the City of Los Angeles. Figure 1 below spatially illustrates what parts of Pacoima will be referred to while discussing this paper.

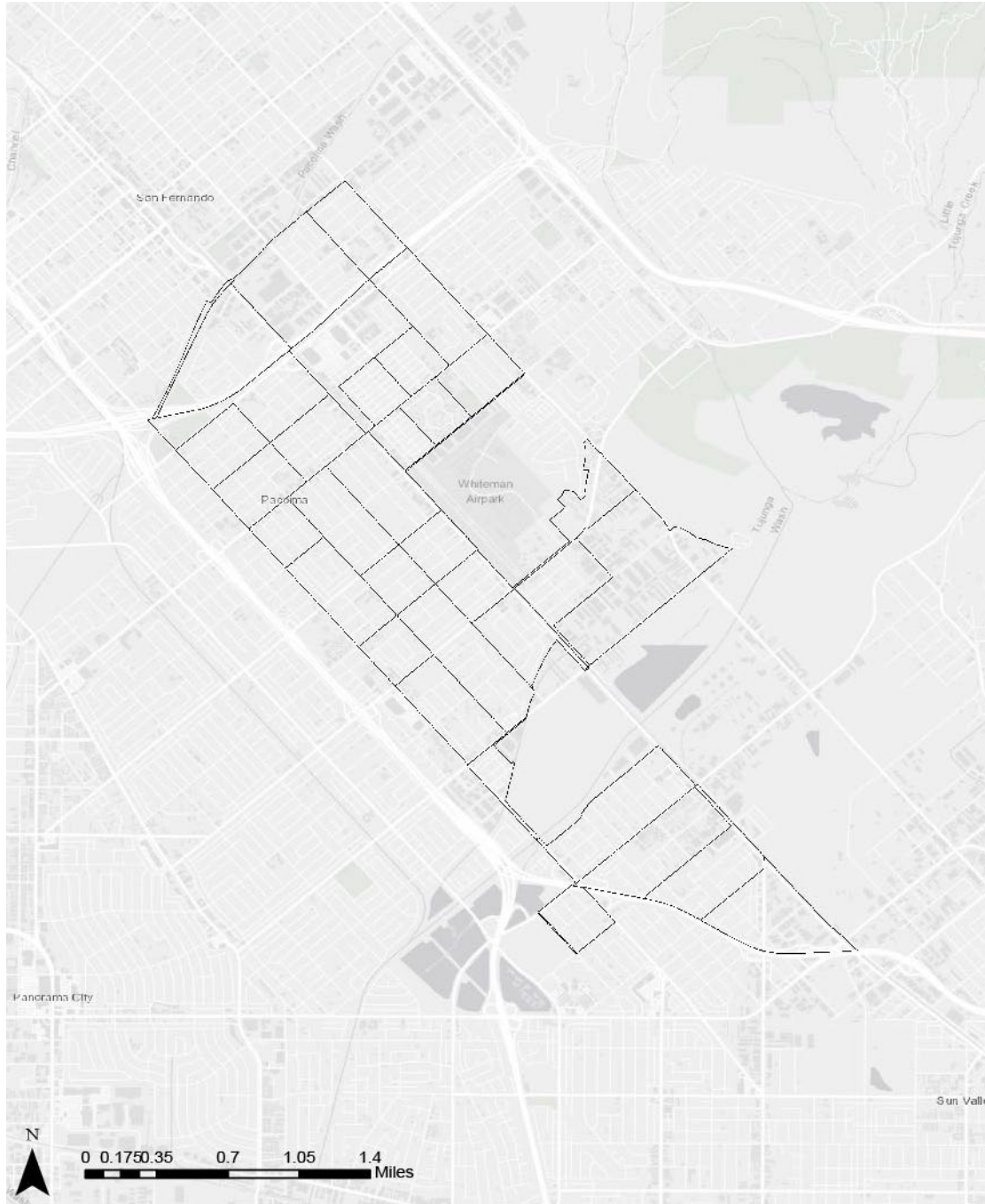


Figure 1: Location of Site in Los Angeles County

## Parcel Ownership

### *Overview and Methodology*

In this section, I analyze what entities own land in Pacoima. I collected this information by evaluating the 2017 assessor tax roll as an excel file. In total, the project area evaluated had 8,585 rows of data, meaning 8,585 parcels were analyzed and categorized. With this data I began by skimming all the rows of parcel data to see what key terms seemed to arise at first glance under the “*first owner assesse name*” column. Afterwards, I created a formula to combine the “*first owner assesse name*”, “*first owner assesse name overflow*” and “*second owner assesse name*” columns into one column labeled “*combined columns*” so the entire entity name can be read. This allowed me to filter by the key terms (identified in Table 1 below) in the “*combined columns*” category.

Table 1: Categories & Key Terms Defined

| <b>Category</b>    | <i>Definition</i>  | <b>Key Terms</b>   |
|--------------------|--|--|
| <b>Formed</b>      |  |  |
| <b>Public</b>      | <i>Spaces that are owned by the government and Los Angeles County Metro Authority</i>                        | LA Fire Dept, LA City, LA County ,US Gov, LACTMA (Metro) |
| <b>Institution</b> | <i>Institutions represent spaces where people can go to interact with others, whether it be educational,</i> | Non-profit Center, LAUSD or Charter School, Religious    |



|                    |   |  |
|--------------------|---|--|
|                    | <i>religious, social or other purposes (Webster, ND).</i>   | organizations like Churches  |
| <b>Trust</b>       | <p><i>Properties listed as trust usually indicate that the family is leaving the property to an entity in their will.</i></p> <p><i>A trust may possibly protect a property from a bankruptcy or lawsuit. Trusts can also reduce tax liability (Phone Interview with Tax Attorney Fred Mashian, March 2019)</i></p> | N/A  |
| <b>Corporation</b> | <p><i>Properties listed under this umbrella are people not likely to live on the site; they also have different responsibilities when compared to a “private” homeowner when it comes to paying taxes, debt and liability on their property (Phone Interview with Tax Attorney Fred Mashian, March 2019)</i></p>    | LLC, Development, Bank, Corporation, inc., Properties Associates, Partnership, Limited Partnership, Property |
| <b>Private</b>     | <p>Properties that were not in either categories listed above. The property owner name consisted of just one or two person’s names with no trust, corporation entity, public entity or non-profit entity listed in name.</p>  | N/A  |

After searching for each key term in the “*combined columns category*” and moving each one to the top of the column, I created a new tab and pasted all properties

with that key term in the new sheet. I then created a “key term” column and “category” column to better organize what each sheet was and to help with GIS mapping. Finally, with the help of Silvia Gonzalez, I was able to combine all of the data using SAS software, creating a spreadsheet showing each parcel with a “key term” identity as well as a “category” identity column.

### *Limitations*

Due to the large data set, this method posed a limitation because it was difficult to know if all key terms were identified. Furthermore, the data set was unorganized, making it difficult to understand what all of the important “key terms” may be since they were disorganized between three columns of “*owner assesse*” names. Another limitation was not knowing who the private homeowners are and if they would consider moving after investment enters the community.

### *Findings*

#### *By Number of Parcels*

Table 2 below shows that private residents own 76% of properties in the study. Further research and analysis must be done to see how devoted these owners are with the community and how likely they are to sell their land for a profit and leave. This question also holds true with Trusts. It is unclear whether homeowners who created trusts did so to pass them down to their loved ones and are largely part of the Pacoima community, created a trust to avoid potential liability/ tax relief, or a combination of both.

Table 2: Parcel Ownership by Category

| <b>Category</b>                                  | <b>Number of Parcels<br/>Owned By Category in<br/>Pacoima Total</b> |
|--|---|
| Corporation                                      | 7%  |
| Trust  | 1%  |
| Institution                                      | 15%   |
| Public   | 1%  |
| Private  | 76%   |
| <i>Data Acquired from 2017 Assessor Tax Roll</i> |   |

When not taking into account the 6,457 parcels owned by private citizens, Trusts and corporations own the largest numbers of parcels at 63% and 28%, respectively. This means that approximately 25% of parcels (or 2,128 parcels) in Pacoima are either owned by a corporation, trust, institution or the public sector. Table 3 and Figure 2 below illustrate this breakdown when only focusing on those 2,128 parcels. Appendix A shows a detailed breakdown of how many parcels each key term owns by category.

Table 3: Parcel Ownership without Private Owners

| Number of Parcels Owned Not Including<br>Private Parcels in Pacoima |     |
|---|-----|
| Corporation   | 28% |
| Trust   | 63% |
| Public  | 5%  |
| Institution   | 4%  |
| <i>Data Acquired from 2017 Assessor Tax<br/>Roll</i>                |     |

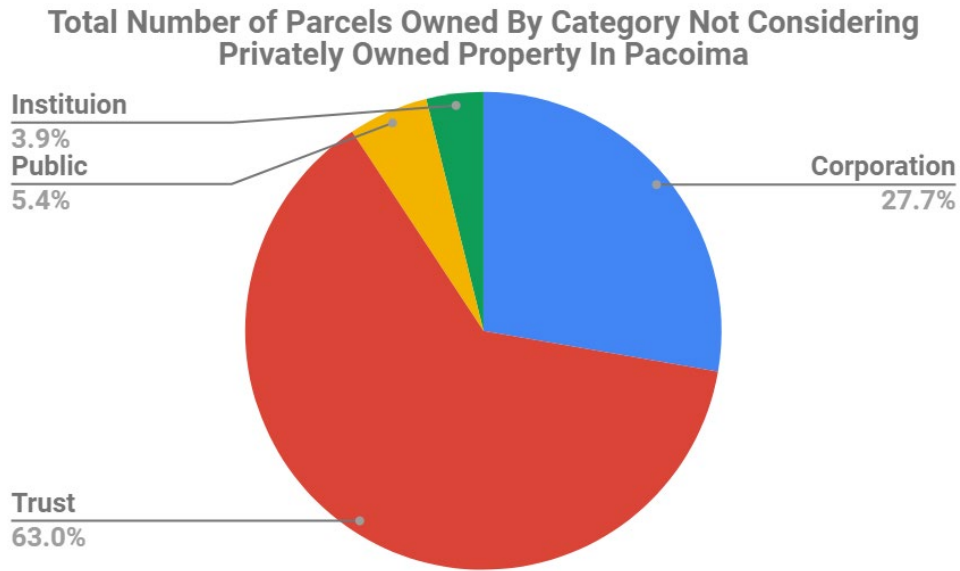


Figure 2: Total Number of Parcels Owned Not Including Private Owned Property (*Data Acquired from 2017 Assessor Tax Roll*)

*Takeaway*

*The public sector and institutions do not have a strong hold on total number of parcels in the project area, raising potential concern about what can be done to avoid potential displacement once new investment comes into the community via the Metro Light Rail as well as TCC funding. Corporations own approximately three times more property than institutions and the public sector combined and must be further investigated to see what sites corporation own and what is built as well as can be built on them.*

*By Total Area of Parcel (Total SF)*

After evaluating parcel ownership by number of parcels owned, I found it worthy to determine which category owns the largest amount of land in Pacoima by square foot. Figure 4 and Table 4 below indicate that after private ownership, corporations own the most land in Pacoima at 11%. The public sector is almost tied with corporations at 10%.

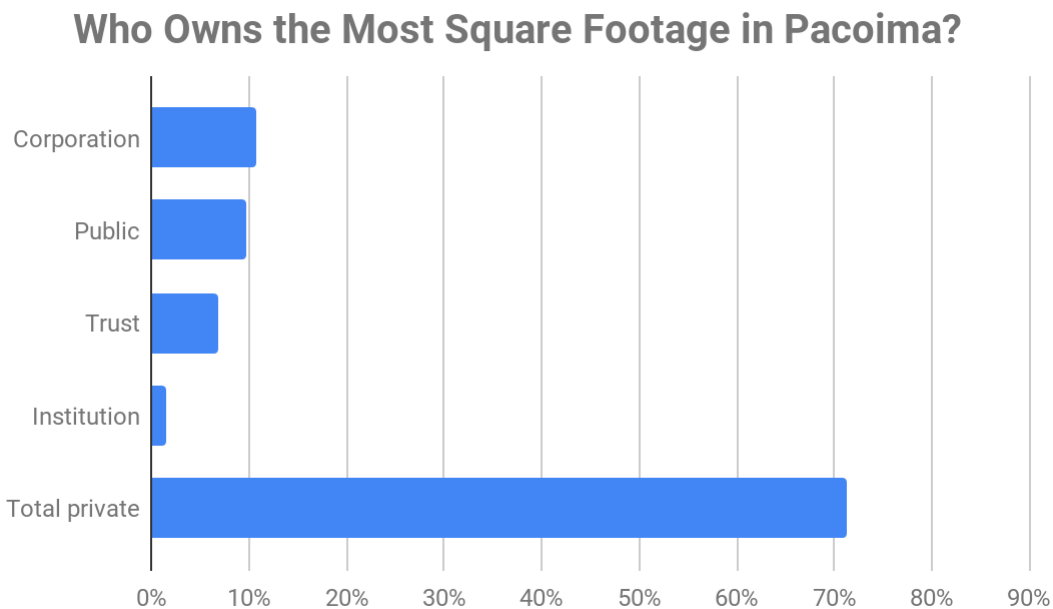


Figure 4: Ownership in Pacoima by Square Foot (*Data Acquired from 2017 Assessor Tax Roll*)

Table 4: Percent of Square Feet Owned by Category

| <b>Category</b>                                  | <b>Parcels Owned by Total Lot Size in Pacoima</b> |
|--|---|
| Corporation                                      | 11%   |
| Trust  | 10%   |
| Institution                                      | 7%  |
| Public   | 1%  |
| Private  | 71%   |
| <i>Data Acquired from 2017 Assessor Tax Roll</i> |   |

*Takeaway*

*Based on these results, private homeowners own most of the land in Pacoima. More research should be done to learn the patterns of these owners and if they are looking to stay or move once investment enters the community, increasing value on their homes. Analysis must also be done to determine how much a developer can build on both corporate and public sites, if anything has been attempted to be built before, is in the process of being as well as what zoning dictates can be built on the sites.*

Figure 5 and Figure 6 below demonstrate the spatial location of where parcels are in Pacoima by “key terms” as well as by “category.” Figure 5 shows that private owners own most of the sites in Pacoima.

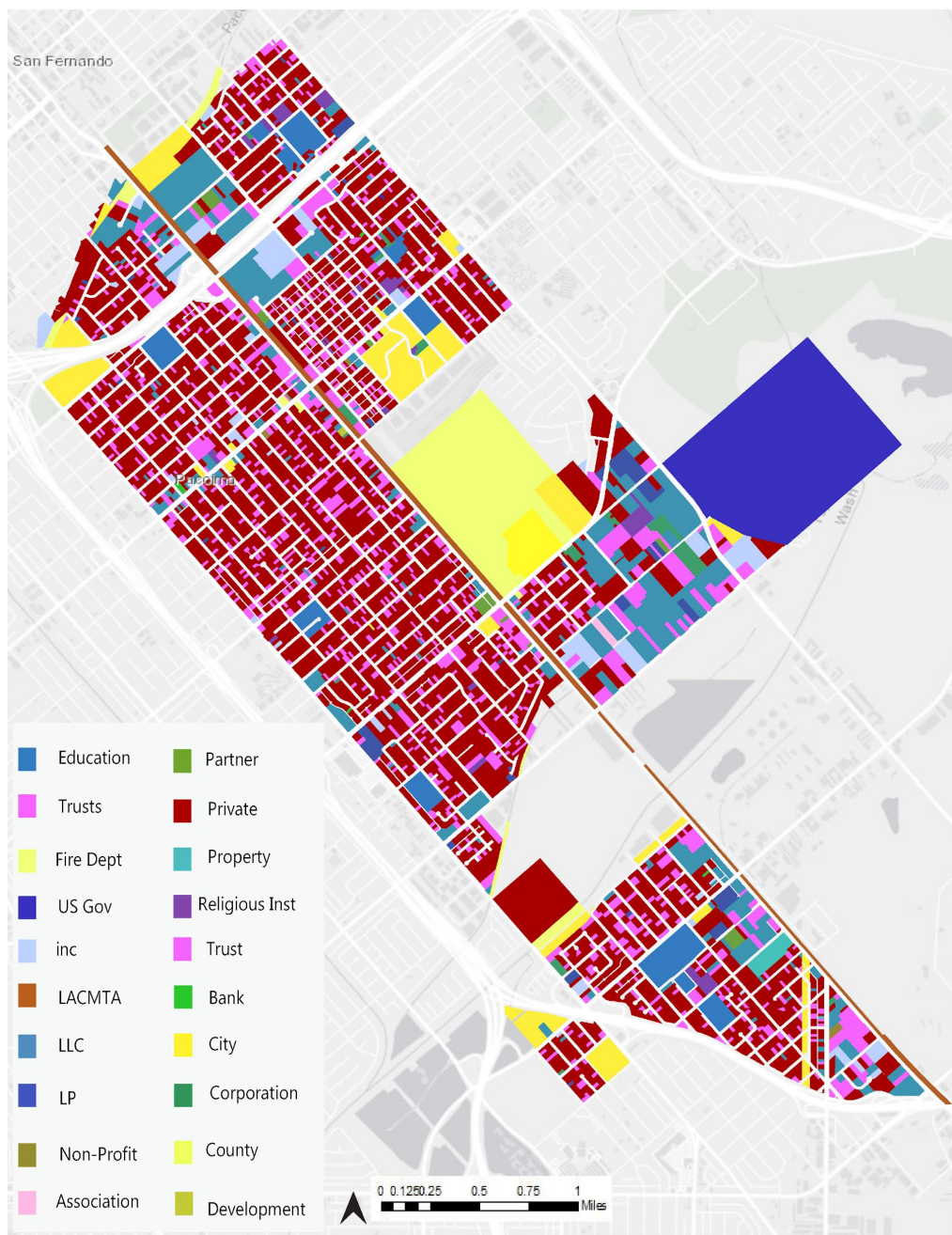


Figure 5: Location of Property by Key Terms in Pacoima



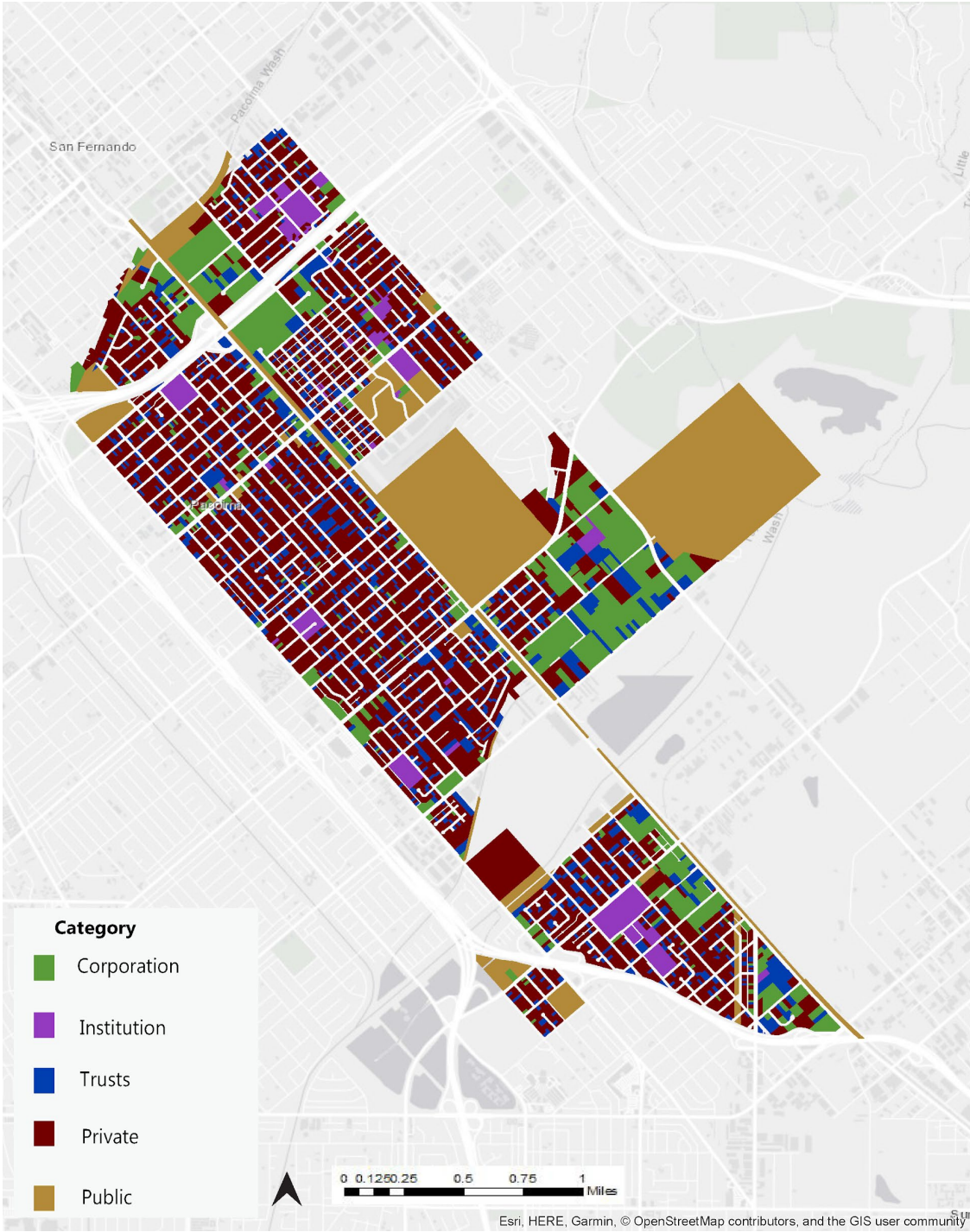


Figure 6: Location of Property by Category in Pacoima

Figure 6 above demonstrates that public agencies own large parcels of land as well as corporations. Further investigation will be done in the next section of this paper about these large parcels.

## **Who Owns the Largest Parcels in Pacoima?**

### *Overview*

After evaluating parcels by category, number of parcels owned by category and by parcel size, I decided it was vital to calculate which categories own the largest lots in Pacoima and what their zoned in the zoning code. This is vital in understanding what future developments or redevelopments may surface in Pacoima as investment enters the area. This can also show whether the public sector can combat potential gentrification by building more housing on their owned sites.

### *Public Land*

Table 5 below shows that the public sector owns the three largest parcels in Pacoima. LA County currently owns the first parcel, using it as Whiteman Airport. The site has a lot of potential to be rezoned and built upon with time, especially since it is currently being reported to be highly underutilized by local residents in Pacoima (Pacoima Beautiful Toxic Tour, 2019). The US Government owns the next two sites and combined, they make up the Hansen Dam Golf Course. Again, local planners and stakeholders should consider whether the site is being sufficiently utilized and what may

be done to add more housing or potentially revitalize this publicly owned site if necessary.

The government owns a majority of the other sites on the list, including a two public schools and a housing project owned by the Housing Authority for the City of Los Angeles (HACLA). The Los Angeles County Metro Authority also owns a large parcel zoned PF (LA City, 2004) which restricts it to build nonresidential public facilities including a government building post office, library or public school.

Table 5: Twenty of the Largest Parcels Owned in Pacoima by Category

|    | <b>Owner Name</b>             | <b>Home Address</b>     | <b>Zoning Code</b> | <b>Category</b> | <b>Total Area of Lot</b> |
|----|-------------------------------|-------------------------|--------------------|-----------------|--------------------------|
| 1. | L A COUNTY                    | 12653 OSBORNE ST        | LAPF               | Public          | 6,679,474                |
| 2. | U S GOVT                      | -                       | LAOS               | Public          | 5,583,576                |
| 3. | U S GOVT                      | 10400 GLENOAKS BLVD     | LAOS               | Public          | 5,027,439                |
| 4. | CONSOLIDATED ROCK PRODUCTS CO | 9136 LAUREL CANYON BLVD | LAA1               | Private         | 1,491,409                |
| 5. | L A CO                        | 12605 OSBORNE           | LAPF               | Public          | 972,188                  |

|     |  |                     |      |        |         |
|-----|--|---------------------|------|--------|---------|
|     | CONSOLIDATED<br>FIRE PRO DIST                | ST                  |      |        |         |
| 6.  | ACCORD PAC<br>MEMBERS LLC                    | 13571 VAUGHN<br>ST  | LAM2 | Corp   | 828,741 |
| 7.  | ACCORD PAC<br>MEMBERS LLC                    | 13571 VAUGHN<br>ST  | LAM2 | Corp   | 828,741 |
| 8.  | ACCORD PAC<br>MEMBERS LLC                    | 13571 VAUGHN<br>ST  | LAM2 | Corp   | 828,741 |
| 9.  | ACCORD PAC<br>MEMBERS LLC                    | 13571 VAUGHN<br>ST  | LAM2 | Corp   | 828,741 |
| 10. | DREADNAUGHT<br>PROPERTIES LOS<br>ANGELES LLC | 13571 VAUGHN<br>ST  | LAM2 | Corp   | 828,741 |
| 11. | L A UNIFIED<br>SCHOOL DIST                   | 9171 TELFAIR<br>AVE | LAPF | Inst   | 806,975 |
| 12. | L A CITY                                     | -                   | LAOS | Public | 627,506 |
| 13. | L A CITY<br>HOUSING<br>AUTHORITY             | -                   | LAR1 | Public | 555,820 |
| 14. | PRIME CRDF<br>PACOIMA LLC                    | 13550 PAXTON<br>ST  | LAM3 | Corp   | 531,412 |

|     |                            |                      |      |        |         |
|-----|----------------------------|----------------------|------|--------|---------|
| 15. | LOWES HIW INC              | 13500 PAXTON<br>ST   | LAM3 | Corp   | 469,846 |
| 16. | LACMTA                     | -                    | LAPF | Public | 424,229 |
| 17. | L A UNIFIED<br>SCHOOL DIST | -                    | LAPF | Inst   | 414,902 |
| 18. | L A CITY                   | -                    | LAOS | Public | 405,672 |
| 19. | L A CITY                   | -                    | LAOS | Public | 403,467 |
| 20. | L A UNIFIED<br>SCHOOL DIST | 10975 TELFAIR<br>AVE | LAPF | Inst   | 390,115 |

### *Corporation Land*

The largest corporate owned land is by Consolidated Rock Products Corporation. This site is located on the corner of Laurel Canyon Blvd and Tonopah St, adjacent to the LA River. The zoning of this site is A1, which means single-family residences, crops, greenhouses and raising of cattle, horses, sheep, goats, poultry, birds, earthworms, etc. can be built on it (LA County, ND). This bears the question of what the owner's intention may be with the site. Is he planning to sell it at a later time, ask for a variance or build with current zoning?

Initial research shows that the owner tried to build on the site but was not adhering to zoning regulations in the 1960s. To retaliate against not being allowed to build on the site by the City, the owner (who is the same as today) sued the City of Los

Angeles (Justia, ND). The plaintiffs argued that the property can only have “economic value only for the excavation of rock, sand and gravel” yet the City would not allow for this since the dust from excavations will substantially affect air quality as well as property value of neighboring properties. Consolidated Rock Products did not win the case. The case took place between the 1960s and 1970s. Nothing has yet to have been done with this site, begging the question of what will happen next?

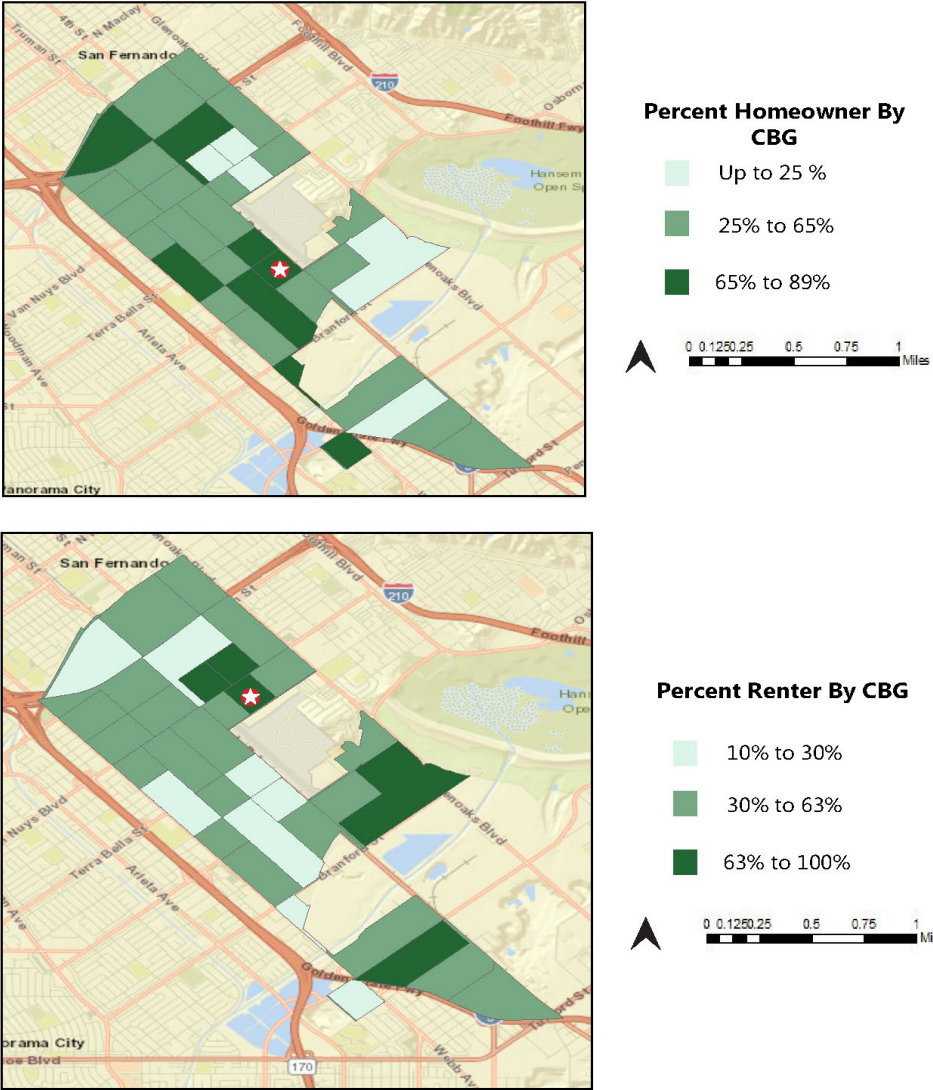
Accord Pac Members LLC owns five of the largest M2 sites in Pacoima that are currently warehouses as well as other light industrial spaces. In total Accord owns 3,314,965 square feet of land. The Los Angeles Zoning code states that there can be no residential uses on these sites, but can Accord Pac ask for a zone change in the near future to convert these warehouses to other uses or do they find staying as warehouses is most feasible for them financially? Information on this LLC remains scarce after initial research.

### *Takeaways*

*The government owns the largest parcels in Pacoima and they seem to be underutilized/ partially vacant. Does government have any plans to use these sites for affordable housing or community land trusts as a way to combat potential gentrification entering the area? What can stakeholders like Pacoima Beautiful do to leverage public agencies to reutilize some of the land they own? Corporations also own land in Pacoima, some which the city does not authorize for building due to environmental factors. Can anything be done to mitigate these environmental factors? Finally, will light industrial owners attempt to variances in the future? And if so, will they be granted?*

### **Renter versus Homeowner Tenureship**

In this section, I evaluate whether the homeowner lives on their property or if they are renting out to someone. I achieved this by looking at 2013-2017 estimated ACS data from the US Census by Census Block Group within Pacoima. Figure 7 demonstrates that homeownership tenure is strong in the north west corner (adjacent to the freeway), in the center (between Terra Bella St and Branford St) as well as one parcel on the south west corner of the map that is also adjacent to the 5 freeway. The census block group (CBG) with the highest tenure of homeowners is located in the center of the map, west of the Whiteman Airport, at 89% Highest renter ship is at 100% and is located north of the Whiteman Airport.



Data from 2017 5 YR ACS estimates for Los Angeles County. CBG = Census Block Group

Figure 7: Percent Homeowner Vs Renter Tenure by Census Block Group

Figure 8 below shows that homeownership rate compared to renter rates are similar when comparing Pacoima to Los Angeles County. The homeownership rate for LA County is 46% and renter tenure is 54%. 48% of Pacoima are renters and 52% are



homeowners. This shows that Pacoima is pretty equal with regards to percent homeowners versus renters.

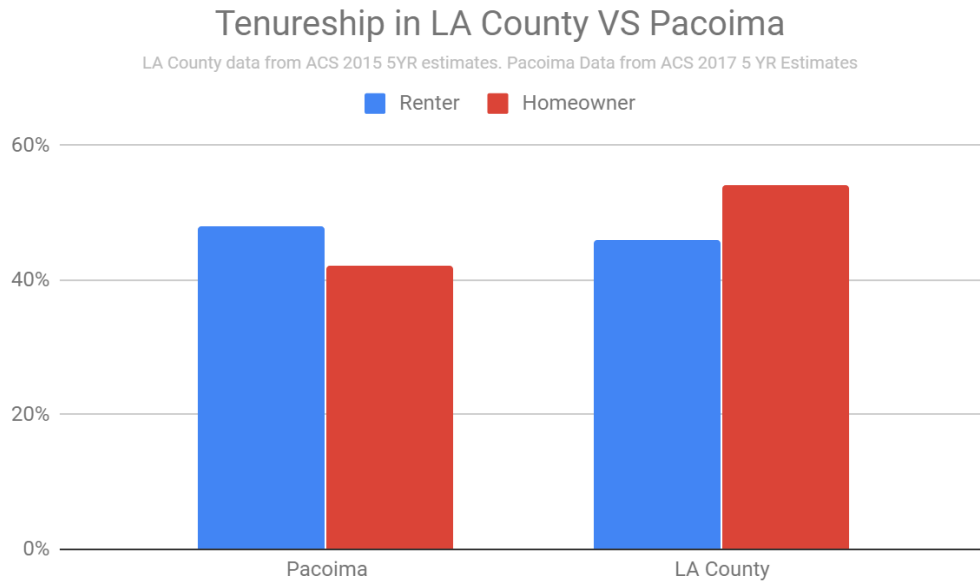


Figure 8: Pacoima Tenureship Rate Compared to LA County

*Takeaway*

*ACS data demonstrates that Pacoima is divided between renters and homeowners, a landscape that is similar when compared to LA County as a whole.*

**Absentee Homeownership**

*Overview*

It is vital to understand the homeownership landscape in Pacoima. Knowing what the absentee rate is for properties in Pacoima will allow us to understand how invested current residents of the community may be as money from the TCC Grant and the Metro

Light Rail enter the neighborhood. An absentee owner can be defined as one who owns a property in Pacoima but does not live there themselves. If majority of the land owners are absentee in Pacoima, there may be a higher likelihood of displacement of tenants due to low attachment to the Pacoima community by absentee homeowners. Absentee owners may be tempted to sell their land for profit, and since they do not live in the community may have little emotional regard to changing the community landscape of Pacoima by selling property to people of different socio-economic status from present Pacoima residents.

### *Methodology*

I took the 2017 assessor tax roll spreadsheet for Pacoima and created a formula to determine whether the “mailing address” was equal to the “home address” (where the parcel is located). The Mailing address in the tax roll is the address that the assessor uses to mail annual property taxes so they can collect fees from the property owner

### *Limitations*

It is speculation to assume that if mailing address does not equate to home address, that the property owner does not live there. These results may be skewed but can be used as one way to potentially measure how many homeowners live in the community versus not.

*Likely Absentee Rate for All Parcels in Pacoima*

I first did my methodology with all 8,586 parcels, regardless of zone. Figure 9 below shows that 71% of “home addresses” matched the “mailing address” listed. This indicates that 29% of the parcels in the tax roll may have owners who may not be present on their site.

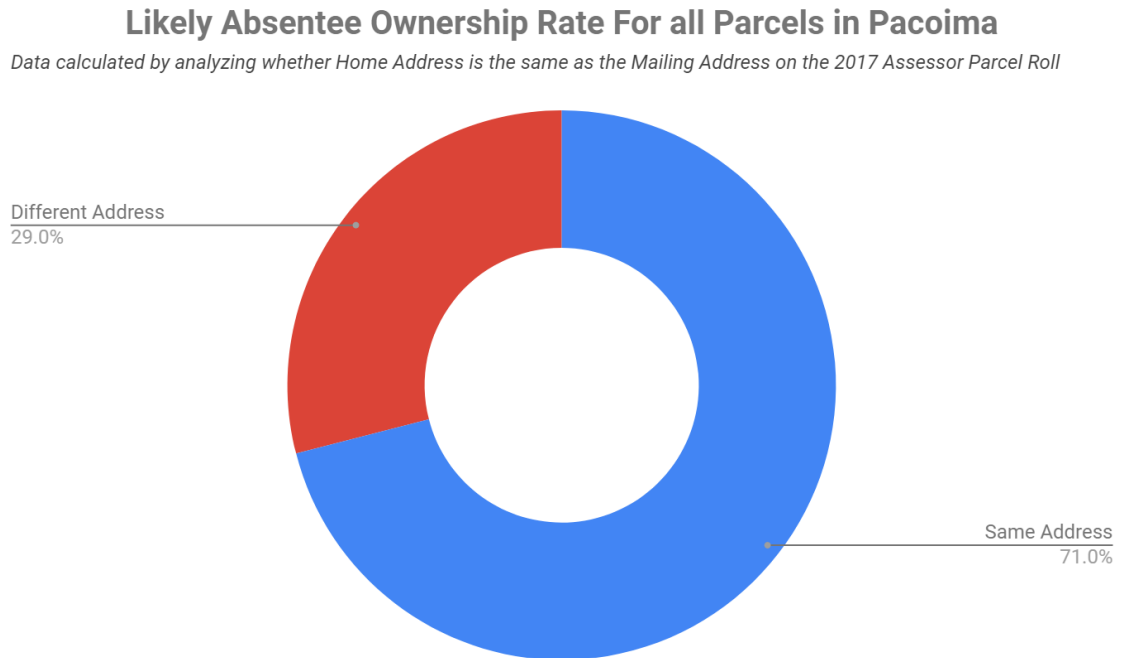


Figure 9: Likely Absentee Ownership Rate

*Potential Absentee Rate for Residential Zoned Properties in Pacoima*

After evaluating all parcels in the area, I decided to see if the same pattern emerged for only residentially zoned properties in Pacoima. Table 6 below shows what zoning terms were used in this methodology and Table 7 shows which were not. I referred to the “Generalized Summary of Zoning Regulations for the City of Los Angeles” when coming up with these terms.

Table 6: Residential Use

| Residential Use Parcels |          |
|-------------------------|----------|
| A1                      | RA-1 & 0 |
| C1                      | RD1.5    |
| C1.5                    | RD2      |
| C2                      | RD3      |
| CM                      | RD5      |
| R1                      | RD6      |
| R1-1                    | RS       |
| R2                      | R3       |
| RA                      |          |

Table 7: Non Residential Use

|                                |
|--------------------------------|
| Non Residential Use<br>Parcels |
| M1                             |
| M2                             |
| M3                             |

There are 8,085 residentially zoned parcels and approximately a quarter of them have different addresses between “mailing” and “home” as seen in Figure 10 below. This may indicate that 25 % of residentially zoned property owners either do not live on the site, are renting it out, or are purposely leaving them vacant as a future project to redevelop and/ or sell for profit.

### Likely Absentee Ownership Rate For Residential Use Parcels in Pacoima

Data Calculated by analyzing whether Home Address is the same as the Mailing Address on the 2017 Assessor Parcel Roll

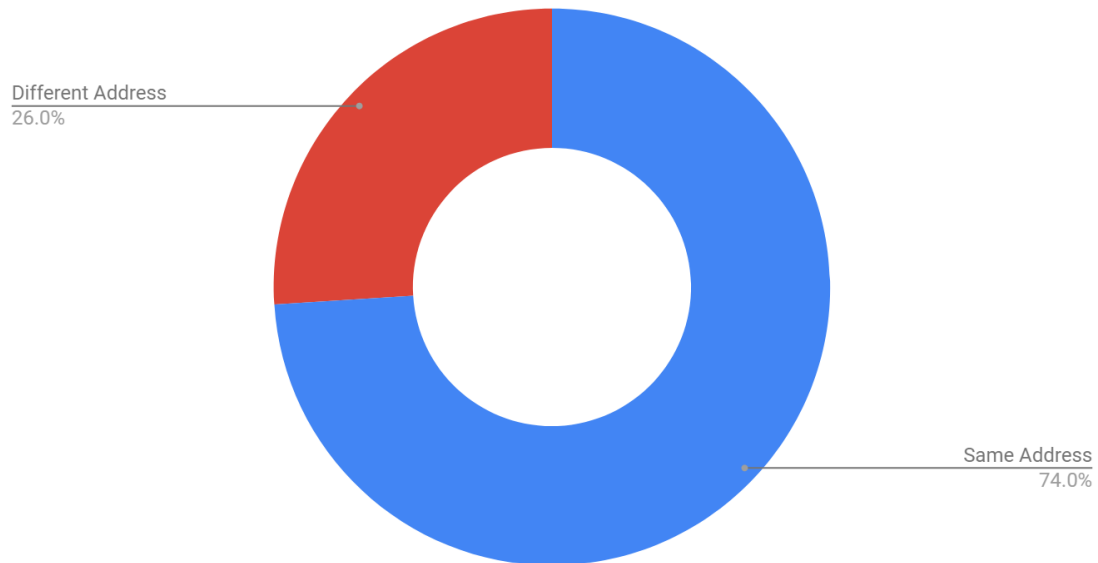


Figure 10: Absentee Owners Residential Use Only

### *Likely Absentee Ownership Rate by Categories in Pacoima*

To get a stronger understanding of potential absentee ownership rates in Pacoima, I decided to assess whether “mailing address” equates to “home address” by the categories I created in Section B of this report.

Figure 11 below illustrates that more than 80% of “mailing addresses” used by corporations and institutions are different from the listed “home address.” That is a total of 566 parcels out of 711. Such results are likely since corporations and institutions are not likely to live on the site they own. Trusts were more divided with 53% having their

“mailing address” different from their “home address” while 47% had the same addresses. That is a total of 685 out of 1,285 “trust” parcels with different addresses.

### Percent Address Same vs Different by Ownership Category in Pacoima

Data calculated by analyzing whether Home Address is the same as the Mailing Address on the 2017 Assessor Parcel Roll

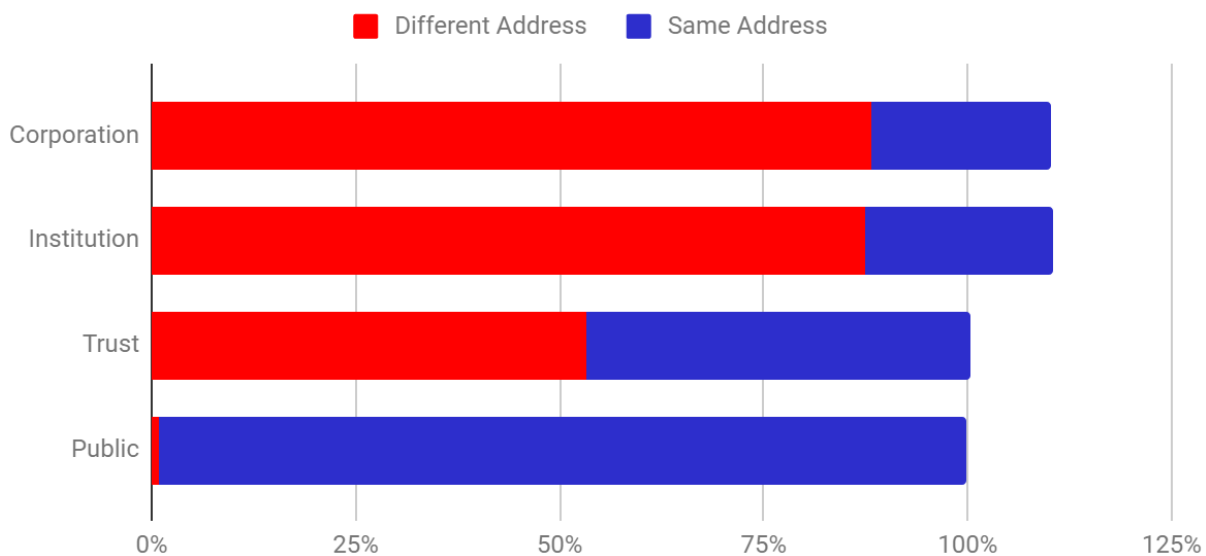


Figure 11: Category Analysis of Absentee Ownership Rate

#### *Takeaway*

*Trusts are divided in potential absentee rate. More research should be done to see why owners who have a different mailing address did so and see what these trusts are zoned as.*

Figure 12 below spatially illustrates where potential absentee residential properties are within Pacoima.

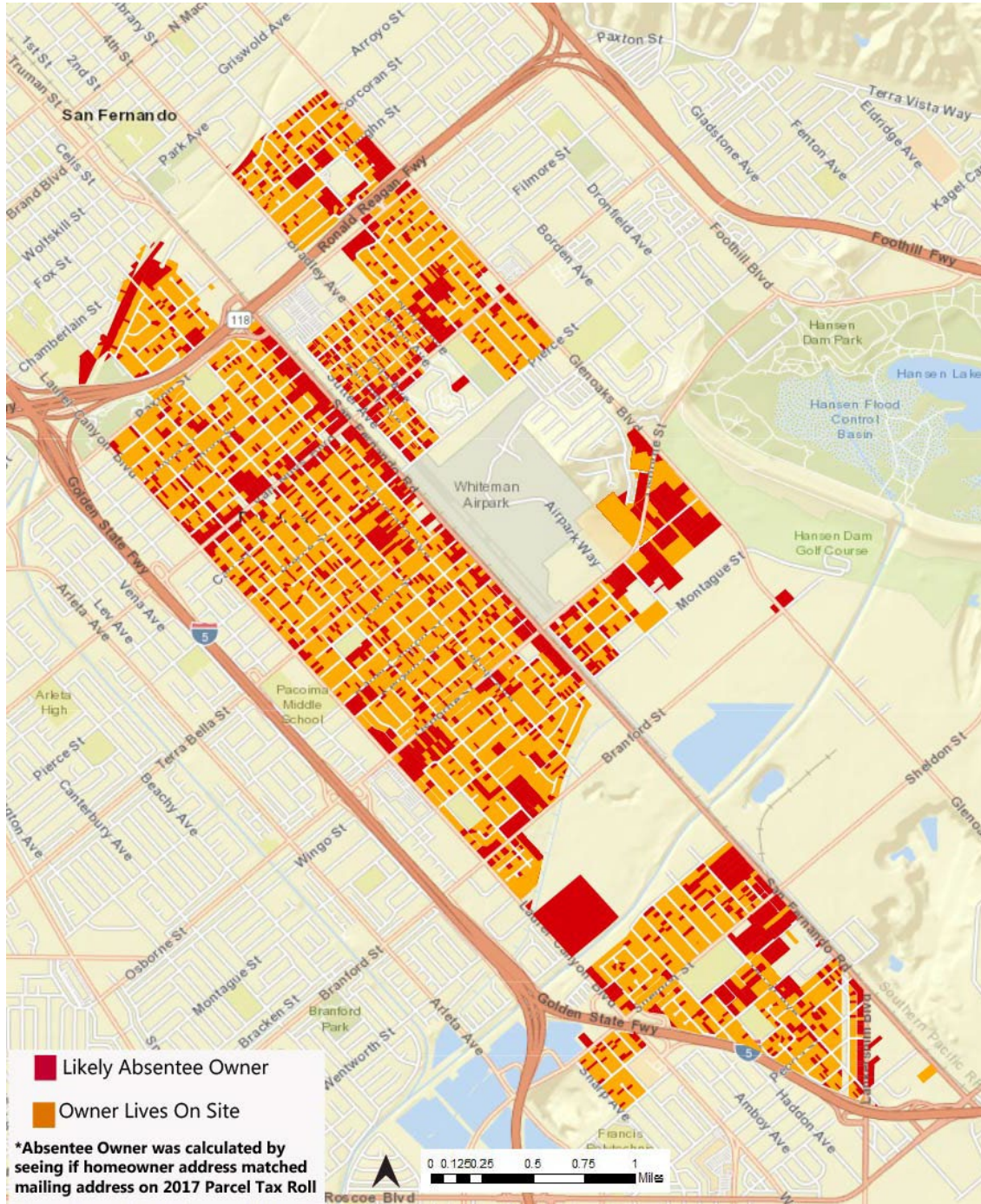


Figure 12: Residential Properties and Likely Absentee Status



Wanting to focus on corporations in Pacoima, I also decided to analyze how many corporate owned properties are zoned R1 only, meaning single family homes. Figure 13 shows that out of a total of 372 residentially zoned corporations, 111 are zoned R1, meaning they are single family homes. This means that 29% of the properties owned by corporations in Pacoima are single family homes. This demonstrates that corporations have been investing on single family homes in the Pacoima area.

### What Zoning Do Corporations Own In Pacoima?

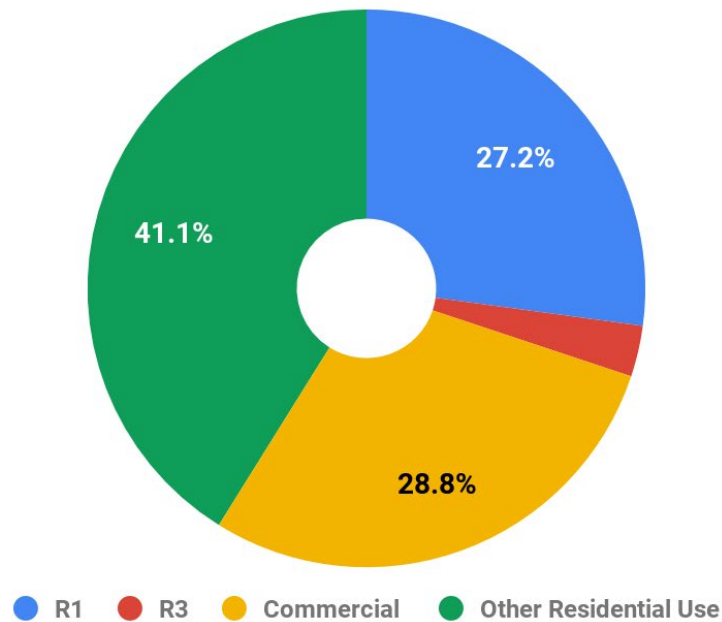


Figure 13: Corporation Ownership by Zoning

## **Conclusion**

Findings from this report illustrate both positive and potential negative issues for Pacoima as investment enters the community. The public owns approximately the same amount of land when compared to corporations and must use its authority to revitalize or redevelop their land with anti-displacement tactics as well as respond to ideas from current residents. Corporations who do own large parcels of land own parcels that are zoned for light industrial and agricultural uses asking the question of what may happen when community plans are updated for Pacoima? It also bears the question of whether these owners may attempt to seek a zone change so they can redevelop their land for other uses including new housing and retail developments to bring in a new demographic.

With regards to absentee homeownership, approximately 25 % of residentially zoned land have home addresses that do not match the mailing address for where property taxes should be sent. This endures the question of whether homeowners live there and if they do not, are they renting them out with the hope of selling them once new investments hit Pacoima.

Finally, more must be done to understand the other 71% of property owners who were not part of any categories created. Will current homeowners stay in Pacoima or will they leave for a new experience once investment enters the community and profits can be made?

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**Appendix**

| Total Number of Parcels Owned by Key Terms for Corporation |            |
|--|------------|
| Category   |            |
| LLC  | 351        |
| Development  | 3          |
| Bank   | 6          |
| Corporation  | 59         |
| inc.   | 74         |
| Properties   | 3          |
| Associates   | 4          |
| Partnership/Ptnshp   | 22         |
| LP   | 41         |
| Property   | 3          |
| <b>Total</b>   | <b>566</b> |

| Total Number of Parcels Owned by Key Terms for Institution |           |
|--|-----------|
| Category   |           |
| Religious  | 29        |
| LAUSD/Charter  | 45        |
| Non-Profit/ center   | 5         |
| <b>Total</b>   | <b>79</b> |

| Total Number of Parcels Owned by Key Terms for Public Category |            |
|--|------------|
| LA Fire Dept   | 1          |
| LA City  | 71         |
| LA County  | 19         |
| US Gov   | 3          |
| LACTMA (Metro)   | 17         |
| <b>Total</b>   | <b>111</b> |

Jessa Orluk

May 16, 2019

## **Building Power to Fight the Inevitable:**

### **Tenant Organizing is the First Step in Stopping Displacement**

*The most effective policy to immediately curb displacement is a holistic toolkit of tenant protections including rent stabilization, just cause eviction protection, relocation payments, and rental registries. Most of the units in the project area of Pacoima Beautiful's Transformative Climate Communities (TCC) grant are exempted from the local Rent Stabilization Ordinance (RSO) because the majority of units are single family homes, affordable housing developments, or issued a Certificate of Occupancy after 1978. Sketching the landscape of tenant organizing in Los Angeles provides a roadmap for how to combat displacement despite a lack of government protection. Tactics relevant to Pacoima Beautiful include movement lawyering and coalition building.*

## **Introduction**

The Transformative Climate Communities (TCC) grant created by Community Partners includes a Displacement Avoidance Plan (DAP) meant to “prevent the displacement of low-income households and small businesses.” (Green Together Collaborative, 2019.) The application names three actions to prevent displacement: laying the ground work for a

Community Land Trust (CLT), legalizing accessory dwelling units (ADUs), and creating a “tenant protection support program that provides legal resources and empowers residents to gain competency in tenant rights.” The Rent Stabilization Ordinance (RSO) in the City of LA (LA) is listed as one of the “policies, plans, ordinances, and programs that are currently in place to prevent the displacement of existing households.” (Green Together Collaborative, 2019.) While the RSO does provide tenant protections for a select few units in LA, it is not clear from the outset how the RSO would apply to ADUs, which we are assuming are one of the primary housing typologies in the project area.

This paper is split into two parts. The first determines if and how the RSO applies to ADUs in the project area. In short, the RSO applies to some tenants and no ADU residents. A lack of legal and policy protection begs the question— how do tenants fill the gap between what protections are promised and the precarity of their lived experience? How can displacement be stopped? The second part of this paper describes two tactics used by tenant organizers in similarly situated LA neighborhoods that may be relevant to Pacoima Beautiful: movement lawyering and coalition building.

### **Understanding the lack of tenant protections across Los Angeles**

The Rent Stabilization Ordinance (RSO) in LA was passed in 1978 and contains five primary benefits for tenants:

- *Rent stabilization (LAMC §151.00 – 151.31)* – In general, rent can only be increased once per year for covered units in Los Angeles. There are two types of rent increases in LA: *no-approval* and *approval*. *No-approval* rent increases mean that the landlord does not have to apply to the Housing and Community Investment Department (HCID) to increase the rent. Types of no-approval increases include the annual allowable rent increase, which is based on the Consumer Price Index and cannot exceed an 8% increase. The second no-approval increase is called *vacancy decontrol*, meaning that landlords can raise the rent of a rent-controlled unit to market rate once a tenant voluntarily moves out. An *approval* rent increase means the landlord must apply to HCID and get permission to increase the rent. There are four types of approvals landlords can apply for: capital improvement, primary renovation, rehabilitation, or just and reasonable rent increases.
- *Rent Registry* – All landlords of rent controlled units must register with HCID each year and notify their tenants that the unit is rent controlled. Tenants can see if their property is rent controlled either through HCID or through ZIMAS. Landlords do have to pay a small fee in order to be register that maybe be split with the tenant, but the amount is generally inconsequential.
- *Just Cause* – Landlords can only evict tenants of rent-controlled units for one of fourteen reasons. These are divided into *no-fault* and *at-fault* evictions. No-fault evictions are not caused by the tenant. Instead, the owner may choose to occupy the unit, to remove it from the market, or convert to affordable housing. At-fault evictions happen when the



tenant does something wrong. This could include violating the lease, not paying rent, or causing a gang or drug related nuisance.

- *Relocation* – In select situations tenants in rent-controlled units are entitled to relocation fees. These fees are set by HCID every year. Tenants who receive no-fault evictions are entitled to relocation.

Units not covered by the RSO do not receive any of these protections. The definition of a covered unit is very narrow; units with a Certificate of Occupancy issued after 1978 are not protected by the RSO. Single family units and affordable units are also exempt from the RSO. This poses a problem for ADUs. When the ADU is built or legalized (depending on the type of legalization program), the Certificate of Occupancy will have a current date and *not* be under the RSO. However, if the original building on the parcel was to be rented out and it had a Certificate of Occupancy issued prior to October 1, 1978 then it *would* be under the RSO. While some owners may end up renting both units or moving into the newer unit, there is a very small chance that a significant number of RSO units would be produced this way. The technicality virtually prevents any RSO protections from touching residents in the project area.

The logical option would be to change the cut-off date for rent stabilized units, but the City is preempted from doing that by state law, known as the Costa Hawkins Rental Housing Act. Costa Hawkins prevents units built after 1995 from being rent controlled, except in cities that had rent control prior to the enactment of Costa Hawkins. Those cities are not allowed to regulate units that were built after their own RSO was enacted. For Los Angeles, that means no units after 1978 can be regulated. There is one small loophole within the Costa Hawkins Rental

Housing Act, which allows owners to enter into an agreement with a public entity “in consideration for forms of concessions and incentives.” San Francisco has attempted to utilize this loophole by creating a contract that brings ADUs under their RSO in exchange for certain waivers from the zoning code. This program is very new, and it remains to be seen how effective it will be in adding ADUs to the Rent Stabilization Ordinance and if it will withstand litigation.

There is a growing body of evidence that a toolkit of tenant protections is essential to preventing immediate displacement in at-risk communities. Policy works together to provide a holistic regulation that protects renters from a predatory market. What’s not known is how to provide short-term protection to tenants who do not have these rights. Without tenant protections, there is nothing but good faith and meager state laws regulating the rental market. Displacement seems inevitable.

The current RSO creates an uneven geography in places like Pacoima that have a high number of backyard units and single-family homes. Tenants renting those types of units are not likely to be covered while renters in multifamily housing probably are covered. Even though Los Angeles has an RSO, there is a large gap between the number of people covered and the total population of vulnerable renters.

The gap between protected and unprotected tenants is exacerbated in Pacoima because the neighborhood lacks culturally appropriate legal services. The project area is in a relative housing justice desert. Not having access to tenant rights information puts residents at a dangerous disadvantage and primes them for swift displacement.

The Anti-Eviction Mapping project has been attempting to map legal services in Pacoima as part of the Right to Counsel campaign. Their preliminary work thus far shows that one legal service provider has an office in Pacoima, belonging to Neighborhood Legal Services. According to Pacoima Beautiful staff, this office is expected to close when transit is developed. A lack of accessible legal services exacerbates the tension between what little rights tenants are legally afforded if their units fall under the RSO and what tenants may actually be experiencing.

In other communities across Los Angeles community organizers have been attempting to fill this gap between de facto and de jure tenant protections by engaging in tenant organizing. Tenant organizing builds power that can not only change how tenants assert themselves in their housing situations but can mobilize communities to effect structural change.

### **Tenant organizing in Los Angeles.**

Tenant rights organizations in LA can be roughly divided into three categories: organizing, information provision, and legal services.

- *Tenant Organizing* – Organizers politically mobilize tenants to create systemic change.

Most tenant organizing groups utilize legal clinics to build their membership. For example, the Alliance of Californians for Community Empowerment (ACCE) hosts a tenant clinic every Thursday from 6:00 PM to 9:00 PM. Tenants come to the clinic in order to answer questions. They are educated on tenant rights offered opportunities to get involved in current campaigns to expand tenant protections or, in some cases, stop displacement through direct action. Other organizing groups that offer tenant clinics

include: Strategic Actions for a Just Economy (SAJE), LA Community Action Network (LA CAN), Coalition for Economic Survival (CES), Union de Vecinos, Housing Long Beach, and the Los Angeles Center for Community Law and Action (LACCLA). The Los Angeles Tenants Union (LATU) utilizes a slightly different model that mobilizes tenants through rent strikes and direct action in order to build a movement for housing justice.

- *Information Provision* – These groups have a robust array of workshops and educational materials available. The Housing Rights Center provides a tenant hotline, workshops, and online resources regarding fair housing. The closest center to Pacoima is in Van Nuys. In addition to education, the Housing Rights Center also offers tenant/landlord counseling and housing discrimination complaint investigation. The Los Angeles Tenants Union, while primarily an organizing group, does have an extensive handbook available online. Inquilinos Unidos provides workshops, trainings, and door-to-door canvassing with educational materials in addition to advocacy.
- *Legal Services* – There are a handful of legal service organizations that offer free or low cost services to tenants throughout LA, although their physical locations are likely not close to the project area. These organizations include: Public Counsel, BASTA, the Legal Aid Foundation of Los Angeles (LAFLA), Bet Tzedek, Eviction Defense Network (EDN), Neighborhood Legal Services, LACCLA, and the Shriver Project. A resource flyer with all clinics and legal service information is included in the appendix.

The lines between these distinctions are far from clear. Many tenant organizers provide information on tenant protections, but few groups with an explicit focus on information provision

also engage in tenant organizing. Organizations themselves are constrained by lobbying restrictions, sources of funding, and political ideology which allow them to create specific roles for themselves within the movement. Each group follows their own theory of change, but what makes Los Angeles unique is the extent to which groups collaborate on specific strategies. Two strategies stand out as particularly relevant for Pacoima Beautiful: movement lawyering and coalition building.

### *Movement Lawyering*

Progressive lawyers have come to play a central role in American social movements over the past 25 years (Cummings 2018). In the LA tenant movement organizations like the Los Angeles Center for Community Law and Action have had tremendous success with a law and organizing model. As co-director Tyler Anderson writes, “LACCLA’s methods combines organizing, leadership training, public action, and strategic legal representation to combat exploitative and discriminatory economic practices.” (Anderson 2018). Instead of requiring payment for services tenants seeking help from LACCLA are required to attend a weekly community organizing meeting. At these meetings members engage in reading groups, know-your-rights education, and campaign planning. LACCLA was essential in starting the push for rent control in unincorporated LA, when members decided to march to Supervisor Hilda Solis’ field office and demand tenant protections. The tenant at the center of that fight not only won her case with the help of LACCLA attorneys but has become a leader in the organization. LACCLA has also represented tenants seeking to unionize their buildings, like the Mariachi building in Boyle Heights. (Chiland, E. 2018)

Other progressive legal organizations have also begun engaging in movement-based work to varying degrees. Including: Public Counsel, Inner City Law Center, and HEART-LA.

### *Coalition Building*

While each organization has a specific role to play in their local neighborhoods, LA-based organizations work together on a number of issues with great success. Unincorporated Tenants United is a coalition of 15 community organizations, legal service providers, and non-profit advocates. (Sentinel Wire, 2018.) Since UTU began organizing, the LA County Board of Supervisors has passed an interim rent control ordinance and a subsequent extension of that ordinance until the end of 2019. The extension was accompanied by an expansion of just cause eviction protections to all rental units in unincorporated LA. By working together, the coalition was able to secure geographic and ethnic diversity in messaging, mobilize 100+ people for relevant Board of Supervisor meetings, and gather over 500 calls to the Supervisors in favor of tenant protections.

Coalitions are also behind the current campaign for Right to Counsel which is fighting at the city and county level for a codified right to representation in eviction cases. (Reyes, 2019.) Similar to UTU, this coalition is comprised of community organizations and legal service providers.

Smaller volunteer-led community organizations have come together as the Southern California Regional Rent Control Solidarity Group to share strategies as they fight for rent control in their respective cities.

Both movement lawyering and coalition building are tactics a multi-issue organization like Pacoima Beautiful could explore because these tactics leverage the resources of multiple groups to move an issue. Since Pacoima Beautiful does not have an explicit focus on tenant organizing, forming partnerships will help mobilize the community without adding a significant amount of work to Pacoima Beautiful staff.

**Conclusion: Building tenant power fills the gap between de jure and de facto tenant protections.**

Pacoima Beautiful is already a robust community organization that has made significant systemic change in their community. Further research is needed, primarily in the form semi-structured interviews, to determine how successful these other programs are and what lessons can be learned from their experience. It might be important to know how other multi-issue organizations organize tenants with scarce staff resources, how organizations capture tenant data, and how organizations retain members after they have been displaced. Moving forward, it will also be important to understand how tenants currently access legal services, if at all, and what changes would make the process easier.

Tenants must be informed of their rights and provided accessible legal services in order to stay in place. Even when the law itself does not protect tenants, the hope is that they become politically mobilized and engaged in a campaign to create structural change. Based on this paper, there are two primary recommendations:

*Organize for expansion of tenant protections at the city and state level.*

The state is currently considering a suite of bills that might drastically change the legal landscape for tenants across California, including an anti-rent gouging bill, potential Costa Hawkins reform, and a right to organize bill that ensures tenants will be protected from retaliatory evictions when tenants advocate. (Chandler, 2019.) These measures, together, would help immediately curb displacement related to investment.

If ADUs are going to be the primary typology of the project area it may be worth exploring a contract between the city and ADU owners that would bring units under the RSO. Doing so would necessitate finding what owners would want in exchange for putting their unit under regulation and what the City is willing to offer.

*Seek partnerships with other housing organizations in order to build the tenant protection support program.*

It will take time to develop a program that is suitable to Pacoima Beautiful's unique needs. In the meantime, it might be helpful to seek out other organizations that have pre-made workshops or can offer a clinic to members. This would gauge interest among members and allow staff to understand what types of challenges members are facing so that the future program can be tailored to community needs.



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## **APPENDIX**

- I. Sample contract to bring ADU under RSO in San Francisco.
- II. Tenants – Legal Resources. Created by Eviction Defense Network.

## **At close and common quarters**

*The future of housing and the rise of micro-units and co-living in the Los Angeles market*

Mike Peterson

*Accessory dwelling units (ADUs), common throughout Pacoima, are just one kind of compact living being introduced to confront the regional housing crisis. As the neighborhood prepares for Transformative Climate Communities and incoming light rail, one method of anti-displacement yet to be explored is the creation of new and different types of housing, as issues like increasing rents, overcrowding, and legalization of current units may regrettably force some residents from their homes. Largely because of the ongoing housing shortage, current proposals in Los Angeles are clearing the way for more choice and opportunity in housing. Unconventional forms such as micro-units and co-living show promise in helping to create enough space for everyone. Pacoima should take note, especially since these forms already mirror existing neighborhood conditions.*

## **Introduction**

Housing policy in the United States has so far failed to properly solve the issue of affordability, and conventional forms of housing struggle to create configurations that work for diverse populations. There is a movement to redefine “home” and how it is valued in America today, as innovative environments are poised to take Los Angeles in a new direction – away from traditional single- and multi-family models, and clouding the distinction between public and private to encourage interaction as well as retreat. Two of these forms are micro-units and co-living, often combined in the same project. This paper briefly explores the problems these alternatives attempt to address, what challenges they may face through the development process, and any quantifiable results from the first wave of prototypes in neighborhoods from downtown L.A. to the Pacific.

## **Background**

A marked shift occurred throughout the developed world which saw the housing market transformed from needed shelter to speculative commodity. Homes are now considered investments – instruments of *financial* equity – and home ownership is often heralded as a wealth creation tool. But this positioning is at odds with another stated pillar of national housing policy: affordability. An increasing value of an artificially limited housing stock is inherently more unaffordable for those who are not privileged to own (Axel-Lute). Micro-units are thought to be one potential solution to this problem, as smaller units use less material and certain costs (most

notably land) can be split among more dwellings, thus driving down the per-unit cost of production.

The recent interest in micro-units parallels demographic changes including shrinking household sizes and more people living alone, as well as a movement back to inner cities from far-flung suburbs (Been, Gross and Infranca). Both older and younger generations are seeking the lifestyle that comes with urban living – so long as they can afford it. At the same time feelings of isolation and a lack of community involvement, both in high-density cities and low-density suburbs, are growing concerns. Co-living seeks to combat these intersecting issues, merging the privacy of individual units with common spaces that promote personal relationships and a sense of belonging among residents. This trend pushes residential development to be centered around growing *social* equity: participation in community affairs, the development of new capabilities and connections.

### **Close quarters: micro-units**

Micro-units are broadly defined as studio or efficiency units 400 square feet or less in size; Seattle, crowned the leader in the micro-unit movement, has units as small as 90 square feet (Solovitch). They most often include a kitchen, bathroom, built-in furniture and storage, and many incorporate space-saving features like Murphy beds which can disappear when not being used or otherwise convert into another piece of furniture like a desk or table. Micro-units – both permitted and unpermitted – are most often found in high-priced, highly-productive coastal cities, where a prohibitively

high cost of land has forced greater creativity in the housing market (Renn and Armlovich). In order to manufacture more housing in already developed cities, buildings either need to get bigger or units must get smaller. Many cities are choosing the latter.

The City of Los Angeles defines its minimum dwelling unit size by California Building Code (section R304), which states efficiency units must be 220 square feet plus a bathroom and closet (International Code Council). The smallest possible unit would therefore be approximately 275 square feet. But developers have little incentive to build units this small in many cases, as residentially-zoned properties are limited by number of dwellings first and building size (whether height or floor area ratio) second. If developers build the maximum building size and number of dwelling units permitted, as they usually do, they will end up with much larger units than 400 square feet. While micro-units generate the highest return per square foot for developers, any unused buildable area is essentially money flushed away. Thus the city's residential zoning code effectively mandates larger units that residents must pay for whether they want the additional space or not (Gabbe). Parking also plays a role: it is nearly impossible to finance a 300 square foot dwelling unit when it must be paired with a 350 square foot parking space that can add \$40,000 or more per unit to construction costs (Cortright). In these ways zoning and parking regulations work in tandem to increase the cost of housing in residential districts (Gabbe and Pierce).

Therefore micro-units can realistically be built only in places without significant density limitations or parking requirements. In Los Angeles, the areas most conducive are downtown (which eliminated density restrictions in 2007 with the Greater Downtown Housing Incentive Area ordinance) and, more recently, Transit-Oriented Community (TOC) Tier 3 & 4 zones such as Hollywood and Koreatown (Lall). Still, barriers exist: The Adaptive Reuse Ordinance that transformed the historic core of downtown requires a minimum average unit size of 750 square feet. It also prohibits outright units smaller than 450 square feet due to the concentration of single-room occupancy (SRO) residential hotels that were already present. Live-work units likewise are set at a 750 square feet minimum citywide. According to City Planner Bryan Eck, removal of both the adaptive reuse and live-work regulations regarding unit size is in process, and these restrictions will no longer exist in 12 to 18 months when the City's Recode efforts go into effect. However, regulations based on number of dwelling units would still need to be revisited: parking, open space and street tree requirements are all calculated from unit count, not metrics like building square footage, lot size, or sidewalk frontage (Central City Association).

As harmless as a small apartment may seem, micro-units can be a cause of debate and even backlash. Santa Monica limits micro-units to a minimum of 375 square feet and 15% of a building, on the basis that too many micro-units restricts the number of new units available for families (Valhouli). (Though some single roommates currently sharing two or three-bedroom apartments would likely move into their own micro-units if they were more available.) In other places, neighbors are fearful of what they



consider to be undesirable and transient populations the efficiency units might attract. Elev  Loftos opened in 2013 in Glendale with 208 units as small as 375 square feet (Glick Kudler); today the project would not be in conformance with the municipal zoning code. After significant community pushback, the city increased its minimum dwelling unit size to 600 square feet specifically to prevent the development of additional micro-units. Coincidentally, Glendale also limits the size of accessory dwelling units to a maximum of 600 square feet (Landa) – increased from 500 in 2018 – as if to subvert the notion that ADUs are actual dwelling units.

While micro-units are advertised as more affordable housing options, generally priced at 20-30% below average studio rates in the same city (Urban Land Institute), some critics contend that they are actually more expensive than virtually all apartments on a per square foot basis. This can indeed be the case. At One Santa Fe in the Arts District, micro-units starting at 343 square feet can be priced at over \$6 per square foot while two-bedrooms run closer to \$3 per square foot. For comparison, a two-bedroom near the ocean in Santa Monica can be had for around \$5 per square foot. To be clear, while micro-units are small, they are not the SROs or tenement houses of yesteryear. Residents not only get the benefit of a private space they don't have to share at a lower monthly price, they are also paying for extras outside their unit (not least of which is a vibrant neighborhood). At One Santa Fe, the amenities include access to a pool, a pilates studio, and an on-site concierge, among others. At The Crown in West Hollywood, where units are as small as 373 square feet, residents share an expansive roof deck with panoramic views of the hills, a spa, and a fitness center.

The in-demand, walkable locations and long lists of amenities certainly appeal to certain groups of people, including aspiring urbanites who don't mind a smaller space in exchange for a desirable locations and the ability to live alone. They are those who may not spend a lot of time at home if they work demanding jobs or just treat the city as if it were their living room. Small dwellings may not be for everyone, but larger ones constitute a waste of money and space for many. Micro-units can increase the overall amount of housing, provide a relatively affordable housing choice (subsidy-free), and help move more families into larger existing units currently occupied by roommates who would rather live alone, reducing stress on an over-extended housing market.

### **Common quarters: co-living**

As much as people desire their own space, they are social creatures. The sharing economy's version of housing, co-living is defined as virtually any space that merges private living space with extensive common amenities. Co-living facilities differ from a conventional roommate situation in scale, management, and amenities. They typically are home to dozens if not hundreds of people, they have a formal management team, and the shared amenities go far beyond the typical apartment gym, from unlimited amounts of toilet paper to beer on tap. Their target market overlaps with micro-units, but extends to those transitioning (moving to a new city, looking for a job and/or housing), and those temping or traveling – be it for work, school, or fun (Anderton). They also vary widely, with some falling close to apartments on the

housing-to-hotel spectrum, and others operating more like residential hostels. Some have year leases; others offer stays as short as one night. In Los Angeles, the full range of co-living is now arriving.

At its most luxurious, there are developments like Common and Treehouse. Opened on the southern edge of Hollywood in December 2018, Common Melrose has 24 bedrooms – all private – within its 8,800 square feet of living space. Four suites of six bedrooms share access to a stocked kitchen and lounge space, as well as a roof deck. The rent starts at \$1,550 for a bedroom (bathroom shared with one other unit or private) and is all-inclusive: furniture, internet, TV, utilities, and even weekly housekeeping service (Yoh). Treehouse, a \$14 million project with 60 beds organized into 18 fully-furnished suites, is now under construction in Hollywood (Barragan). While a primary goal is affordability in an ever-expensive neighborhood, the developer (a founder of the Abundant L.A. housing advocacy group) contends that social aspects like weekly Sunday dinners are just as vital to the project. Rents start at \$1,788 for a private room with en-suite bathroom, all utilities included. Average monthly rents for a studio in the neighborhood approached \$2,000 in 2018, in buildings with far fewer amenities and utilities billed separately (CoStar). For those who question whether co-living will catch on, a second Treehouse is already under development in Koreatown, and Common says it received 9,000 rental applications for its 24 beds (Norris).

On the other end, Podshare is a unique form of co-living that most closely resembles a dormitory or hostel – down to the bunk beds – and already has multiple locations across Los Angeles. One location in Venice charges \$60/night with discounts for monthly or yearly stays. Its website says Podshare offers “access not ownership,” and benefits include personal TVs with Netflix, bicycles and surfboards that can be borrowed by the day. There aren’t security deposits or utility/maintenance charges. Members also have the ability to stay at any location as long as a bed is available.

These differences shine a light on why current municipal codes don’t always know what to do with co-living, and many jurisdictions therefore take diverging paths. The City of Los Angeles, flooded with applications for co-living in the past year, began enforcing a cap of eight bedrooms per “unit” in the fall of 2018 (Eck). That is to say that a co-living space with twelve bedrooms but one kitchen would count as more than one unit per the City’s Building and Safety department. Podshare, meanwhile, is treated as a hotel as it navigates the Santa Monica permitting process; in West Hollywood, where it is actively scouting sites, it would most likely be considered an ‘organizational residence’ similar to a dormitory based on its membership model and up-to-yearly leases. As such, it would be exempted from the City’s transient occupancy tax (12.5% of rent), though it’s unclear if long-term residents would be able to establish residency.

Other regulations prove problematic – and sometimes in favor of co-living. Established by the Quimby Act, the state’s mandatory parks fee – which ranges from

\$4,500 to \$10,000 per new dwelling – is based on an average occupancy of 2.88 people (Central City Association). There is an inherent unfairness to basing this fee on number of units, and the effects are actually opposite when comparing micro-units to co-living since an eight-bedroom suite would pay the same fee as a micro-unit. Micro-units are almost always home to one person, meaning micro-unit developers (and therefore their residents) would end up paying nearly three times their fair share under the current system, while co-living suites pay a fraction of what they should. A hundred micro-units with 100 residents would pay the same amount as a conventional (much larger) 100-unit building with 250 residents, which would pay the same amount as a 100-unit co-living building with 800 residents. It remains to be seen if these new housing types will eventually demand a code overhaul or if they will be kept in already defined typologies.

One more example of co-living worth noting is the Los Angeles Ecovillage in Koreatown, which is actually defined as co-housing. This is a particular stream of co-living with key differences that set it apart. While co-living arrangements are manufactured by private developers, co-housing is created from the ground-up by individuals who come together with the goal of forming an “intentional community” – a lifestyle that is based on more than ownership (as it is in a cooperative). These are led by collective rather than corporate/institutional governance, and most co-housing neighborhoods extend the social amenities beyond common facilities and physical goods to include elements such as childcare and carpooling. In co-housing, the idea is that everyone is not just a part of the community, but that everyone contributes to

the community. For example, in co-living the lawn is mowed for you. In co-housing you mow the lawn using the community-owned mower.

Many co-housing developments are set-up much like traditional neighborhoods, with a key difference being community-owned land (individual houses can be privately or community-owned). These do not require any special zoning variances so long as its form (i.e. single or multi-family) fits into the established residential district. It also requires no new legal structures, since most use already developed frameworks such as a homeowners or condo association, or a cooperative. Co-housing is just one more example of the various forms these alternative typologies can take, and the continued blurring of lines between public and private spaces.

### **The future**

Innovative housing types like micro-units and co-living are direct results of growing dissatisfaction with the current state of housing in America. This is due to an inflexible system that fails to keep up with changing social and economic needs – including a lack of supply but also diversity in tenure and design. People are forced to adapt to housing rather than refashioning housing to facilitate modern lifestyles. Furthermore, a model of housing focused nearly exclusively on individual ownership and private spaces undermines community and entrenches inequality. In response, the RSA Action and Research Center in London has proposed a new definition of housing equity made up of two separate but related transformations that co-living addresses:

Financial equity: From homes as assets to sources of collective wealth

Social equity: From homes as shelter to forms of community infrastructure

Housing policies have traditionally concentrated on the provision of shelter, disregarding a home's potential as a place-maker or an instrument of social and economic mobility for the greater community as opposed to the individual (Schiffers and Shafique). Whether the development is private co-living aimed at young, urban professionals or collective co-housing promoting cooperation and fighting displacement, new housing choices are good for society as a whole – particularly these based on communality. It remains to be seen, however, if new co-living developments will be good neighbors to the wider community. When they provide one-stop shops (Treehouse's free cafe for residents, for example), they run the risk of insulating themselves from the environment in which they reside. When they themselves include a lack of diversity in unit mix and price point, they risk segregating themselves and becoming the 21st century's version of the gated community. Their social nature on the inside becomes anti-social in terms of the city around them.

Perhaps the best model for the future of micro-units and co-living just opened in Marina del Rey: C1, a mixed complex with 51 traditional apartments of varying sizes and 17 co-living units. This model limits the insular nature of both new and old forms, and provides choice for tenants. Since housing is not one-size-fits-all, residents can move freely between co-living, micro-units, and traditional apartments depending on their life stage. The prototypes outlined above will take time to refine; I find it hard

to believe that the long lists of amenities are actually required by renters given the demand seen at places like Common Melrose. And affordable housing developers, ironically, have yet to embrace these models – likely a result of the stigma attached to SROs and the difficulty in financing unproven types of housing (Stern and Yager). The City of Los Angeles will also need to address the issue of per-unit fees in order to spread these costs more evenly among the user base.

Whatever form they take, innovative housing models are on the verge of reaching a critical mass in Los Angeles; Common recently announced a \$100 million plan for co-living in Southern California (Vincent). If done right, they have the potential to be win-win-win scenarios for residents, municipalities and developers alike: people get options, communities receive investment, and developers see profit, all at a more affordable price without subsidies. These developments reimagine housing as a critical part of social and economic infrastructure within a city and further expand equity and choice in the housing system.



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# Reforming Code Enforcement: Strategies for Protecting Residents of Unpermitted

## Dwelling Units

Kaitlyn Quackenbush

### Introduction

For Pacoima Beautiful’s Displacement Avoidance Plan (DAP), Accessory Dwelling Units (ADUs) are key to the production and preservation of affordable housing. Pacoima Beautiful seeks to help legalize existing ADUs in order to formalize and protect this source of affordable housing. Yet, the legalization process is challenging, requiring significant up-front cash to cover permit fees and infrastructure upgrades in order to meet current building code requirements. Additionally, upgrading existing units may result in the displacement of current residents, thereby undermining the Displacement Mitigation Plan’s objective to keep residents housed.

Residents of unpermitted accessory dwelling units face multiple risks. First, they face the risk of substandard or unsafe housing conditions of the home. Second, they face penalization for lack of permits and possible displacement due to the demolition of the property. Despite the significant policy shifts to make ADUs legal in California, strategies for already existing, but unpermitted units, are inadequate. Currently, code enforcement operations in the city of Los Angeles create barriers that impede compliance and eliminate affordable housing stock. Directives often call for “discontinuation of use”

rather than providing feedback on life-safety improvements and supporting residents in remaining housed.

The following brief supports explores models of “harm-reduction” code enforcement for unpermitted housing. In principle, harm reduction does not criminalize behaviors.

Instead, this approach works with them to mitigate harmful effects over a period of time.

Theories and practices of harm reduction in the United States emerged in the 1980s and 1990s, in the midst of the HIV crisis, and in reaction to the War on Drugs model, which criminalized what was deemed as immoral behavior. Based on public health principles, harm reduction grew out of grassroots advocacy among drug users (Marlatt, 1996).

According harm reduction literature, there are five central assumptions: 1) it focuses on consequences of harmful behaviors rather than whether the behavior is morally right or wrong; (2) it accepts alternatives to abstinence, for drug-use this includes needle-exchange programs and methadone maintenance; (3) it is based on the input of those impacted/experiencing the harm, rather than a ‘top-down’ policy; (4) it supports ‘low-threshold’ access to treatment and user-friendly approaches in order to reduce barriers to treatment and (5) it is based on compassionate pragmatism and not on moral idealism (Hilton, 2001).

Harm reduction applied to code enforcement could come in the form of amnesty, financial support, anonymity, prioritizing upgrades that address imminent life-safety hazards, replacement housing, working with intermediaries, etc. This brief (1) reviews code compliance processes for accessory or non-conforming unpermitted dwelling units

in cities across the country, (2) assesses approaches to similarly positioned housing, such as live/work “diy” spaces, and (3) examines how the principles of harm reduction can be applied to code enforcement processes and the permitting policies for unpermitted housing.

The cities examined are divided into two sections. First, Daly City, Ventura, and Santa Cruz exemplify a series of harm reduction code enforcement approaches for unpermitted secondary units in California long before recent policy trends focused on easing ADU legalization. Section one reviews these early and exemplary models for unpermitted ADUs. Next, Oakland, San Francisco, Seattle, Baltimore, and Denver each took action following the 2016 Ghost-ship fire in Oakland to address live/work artist spaces. Section two will outline the innovative approaches of each city regarding artist spaces that can and should be applied to unpermitted ADUs.

### *Goals of Harm Reduction Code Enforcement*

Harm reduction inspection and code enforcement reform has the potential of minimizing displacement while also addressing housing conditions that may impact the life safety of the resident or their quality of life, for instance, exposed wires that pose a fire risk or pest infestations. The goal of these reforms is to move code enforcement *away* from its focus on the physical structure; to see residents instead of violations, affordable housing instead of unpermitted units, and eviction prevention instead of code compliance (Bensus, Calimlin, Cash, et al., 2018).

*Range of Policy Approaches Across U.S. Cities*

Of the 8 cities examined, each city’s code enforcement type can be characterized as complaint-based, proactive, or strategic. In a complaint-based system, code enforcement officers inspect a property only after a complaint is filed with the city. Proactive policies include rental inspection programs that require all rental properties be regularly inspected for code compliance. Strategic code enforcement focuses on key city priorities. In the following examples strategic code enforcement include cities that prioritize life-safety compliance over other code compliance. Table 1 illustrates the range of code enforcement approaches across the cities discussed in this paper.

Table 1. Code Enforcement Type

|                           | <b>Complaint Based</b> | <b>Proactive</b> | <b>Strategic</b> |
|---------------------------|------------------------|------------------|------------------|
| <b>Daly City</b>          | X                      |                  |                  |
| <b>Ventura City</b>       |                        | X                | X                |
| <b>Santa Cruz</b>         |                        |                  | X                |
| <b>San Francisco City</b> | X                      |                  |                  |
| <b>Seattle</b>            | X                      | X                |                  |
| <b>Baltimore</b>          |                        |                  | X                |
| <b>Denver</b>             | X                      |                  |                  |
| <b>Los Angeles</b>        | X                      |                  |                  |

Source: Adopted by author from analyzed city’s code enforcement policies

## *Early Adopters of Harm Reduction Code Enforcement*

### Daly City – Project Home Safe

Daly City provides an example of a proactive approach to upgrading existing “granny flats”, a form of ADUs. The Daly City code enforcement model centers on less stringent regulatory requirements and amnesty. It represents one of the earliest efforts to legalize and upgrade secondary units. In 1983, Daly City reduced standards for grandfathering unpermitted second units. Existing second units were allowed to legalize by meeting less rigorous requirements than those for new development. For example, density limits and minimum parking requirements were lowered. The city also based habitability standards for building inspections on Health and Safety Codes instead of Building Codes.

Additionally, residents could apply for amnesty, paying a one-time \$175 application fee, and as a result all other penalty fees were waived.

### Project Homesafe I & II

In the 1990s Project Homesafe was initiated to further the goal of reducing fire hazards unpermitted units. Homesafe I ran for 18 months (September 1992 – February 1994) and Homesafe II for 9 months (September 1995 – April 1996). This first phase of efforts in the 1980s resulted in 172 legalized units. Combined, 847 units were legalized under Project Homesafe I and II (Cabansagan, 2011).



Homeowners could apply for voluntary home inspection and obtain legalization if units were brought up to a reduced set of standards. Key features of the program included:

- Voluntary Amnesty with fee waivers
- A 13-Point Checklist emphasizing protection against household fire. Inspectors performed safety checks in about 30 minutes and limited the inspection area to the unpermitted unit.
- Extensive marketing
- Financial assistance in the form of low interest loans to assist homeowners with upgrades.
- Cultural Sensitivity
  - This included translated materials, an anonymous phone line to answer calls.
- Relocation Assistance for tenants when the unit was demolished

Key Element(s):

- Volunteer Amnesty with fee waivers
- Life Safety prioritized compliance checklist

Clarissa Cabansagan's 2011 analysis of Daly City's Homesafe Project reveals that homeowners and/or residents avoid permitting processes because the process is cost prohibitive. The removal of fees and penalty fines via amnesty created a true incentive for meeting code requirements and achieving legalization. The Daly City approach, however, was far from perfect. Many units remained unpermitted despite the city's efforts. Cabansagan's analysis points to continued distrust and fear from residents of

working with the city and risking elimination of housing and supplemental income sources.

### *Ventura City – Safe Housing Collaborative*

Ventura provides another early example of proactive code enforcement reform and unpermitted unit legalization. In 2009, the Ventura City Council voted to move from complaint-based code enforcement to a proactive house-to-house inspection and enforcement program. This vote created anxiety in the community about what would happen to code violating/non-conforming properties. As a result, The Safe Housing Collaborative formed in order to solicit community feedback and provide recommendations for how the city should address unpermitted units (Ventura Safe Housing Collaborative, 2011). As a result of the collaborative's work, they made 6 key recommendations, including:

#### 1. Legalize safe nonconforming Units

- Make fees and costs affordable
- Allow private safety inspections
- Require agreement that any improvements in future will be permitted
- Require property owner to sign waiver of liability to hold city harmless
- Allow monthly payment plan
- Provide amnesty for penalties

#### 2. Implement an affordable compliance policy

- Modify perceived harsh enforcement guidance
- Limit inspections to permit requests

- Allow safety inspections to be performed by certified home safety inspectors or licensed contractors instead of city inspectors
  - Cap fines and penalties
  - Provide amnesty of penalties
  - Require two signatures from two different neighbors on neighborhood complaints to reduce frivolous use of code enforcement.
3. Establish policy for undocumented second units

### *Santa Cruz*

Santa Cruz provides another exemplary model strategic code enforcement reform and an unpermitted amnesty program. In 2014, the county initiated a limited immunity amnesty program,” called the Safe Structures Program, focused on improving safety while trying “to avoid the dreaded “Red Tag” that puts people out of much needed affordable housing” (Ibarra, 2018). The program offers limited immunity from code enforcement after basic health and fire safety standards are met. The amnesty only applies to units constructed before 2014. All units built after 2014 must meet current building standards.

Under “Safe Structures”, an unpermitted structure is considered a low priority for County code enforcement. When obtaining the limited immunity certification, certain impact fees are waived or reduced, and code enforcement penalty fees are waived incentivizing owners to apply for the limited immunity certification. Once an owner acquires a limited immunity certificate, if the County receives a complaint, the County will indicate that the property is safe and considered a low priority for code enforcement efforts.

### *Oakland & Post Ghost-ship Fire Context*

On December 2, 2016 in Oakland, California, a fire at the Ghost Ship warehouse killed 36 people calling into question code enforcement and compliance of non-conforming spaces. This was not the first time tragic fires led cities to re-examine non-conforming space policies. In 1997, for example, the City of Los Angeles launched the Garage Housing Task Force in response to garage conversion fires and the death of several children. The task force's recommendations included interim amnesty and infrastructure upgrade support. Both of which were politically unpopular at the time and did not gain traction in city council.

Shortly following the Oakland fire, Oakland Mayor Libby Schaaf issued an Executive Order<sup>1</sup> directing property owners to make a plan with city officials within sixty days to correct building and safety code violations. This directive has been widely received as a failure. Only a few property owners came forward and the number of code violations dramatically increased following Ghost-ship, resulting in the eviction of many live/work space residents. In order to prevent further displacement, the non-profit Safer DIY Spaces formed to help live-work residents ensure life safety while fighting code enforcement-based evictions<sup>2</sup>. There are specific insights to be gained from how cities

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<sup>1</sup> 2017-1: Improving Safety of Non-Permitted Spaces While Avoiding Displacement

<sup>2</sup> Safer DIY spaces hired Master of City Planning students at UC Berkeley to research other cities' approaches to live-work spaces and life safety issues. The final report called Punitive to Rehabilitative: Strategies for Live-work Preservation in Oakland provides recommendations that align with a harm-reduction approach to code enforcement processes

responded to non-conforming artist spaces after the Ghost-ship fire. All code enforcement reforms and policy changes for live/work spaces can and should apply for unpermitted accessory dwelling units.

### *San Francisco City*

San Francisco's code enforcement is complaints based. Following, the Ghost-ship fire, San Francisco created a special task force to respond to the spike in code violation complaints. According to the UC Berkeley report, landlords used this crisis as an opportunity to evict tenants and raise rents in order to take advantage of rising property values. They found that landlords filed anonymous complaints against their own properties in order to use the results of the inspection to evict tenants (Bensus, Calimlin, Cash, et al., 2018).

Thus, after this initial wave of evictions, a grassroots housing rights committee formed and successfully pushed the city to change its approach. The department of building inspections began partnering with community based organizations (CBOs) as the first responders to any grievances filed against properties. The Department of Building Investigation funded five CBOs to provide outreach to tenants and landlords about code compliance. Each CBO works with a different geographic area and became the source of support in improving habitability conditions without displacing tenants. These organizations are not beholden to same obligations as city inspectors to report code violations allowing them to ignore minor violations and prioritize life safety issues.

*Key Element:*

- Working with Intermediary:
  - City funded and partnered with community-based organizations as first responders to code complaints.
  - These CBOs built upon their existing role and relationships with tenants and community members.

### *Seattle*

Seattle's code enforcement process is both proactive and complaint based. Complaint based enforcement is conducted by the Department of Construction and Inspections which issues notices of violation (NOVs) for any zoning or building code violations. Compliance is driven through fines (\$300/day) and possibility of litigations. Proactive enforcement was set up in 2014 with the passage of the Rental Residential Inspection Ordinance. It requires that all rental buildings register their buildings. Inspection is required as part of registration process and then every 10 years thereafter (Seattle Municipal Code section 23.44.041; Seattle Department of Construction, 2017).

Following the Ghost-ship fire, the city allowed the Fire Marshal's Office to engage with non-code-compliant spaces and advise them on needed safety upgrades. Before, the Fire Marshal's Office did not work with non-compliant spaces, the department would simply make a NOV referral to code enforcement. Next, Seattle instituted a life-safety grading system modeled off restaurant Health Code rating systems. This program included educational programming for artists and a new process for special events permits, including creating an "Arts Events License" (Bensus, Calimlin, Cash, et al., 2018).

### *Key Element(s)*

- Life safety grading system that prioritizes most critical safety upgrades.
- Financial assistance for life-safety upgrades.
- Non-profit partnership:
  - The Safety Box Program The city partnered with the non-profit, Vera Project. This local arts nonprofit creates the "safety box", which includes smoke detectors, fire extinguishers, cable run covers, panic hardware to turn doors into crash doors, and lighted exit signs. The non-profit delivers these boxes to artist live/work spaces and when applying for an “arts events license” residents may check a box indicating they have a “safety box”.

### *Baltimore*

Baltimore’s code enforcement is strategic, and the city describes its approach as focused on life safety. Notices of violations are prioritized by immediate items for correction.

Following the Ghost-ship fire, the city created the Safe Art Space Task Force. This is an interagency working group that includes the city attorney, the lead code enforcement inspector, the lead from plan review, and the lead from fire marshal’s office.

Additionally, the Mayor ordered the fire department to keep spaces open that did not have an imminent threat to life safety.

The task force developed the “safe space checklist” with general recommendations for safety but not guaranteeing compliance with the building code (Bensus, Calimlin, Cash, et al., 2018). The city published all previously granted code modification requests and

issued the policy that when residents/owners can prove they are meeting the intent of the code, but because of historical constraints of the building cannot meet the code perfectly, it is possible to obtain sign off from the city. The task force also partnered with an intermediary non-profit. The Baltimore Arts and Realty Corporation works with artists to make their spaces compliant by providing technical support and funding support.

*Key Element(s)*

- Safe Space Checklist provides technical assistance and priority recommendations for upgrades.
- Legalization provided when “intent” of code is met.
- Nonprofit intermediary providing technical assistance.

*Denver*

Denver’s code enforcement is complaints based. Following the Ghost-ship fire, Denver created a new program called the “Safe Occupancy Program”, modeled after environmental protection agency program to help people resolve environmental concerns without penalties. It operates as an amnesty program for live work spaces to come forward and enter into compliance processes without fines and fees while a building is brought up to code. It includes multi-stakeholder inspection, with a conditional occupancy permit issued for residents to stay during the compliance process so long as life safety hazards are addressed first. However, amnesty is only for certain period of time. Initially amnesty lasted 6 months but is now extended through January 2020 (Bensus, Calimlin, Cash, et al., 2018).

*Key Element(s)*



- Amnesty based program that waives fees and allows people to stay in the unit.

Table 2, below, summarizes the key harm reduction code enforcement approaches adopted by each city.

Table 2. Harm Reduction Code Enforcement Approaches

|                           | <b>Amnesty</b>         | <b>Relaxed Standards</b> | <b>Fee Forgiveness &amp; Financial Support</b> | <b>Inspection Checklist Prioritizing Life Safety</b> | <b>Technical Assistance</b> | <b>Anonymity &amp; Intermediary Partner</b> |
|---------------------------|------------------------|--------------------------|--|--|-----------------------------|---|
| <b>Daly City</b>          | X                      | X                        | X  | X  |                             |   |
| <b>Ventura City</b>       | X                      | X                        | X  |  |                             |   |
| <b>Santa Cruz</b>         |                        | X                        | X  |  |                             |   |
| <b>San Francisco City</b> |                        |                          |  |  | X                           | X   |
| <b>Seattle</b>            |                        | X                        | X  | X  | X                           |   |
| <b>Baltimore</b>          |                        |                          | S  |  | X                           | X   |
| <b>Denver</b>             | X                      |                          | X  |  |                             |   |
| <b>Los Angeles City</b>   | multi-family lots only | Limited to city planning | Limited to LA Mas pilot project.               |  |                             |   |

|  |  |   |  |  |  |  |
|--|--|---|--|--|--|--|
|  |  | requirements. No relaxed building and safety standards. |  |  |  |  |
|--|--|---|--|--|--|--|

*Insights & Preliminary Recommendations for Pacoima Los Angeles*

Components of policies across cities can be taken together to represent a comprehensive approach to informal housing. Aspects of each city’s approach work but also face challenges. Taken together, each approach becomes stronger. However, shifting code enforcement approaches from punitive to rehabilitative will also take time and departmental culture shifts. Moreover, shifting resident perspectives about code enforcement’s role in their lives will require trust and take time. So far, the results of the policy shifts enacted in the examined cities are preliminary as small numbers of households participate in the programs, demonstrating continued distrust of code enforcement processes.

**Process, Process, Process.** Although, it is impossible to draw strong conclusions about the success of relaxed standards, prioritization checklists, and technical assistance due to the still limited participation in these kinds of processes, these approaches represent a general shift in code enforcement from disciplinary noncompliance to supporting a compliance *process* over an extended period of time. This reorientation of code

enforcement's role and responsibility may result in more trust, less destroyed housing units, and more code compliance over time.

**Amnesty works.** Ventura experienced the most success in supporting residents to age in place by enacting amnesty. A majority, 73%, of the city's housing stock is over 50 years old and noncompliant. Providing amnesty for noncompliant housing stock allowed, seniors to rent out backyard homes to support their retirement incomes or to move into the backyard homes themselves (Ventura Safe Housing Collaborative, 2011). Denver experienced mixed results so far as anonymity and trust continue to be a barrier to resident participation in the amnesty program (Bensus, Calimlin, Cash, et al., 2018). Los Angeles should consider a pilot neighborhood amnesty program and relaxed requirements guided by the principle of compliance not enforcement. Many cities extended amnesty after few units came forward. The length of amnesty matters.

**Amnesty cannot work alone.** Los Angeles should consider pairing an amnesty program with a community-based organization partnership. Pacoima Beautiful promotoras could initiate outreach and engagement, provide technical assistance, and prioritized compliance check-lists.

**Anonymity builds trust.** Residents of unpermitted units may be some of Los Angeles most vulnerable residents. The city should build trust by stepping away, letting residents remain anonymous, and working with already established community groups.

**Fee Forgiveness matters.** Los Angeles should meet people where they are at and move forward from there. For example, the city should forgive fees for work already completed even if unpermitted in order to increase likelihood of infrastructure upgrade completion.

**Even with harm reduction, money is still an obstacle to legalization.** Most of the policies examined do not include financial support for infrastructure upgrades. As a result, infrastructure upgrades were not made. Harm reduction approaches can only go so far without financial support to make infrastructure improvements for those who cannot afford to make the changes themselves.

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# **An Informal Number: Estimating ADUs in The TCC Area**

Jeffrey Ross

June 1, 2019

## **Introduction**

Building off prior research estimating unpermitted (or informal) units, I estimated the number of permitted and unpermitted accessory dwelling units (ADUs) in The Pacoima – Sun Valley Transformative Climate Community (TCC) area.<sup>1</sup> After carefully examining available methods of quantifying ADUs, I adjusted multiple established methods to triangulate an accurate estimate of the ADU landscape in the TCC project area. This paper is divided into six parts. The first section provides background information on why ADU estimation is important in today's planning environment. In the second section I discuss existing literature to unveil prior estimates of ADUs in Pacoima, across Los Angeles, and California. Additionally, I illuminate the different methods of calculating those estimates and the limitations of each. In the third section I estimate the number of informal housing units in the TCC study area by comparing the difference in housing units recorded by the Census Bureau and the Los Angeles Department of Building and Safety (LADBS). Fourth, I estimate the prevalence of ADUs in the TCC by examining 2018 single-family home sales. In the fifth section I describe unexpected observations from my analysis. Lastly, the sixth section acknowledges the limitations to

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<sup>1</sup> This builds off prior research studies of informal secondary units performed by CityLAB, Mukhija, and Pacoima Beautiful community inspectors

my estimates. By comparing studies that estimate informal housing across different scales, this paper paints a fuller picture of how the TCC area compares to the region.

Using Census data and LADBS Permits, I estimated that in 2010, 13.4 % of the 14,642 housing units in the TCC Study Area were informal units, and by 2017, this number rose by 27%, to 2,048 informal units. Using a sample of 2018 Redfin single-family home sales listings in the TCC study area, significantly higher than the census estimation method. I found roughly 1 in 3 of homes included an ADU, 9% of home sales included a permitted ADU, and as many as 21% of home sales included unpermitted units. Further, this Redfin sample suggests as many as 68% of the ADUs in the TCC may be unpermitted. These unpermitted units represent a large share of the homes in the TCC project area and deserve careful consideration.

### **Why count ADUs in the Pacoima – Sun Valley?**

In recent years, a lot of excitement has grown around Accessory Dwelling Units. Planners and legislators view ADUs as a strategy to alleviate California’s housing shortage and have recently written many new policies to advance that goal. To reduce barriers to construction, 2017’s Senate Bill 1069 and Assembly Bill 2299 decreased fees and permitting costs, making it easier than ever to build or upgrade an ADU. These and forthcoming policies will greatly impact neighborhoods like Pacoima and Sun Valley, where ADUs are seen on most residential streets and unpermitted units are commonplace (Cuff and Dahl, 28). While these policies have good long-term intentions, they come with additional challenges for the community. Allowing for easy upgrades may put tenants in unpermitted units at risk of displacement. For example, landlords with newly permitted



units may increase rents on sitting tenants. Cities need to consider how these policies will impact current residents, especially those who are rent burdened, undocumented, or otherwise highly vulnerable to displacement.

In addition to the changing policy landscape, the TCC grant awarded to Green Together promises infrastructure benefits, but also delivers a new set of challenges. New development will attract investors to capitalize on urban growth, elevating land prices and rents. This will put current tenants at risk of displacement unless new policies mitigate negative effects. As ADU homeowners see home values rise, there is an increased incentive to sell their homes, potentially forcing current tenants to leave. Understanding who and how many people are at risk of displacement is at the crux of TCC's Displacement Avoidance Plan (DAP). It is particularly vital to know how many unpermitted ADUs are in the TCC area to understand the magnitude of informal housing. This paper provides a baseline estimate of the number of Accessory Dwelling Units using multiple established estimation methods, existing research, and publicly accessible data.

### **Existing Literature On ADU Estimates**

Estimates of informal housing can range drastically based on the method and study area. In the following literature review, I walk through a three techniques for estimating informal housing in a region. These methods include 1) a walking field survey performed by CityLAB, 2) Mukhija's comparison of online Redfin real estate listings with LA Building and Safety permit records, and 3) Wegmann and Mawhorter's comparison of decennial census housing numbers and construction permits.

Multiple studies show Pacoima has a particularly high concentration of ADUs for the city. A 2009 CityLAB field study examined 67 parcels, covering the 8 blocks of single-family homes abutting Bradley Avenue between Judd Street and Plinney Street. Cuff, Higgins, and Dahl indicate that of the sample, ADUs were “probable or definite” on 45% of parcels, “possible” on 30%, and unlikely or nonexistent on 25% (21). In this 8 block sample, the typical lot size was 7,100 square feet, which is small for some areas of Pacoima. As described by Cuff and Dahl in *RX for the R1*, Pacoima contains over 1000 single-family lots larger than 10,000 square feet. The authors estimate 95% of these exceptionally large lots contain informally constructed backyard units (28). These giant lots represent the extreme in Pacoima, but ADUs are visible seen on much smaller lots throughout Pacoima as well.

Measuring unpermitted units across the whole neighborhood of Pacoima, Dahl (2014) notes that between 2007 – 2009 a CityLAB survey estimated at least 20% of Pacoima’s single-family homes contained informal units. Many residents sought informal living conditions as a viable alternative to high real estate prices and shortage of affordable housing in the majority R1 zoned neighborhood.

At a city scale, Mukhija estimated the quantity of unpermitted units by examining 2012 Redfin home sales across Los Angeles. By searching the listing for text or images that indicate the presence of unpermitted units, and comparing the listing with LA County Assessor’s records, Mukhija found 5.4% of 3,113 home sales included unpermitted units (2014, 48). Central Los Angeles showed the highest rates at 7.8%, and the North Valley showed the lowest at 3.3%. These figures seemed consistent with the Los Angeles Times

survey which found that in 1987, 3.2% of a LA County single family homes included illegal garage conversions<sup>2</sup> (Chavez and Quin 1987).

Wegmann and Mawhorter's method for counting units yields similar results for cities across California. The authors found that in the 1990s informal units accounted for 4.7 % new housing units in California cities with over 1000 residents (2017, 126). In the 2000s, this number decreased to 4.4%. Their method uses 10-year census data to compare the change in housing units across a 10-year period. After accounting for changes to the housing stock from new permitted construction, lost housing units and annexations, the remainder represents the amount of unpermitted housing units. See figure 1 below, sourced from Wegmann and Mawhorters' *Measuring Informal Housing Production in California Cities*, for an illustration of their method for calculating informal units (2017). The authors use the Census Construction Permit Survey<sup>3</sup> to measure the permitted construction, but as acknowledged, this data set has significant limitations. Wegmann and Mawhorter's method calculates informal units by summing the following over a 10-year period:

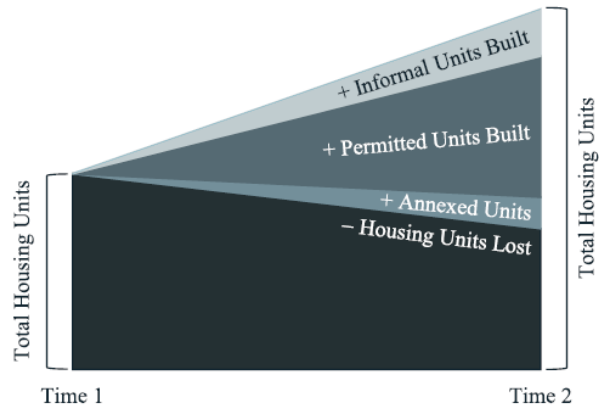
$$\begin{aligned} & \textit{Change in total housing stock} - \textit{Additional Annexed Units} - \textit{Permitted Units Built} \\ & = \textit{Informal Units Built} \end{aligned}$$

**Figure 1.** Illustration of Wegmann and Mahworter's Informal Housing Count 2017

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<sup>2</sup> Garage conversions are one of the many forms of ADUs. Second units come in many shapes and sizes. Mukhija classifies 6 common distinct ADU forms in his Redfin study, including 1)Garage Conversions 2)Addition to Garage 3) Above Garage 4)Addition to Main Unit 5)Carve-Out 6)Detached Construction

<sup>3</sup> See Details on Census Construction Permit Survey at <https://www.census.gov/construction/bps/pdf/c404.pdf>.



Source: Wegmann and Mawhorter 2017, Figure 2

While studying the data sources used in Wegmann and Mawhorter’s method, it became apparent that the Census Construction Permit Survey has specific criteria it considers “new permitted housing,” which does not count building conversions, building alterations or additions. This means that a garage converted to an ADU would not be included in the Census’ construction permit numbers, regardless if the LA Department of Building and Safety record the garage conversion as a new housing unit for Los Angeles. As confirmed by The Census Bureau’s Residential Construction Branch via email, only new detached ADUs permitted by LADBS as new buildings would be counted in the Census Construction Permit Numbers (Ross, 2019). Thus, the Census Construction Permit Survey would vastly undercount areas where a considerable amount of ADUs are building conversions or additions. If using Wegmann and Mawhorter’s equation above to estimate informal units, undercounting permitted ADUs would ultimately result in overestimating informal units. To avoid this, I modified Wegmann and Mawhorter’s method by substituting more detailed LADBS Permit Data in the place of Construction Permit Survey data.

## Estimate of Informal Housing in TCC

I used a similar method as Wegmann and Mawhorter’s study (2017) with LADBS permits to estimate the quantity of informal units in the TCC project area. I used 2000 and 2010 Census data because of its status as the official count used by jurisdictions and its thorough counting of all housing units, permitted or unpermitted. While Wegmann and Mawhorter use the Census’ Construction Permit Survey to count permitted construction, the data are not available at the census tract level data. In place of Construction Permit Survey data, I used LADBS permit data. These data show the number of units gained through construction, as well as the units lost in demolition. Table 1 shows Census and LADBS data covering the TCC study area between 2000 and 2010.

The results show that in 2010 there were an estimated 1,615 informal units, making up 13.4% of the total 2010 housing units. During this timeframe, the area experienced an increase in 2,582 units, including 884 new permitted units. Table 1 illustrates the estimated units used in this calculation.

**Table 1.** TCC Study Area Informal Housing Estimates

| Category                                  | Total        |
|---|--------------|
| Census Housing Units 2000                 | 12,060       |
| Census Housing Units 2010                 | 14,642       |
| Change in units 2000 - 2010               | 2,582        |
| - Demolished Units 2000 - 2010            | 83           |
| - <u>New Permitted Units 2000 - 2010</u>  | 884          |
| = Estimated Informal Units 2010           | 1,615        |
| <b>Informal Units as % of Total Units</b> | <b>13.4%</b> |
| 2010 Detached 1-Unit Structures (ACS)     | 9,378        |
| 2017 Detached 1-Unit Structures (ACS)     | 9,809        |

|  |             |
|--|-------------|
| <b>% Growth in 1-Unit Structures 2010 - 2017</b> | 4.4%        |
| <b>Estimated Informal Units 2017</b>             | <b>2048</b> |

Source: Author's tabulated research from for-sale listings 2018

I multiplied the number of 2010 informal units by the growth rate of ACS structures between 2010 to 2017 to get an estimated 15,286 housing units by 2017. Assuming informal units were built at the same rate of growth 4.4% from 2010 to 2017, I multiply 15,286 by the growth of 0.044 to estimate roughly 2,048 unpermitted dwelling units in the TCC study area by 2017.

### **ADUs in 2018 Redfin Property Sales**

To get a closer look at the accessory dwelling units and simultaneously weigh the validity of the previous estimates, I reviewed 61 single family home sales listed on Redfin during a 6-month window in 2018. Similar to Mukhija's approach (2014), I initially compared each property's sale listing with the information recorded by the LA

County Assessor. I searched for discrepancies between Redfin information and in Assessor records 1) building square footage or 2) bedroom-bathroom mix. Listings with greater square footage or more bedrooms than the Assessor’s records would indicate that the ADU’s proper permits were likely not filed.

Of the 63 Redfin listings, 11 included a higher square footage than the Assessor, and 15 included a different bedroom-bathroom mix. While discrepancies with the assessor’s data were often indicative of a potential informal unit, I looked through the listings to confirm that there was an unpermitted unit present. Surprisingly, 5 listings with discrepancies had no visible sign or description that would indicate an unpermitted unit. This suggests that the Assessor’s site may be out of date, or the listing was written incorrectly.

**Table 2.** Redfin 2018 ADU estimate

| <b>Category</b>                                      | <b># Sales listings with ADUs</b> | <b>% of total</b> | <b>Avg. Lot SF</b> | <b>Avg. Building SF</b> |
|--|-----------------------------------|-------------------|--------------------|-------------------------|
| Total Redfin sales listings included in study sample | 63                                | 100               | 8,459              | 1,371                   |
| Definite ADU   | 19                                | 30                | 10,074             | 1,452                   |
| -Permitted ADU                                       | 6                                 | 9                 |                    |                         |
| -Potentially Unpermitted ADU                         | 8                                 | 13                |                    |                         |
| -Almost Certainly Unpermitted ADU                    | 5                                 | 8                 |                    |                         |
| Potential ADU on site (photographic clues)           | 12                                | 19                | 7,406              | 1,337                   |
| No Sign of ADU on Site                               | 32                                | 50                | 7,895              | 1,337                   |

Source: Tabulated by Author from Redfin sale listings in 2018.

Table 2 illustrates the summarized results from the 2018 Redfin Home Sales sample. Of the 63 listings, 19 showed images or direct postings describing ADUs, 12 homes potentially had ADUS, and 32 of the sales did not have an ADU

**Table 3.** ADU Permits (only describing records of definite ADUs)

| <b>Category</b>  | <b># of ADUs</b> | <b>% of total</b> |
|--|------------------|-------------------|
| <i>Total</i>   | 19               | 100               |
| Permitted ADUs (Confirmed in LADBS Online records)                       | 6                | 32                |
| Potentially Unpermitted ADUs (No permits found on ADUs on LADBS)         | 8                | 42                |
| Almost Certainly Unpermitted ADUs (Text description of Unpermitted unit) | 5                | 26                |

Source: Tabulated by Author from Redfin sale listings in 2018.

Of the listings that did include ADUs, the listed building size was an average size of 1,452 SF, an average of 10,074 SF parcel size, and average sale price \$544,340. Lot sizes ranged from the extremely large, including a property at 24,760 SF and one massive parcel at 45,694 SF, to as small as 3,300 SF. Just 6 of the 19 properties with ADUs had permits, as seen through the Department of Building and Safety Online Records. 6 of the properties were determined to be likely unpermitted: after searching the LADBS online records, no permits appeared to indicate that the unit was permitted. 7 of the ADUs on site were almost certainly not permitted. Many Redfin listings made this clear with descriptions noting that permits are unconfirmed, and that the future resident is required to buy the house as is.

Table 4 shows the building typology. As shown by table 4, 12 of the 19 ADUs were detached units, 2 were additions to the main unit and 5 garage conversions. Detached units ranged from recreation rooms converted to guest houses, newly constructed ground floor guest units in a newly construction second building, to multiple small dwellings with varying roofs. I excluded mobile homes from my count of detached units, although many were present in addition to the main unit in images of Redfin listing.



**Table 4. ADU Type**

| <b>Category</b>       | <b># of ADUs</b> | <b>% of Total</b> |
|-----------------------|------------------|-------------------|
| <i>Total</i>          | 19               | 100               |
| Detached Unit         | 12               | 63                |
| Addition to Main Unit | 2                | 10                |
| Garage Conversion     | 5                | 26                |

Source: Tabulated by Author from Redfin sale listings in 2018.

Using the Redfin data, it appears that roughly 30% of the homes sold in 2018 in the TCC area included ADUs. 32% of the ADUs were permitted, and unpermitted units account for at least 26% of the sample, but potentially as many as 68% of the sample. This suggests in 2018, homes with an unpermitted ADU accounted for 8% - 20% of single-family homes sales in the TCC area. While these numbers could potentially be biased due to the small sample size, the estimates are similar to Cuff and Dahl's estimates of 20% informal dwellings in Pacoima.

### **Complaints and Surprises**

Along with building permits, complaints are listed for each property in the LADBS Online Records System. 8 of the 19 properties records included multiple range files, defined as property violations/orders to comply with LADBS. While not every record included great detail, multiple cases showed LADBS Code Enforcement provided a "30-day order to comply" where the homeowner was required to make the building changes or pay a fee. On two separate occasions, at the end of the 30-day order to comply period, the homeowner sold the house and moved out. While there are many possible explanations, one interpretation may be that the homeowner may have not been able to afford the changes that code enforcement required and was forced to move out. In two

records, immediately after the home was purchased the new homeowner acquired permits and promptly remodeled the ADU.

This sample also illustrated a pattern of recreation rooms being repurposed in a new way. Some were being rented out, others were being converted or tucked away from public view. Many of the properties in this sample were affected by the 1994 Northridge Earthquake, prompting LADBS to visit the house and inspect. In one location, a building with a garage converted to a play room caught fire during the earthquake, but the limited damage allowed the building to continue.

### **Data Limitations**

One limitation with the census estimate of informal housing is that relies on temporal differences between datasets. The method requires access to decennial census data and LADBS permit data from the same time period. Digitized LADBS data was available only as far as 2001, and the most recent decennial census housing count was completed in 2010, limiting the range of dates to a 10-year period between 2000 and 2010. Permit data was adjusted to account for the missing year 2000, and this may have skewed the estimate of informal units. Additionally, annexed units were not accounted for in the study, potentially creating an overestimate of informal units.

In order to make 2017 estimates of informal housing, ACS 5-year estimates were used to predict housing growth, but this data is limited by its sampling methods.<sup>4</sup> The

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<sup>4</sup> The American Community Survey (ACS) 5-year replaced the 10-year long form, pooling five years of sample data to create an average count. This sampling format is therefore less reliable than the Census 10 year enumeration.

ACS 5-year's sampling procedures would likely be less thorough counting unpermitted housing units as the decennial census. The ACS asks participants to volunteer information to complete its surveys, and households with unpermitted units may underreport informal housing, or opt out of the survey altogether out of concern their answers will result in building code enforcement. Additionally, the ACS only uses in-person interviews as a last measure of data collection if households do not answer internet, mail, or phone surveys. The ACS notes only 1-in-3 households are visited if they haven't completed the survey, due to the high costs of data collection (American Community Survey, 2018). In sum, the ACS is likely to underreport the growth of unpermitted units. When 2020 decennial census data becomes available, using comparisons of LADBS and Census housing units will likely provide a more accurate estimate of ADUS

## **Conclusion**

Pacoima - Sun Valley's neighborhood fabric, with large lots and dense population create many variations in housing typologies. In order to quantify how many accessory dwelling units are present in the TCC project area, I used two methods to narrow down the estimate. Estimates using census and LADBS permit data reflect that there is a vast amount of informal housing in the TCC area, to the tune of 2048 units or 13.4% of the total units. This figure is slightly below CityLAB's neighborhood estimate of informal housing, but the low estimate could be a result of deriving figures from different Census data products. While Census surveys reportedly make their best efforts to document

every unit, as noted by CityLAB, many of the ADUs in Pacoima -Sun Valley are expertly hidden from public view (Cuff 2014).

When looking at individual records of 2018 home sales using Redfin Online home sales database, the count of unpermitted units appears to be much higher. As many as 68% of the ADUs in the TCC area may be unpermitted. Similarly, my analysis of 2018 Redfin home sales showed that 1 in 3 homes in the TCC area contained an ADU, significantly higher than method using census data. Based upon previous research and community leaders from Pacoima – Sun Valley, it was anticipated that total the number of housing units (permitted and unpermitted) greatly exceeds the number of permitted units in the region. This study further confirms that notion. While further detail is needed to reach a grounded estimate with fewer assumptions, this study provides baseline numbers to be used in future research.

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## **Who can get an ADU construction loan?**

In 2017, the State of California passed legislation easing zoning and permit regulations for Accessory Dwelling Units (ADUs). One of the biggest hurdles since then has been navigating financing options for homeowners who wish to build or remodel ADUs. Many conventional lending programs do not consider ADUs as a source of income or even an asset, which limits and sets strict processes to finance ADUs. After assessing the current ADU market in various cities such as Portland, Seattle, and Vancouver, researchers found that 30% of homeowners used their own capital while an additional 15% drew from personal resources to finance their ADU project (Chapple et al, 2018). Forty percent of the respondents borrowed against existing home equity and only 4% borrowed against the future value of the unbuilt ADU. Financing ADU construction is challenging and the lack of financial tools for ADU building is a major barrier for the development of ADUs. The underwriting process is an important step in evaluating a borrower's ability to pay back a loan. This paper examines the underwriting process of a homeowner seeking a loan to build or remodel an ADU. The corresponding research shows that people of color have a tougher time accessing loan products. This paper evaluates the history of racially discriminatory underwriting practices, current ADU loan underwriting criteria, and provides an overview of best practices from various cities that have legalized ADUs.

## **Defining the Underwriting Practices**

Underwriting is a process in which the lender evaluates risk and determines if the borrower meets all of their minimum requirements for a loan. Determining how much a household can borrow depends on five critical financial factors. Commonly referred to as the “Five C’s of Credit,” households should meet thresholds related to credit history, capacity, collateral, capital, and conditions, in order to obtain favorable loan terms and rates (Wells Fargo, 2019). Below are the definitions of each criteria (Wells Fargo, 2019):

- Credit history is a record of payments done over time.
- Capacity helps determine if you can afford an additional expense.
- Collateral takes the value of an asset that is offered as a security for the repayment of the loan.
- Capital can include employment income and other additional income and savings used to repay a loan.
- Conditions are considering how the money will be spent.

These five underwriting criterias are examined by lenders and other documents to assess eligibility. The underwriting process is supposed to be fair as it evaluates an individual’s capacity to pay an additional expense, regardless of race and gender.

## **Overview of Racially Discriminatory Underwriting Practices**

While the underwriting process was created to be a fair system of evaluation, people of color do not have equal access to resources. The Fair Housing Act was enacted in 1968 as Title VIII of the Civil Rights Act. This legislation prohibits discrimination of sale or rental of housing and real estate-related transactions and protects the following



classes: race, color, religion, sex, familial status or national origin. Although the original purpose of the act was to protect individuals from the mortgage market, the landscape of the market changed over time by creating new discriminatory practices. Courchane and Ross explore the nature of the mortgage market and its enforcement by researching on discriminatory acts in the mortgage underwriting and pricing process. In their report, they share the research of the Federal Reserve Bank of Boston (1996) where they selected a sample of loan applications from the Home Mortgage Disclosure Act (HMDA) in the Boston area. The research controlled underwriting variables which included credit history, loan-to-value (LTV) ratios, and housing expense as well as debt-to-income (DTI) ratios (Courchane and Ross, 2018). The study found that “blacks with the same application attributes as whites would had a 19% average denial rate compared to an 11% average denial rates for whites” (Courchane and Ross, 2018, p.3) Yet the authors of the study concluded that creditworthiness of black borrowers could not explain the racial differences in the outcomes.

While the study couldn't clearly explain the outcome, Courchane and Ross shared the work of Yezer, Phillips, and Trost who provided insight on the experience people of color while applying for a loan. They found that loan officers are likely to help the borrower “put together a mortgage application that has a high likelihood of being approved, while a broker may shop an application around to several lenders in order to find the lender who is likely to accept the application” (Courchane and Ross, 2018, p.3). Therefore if people of color receive insufficient assistance with their loan application, they will be at a disadvantage in meeting a lender's standards. Other literature also found

that people of color received less information and assistance. Even before the underwriting process begins, people of color have a huge disadvantage by not receiving any guidance, which as a result puts them in a tough situation as applications might automatically be denied due to receiving an incomplete application (Courchane and Ross, 2018).

While people of color have a harder time qualifying for prime market loans as a result of receiving little to no assistance, the “prime-qualified minority borrowers may have been significantly overrepresented among subprime borrowers” (Courchane and Ross, 2018, p.7). Courchane and Ross believe that overrepresentation of minority borrowers in FHA was created from a failure to access cheaper non-government loans. Higher foreclosure rates at a major California lender were due to risky traditional underwriting variables like credit score, LTV, and DTI. As a result, Courchane and Ross point out the patterns of subprime mortgages in which they have little or no documentation and resulted in higher levels of foreclosures. Courchane and Ross believe people of color entered the housing crisis with less housing equity, “exposed to substantially higher debt burdens and simultaneously experienced much worse employment prospects during the crisis” (Courchane and Ross, 2018, p.10). To help overburden homeowners, the program Home Affordable Modification Program (HAMP), was established. Even after loan products are developed, there is a need for guidance and assistance. According to the California Reinvestment Coalition, people of color faced problems accessing HAMP due to incomplete documentation (Courchane and Ross, 2018).

## **Loan Underwriting Criteria in the Era of ADUs**

There are limited mortgage products that are used to cover upfront construction costs. Lenders are apprehensive when it comes to the size of loans, especially new loan products. In order for a lender to become cost-efficient and deploy smaller loans, the loan criteria needs to be set at minimum loan amount and catered towards costly ADU construction types, like detached ADUs (Chapple et al, 2018). Since these types of loans are risky, it's important to have strong communication between government-sponsored enterprises (GSEs) and lenders. Without the guarantee of GSEs, who purchase these types of risky loans, lenders and banks feel discouraged from creating these loan packages.

There are two existing government-back loans available for homeowners seeking to build an ADU: Fannie Mae HomeReady Loan and CalHFA Renovation Mortgage.

### *Fannie Mae HomeReady Loan*

The HomeReady Loan serves low-to-moderate income borrowers. As of 2016, the HomeReady income eligibility is 100 percent of area median income (AMI) or no income limit for low-income tracts (Fannie Mae, 2018). Income eligibility is determined by Fannie Mae Desktop Underwriter program. Lenders determine whether a mortgage is eligible by entering census tract information in advance to a prospective borrower's application. The HomeReady product supports Fannie Mae's regulatory housing goals, which helps low-to-moderate income and creditworthy borrowers to become eligible for financing in low-income communities (Fannie Mae, 2019).

In considering the borrower's income and assets, lenders accept income sources such as rental income from a 1-unit property with ADU but not from multiple units. ADUs that don't comply with zoning can be eligible under the following appraisal report conditions (Fannie Mae, 2019):

- ADU is not subject to a future property insurance claim.
- The use of the ADU conforms to the neighborhood and market.
- An appraisal must report improvements that do not comply with zoning.
- Improvements must be typical for the market after a comparison of at least three properties that have the same non-compliant zoning use.

#### *CalHFA Renovation Mortgage*

CalFHA Conventional Loan Program offers some financial assistance to homeowners. The loan program is a Fannie Mae HFA Preferred thirty year fixed interest rate first mortgage (CalHFA, 2019). It is typically combined with other home assistance programs such as MyHome Assistance Program (MyHome) and/or the School teacher and Employee Assistance Program (School Program). The loan property guidelines consider ADUs. These additional properties must be zoned for Single-Family Occupancy and cannot be zoned for 2-4 units. The ADU must meet investor guidelines and zoning ordinances. The income generated from the ADU is used as the gross rental income for the compliance income calculation. For this loan, an underwriter restricts this purchase transaction by three criterias: 1) a loan-to-value that does not exceed 97%, 2) a total debt-to-income ratio that does not exceed 45%, 3) and a minimum credit score of 640.

## **Overview of Best Practices of Financing Programs**

The underwriting process is slowly evolving to adapt to new housing. Although there are few government-backed loans, ADU financing tools are limited. The following section provides an overview of cities that have implemented ADU programs. These best practices and lessons can inform how to move forward with local financing programs.

### *Portland, Oregon*

According to Chapple and colleagues, the City of Portland has seen a growth in ADU building with almost 2,000 ADU permits since 2010 (Chapple et al, 2018). The city's success is due to three key factors: regulatory, financial, and social factors. Portland's progressive ADU regulations have no owner occupancy requirement, no design review, a by-right process, and offers fee waivers.

Furthermore, the city has waived the System Development Charges fees, which are fees to new development based on a new use of property. This progressive policy has helped paved the way for more ADU construction. Without this waiver, people would have paid an additional \$10-15,000—making it difficult to build an ADU.

Additionally, there has been an educational effort to bring awareness of ADUs to the local community by local advocates. For example, [AccessoryDwellings.org](http://AccessoryDwellings.org) was founded by three volunteers in Portland: Kol Peterson, Eli Spevak, and Martin Brown. This volunteer based organization host ADU tours, workshops and provides real-estate information through their online platform.

While there have been many successes in Portland, ADU advocates are pushing for additional reforms. For example, advocates are working to bring back a loan product

called 80/20 loans. The 80/20 loan “made it possible to take out a second mortgage based on the improvement value of the new ADU” (Chapple et al, 2018, pg. 9). Lenders will finance 80% of the home purchase price and leave 20% for the borrowers to pay the rest. There is no need for a down payment to cover the remaining 20%, but homeowners can take an additional second loan to cover the 20% through home equity. Although this program seems promising, according to SF Gate, lenders look for higher credit scores because it is riskier due to variable interest rates and home values (Amisano, 2019). Other loan products include government-backed programs like the property-assessed clean energy (PACE) model, which allowed state and local governments to “finance the up-front cost of energy improvements, subject to repayment by the property owners” (Chapple et al, 2018, pg. 9).

#### *Seattle, Washington*

The City of Seattle established regulatory attached ADU policies since the mid-1990s and expanded its program to detached ADUs in 2006. The program struggled in its early pilot years but became successful after the city removed parking requirements, changed owner occupancy requirements, and allowed both attached and detached ADUs. One constraint identified by Chapple et al is the rise of wealthier homeowners building ADUs likely due to the rising construction costs (Chapple et al, 2018). The City also analyzed potential reforms through The Racial Equity Toolkit (RET) which was lead by the office of Councilmember Mike O’Brien who represents District 6 of Seattle. RET analyzed if new policies might increase or decrease racial disparities. The RET research team discovered that implementing policy changes to ADU construction would have a

“positive impact on affordability and decrease potential economic displacement because the additional housing supply could marginally reduce upward pressure on rents and housing prices” (RET, 2018, pg.1). RET also identified that Land Use Code changes are not sufficient enough to address racial disparities due to the fact that white homeowners have an easier time accessing capital to build an ADU.

RET suggested ideas that the City of Seattle should explore: financing, outreach, land use code changes, and urban sustainability accelerator.

1. Financing: The first proposal is expanding access to financing via an existing city program called the Home Repair Loan Program (RET, 2018). The current program provides “low interest loans or grant (depending on qualification) to low-income homeowners to address critical health and safety concerns” (RET, 2018, pg. 12). The report suggests expanding the program by allowing property improvements that create a liveable space.
2. Outreach: The second proposal is community outreach. Many low-income homeowners qualify for existing city programs but are not aware of them.
3. Land Use Code Changes: Barriers to expanding ADUs must be changed. For example, RET suggests a new provision that allows for a second ADU to be built on the property as long as the owner has owned the property for one year.
4. Urban Sustainability Accelerator: Very little information is provided regarding this recommendation. The objective of the recommendation is

requesting interdepartmental teams to participate in further research addressing ADU affordability.

*Santa Cruz, California*

In 2004, the City of Santa Cruz created a series of aggressive ADU policies with the goal to expand the number of ADUs. The City began a program of loans and grants to help homeowners build ADUs as well as hiring women contractors. Working alongside Santa Cruz Community Credit Union, the program included a low-interest rate of 4.5% and up to \$70,000 to homeowners who agreed to maintain ADU units affordable (Moffat, 2004). The program also offered technical assistance grants and provided help to hire women contractors. However, the loan program was unpopular. In 2005, it was reported the program had only funded two loans (Anderson, 2005). Extensive outreach on behalf of the credit union took part by calling individuals who applied for an ADU permit. Despite this outreach, the program was still unsuccessful. Some believe the program's low-income qualifications prevented homeowner's from pursuing the loan as ADU renters had to earn 80% or less of the area's median income (Anderson, 2005).

*Austin, Texas*

In 2015, the City of Austin adopted zoning changes allowing ADUs throughout the city. One year after its program, the city doubled ADU construction. Graduate students from the University of Texas at Austin and lead instructor Jake Wegmann, believe this increase of ADU construction is partially due to developers having easier access to capital and financing (Wegmann, 2016). Low and middle-income homeowners



had a harder time financing ADU construction. Students identified three key problems people faced while seeking private financing (Wegmann, 2016):

- 1) High Debt to Income: People are unable to obtain a loan if their monthly debt is above 35% to 45% of their monthly income.
- 2) Low Equity: In order to secure a loan, a borrower must have home equity.
- 3) Low Credit Scores: Credit scores determined interest rates, which made it difficult for those with a credit score below 740 from qualifying for prime rates.

### *Los Angeles, California*

LA Más, a nonprofit organization, is spearheading the City of Los Angeles' ADU pilot program. The program known as The Backyard Homes Project is an affordable housing initiative which aims to support homeowners in building an ADU in exchange for "renting their unit out to a Section 8 voucher holder for a minimum of 5 years" (LA Más, 2019). Participants will receive the following items: free project management, affordable design and construction services, optional financing in the form of a permanent mortgage product, and other supporting services. This program has two ways to participate in which each option offers different support. Option A offers financing, design, and construction support, while Option B offers design and construction support only.

### **Conclusion**

The financial ADU loan landscape is limited primarily to wealthier individuals pursuing to construct or remodel ADUs. Yet, there are disadvantages people of color and low-income homeowners face. As the literature suggests, people do not receive help

during the application process. Furthermore, while a few loans assist with ADU construction costs, there is no model for a construction loan that directly assists low-income homeowners or considers the upfront costs they face when building an ADU. Additional research is required to explore possible solutions that lenders and local municipalities can adopt to help communities like Pacoima have access to capital.

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## **Cumulative Vulnerabilities and Burdens in Pacoima**

### *Introduction*

In order to better understand the social, economic, and spatial needs of the residents of Pacoima, it is necessary to first identify the varying and intersecting vulnerabilities that they experience. The neighborhood of Pacoima has been burdened by decades of heavy localized industry compounded by dense concentrations of immigrant and impoverished populations living in close proximity to these activities. Beyond analyzing the environmental and public health concerns posed by these intersecting land uses, I will examine how and where the population of Pacoima also experiences disproportionate rates of poverty, housing burden, low education attainment, unemployment, and language isolation. Additionally, considering the community's focus on public health, I will examine demographic indicators for health vulnerability such as respiratory illnesses and low birth weight. Across all of these measures of vulnerability, I will take into account how these indicators vary by race/ethnicity, and age. Using existing community research and the Office of Environmental Health Hazard Assessment (OEHHA) CalEnviroScreen (CES) mapping tool I can create a resident vulnerability profile or index that identifies these intersecting vulnerabilities and highlight which specific census tracts within Pacoima experience these indicators at higher rates. I will use the CalEnviroScreen mapping tool to contextualize how environmental burdens are distributed across the Transformative Climate Communities study area. I will then relate this analysis to State Senate Bill 535 and State Assembly Bill 1550 in how disadvantaged communities are identified and prioritized for public funding across the state. Through this comprehensive analysis of intersecting vulnerabilities, I hope to illustrate the broad challenges faced by this community in an effort to identify potential funding sources and promote more robust interventions and services to address these disparities and hopefully shed light on areas that need further research or data collection.

First, I will examine how a previous study creates an Environmental Justice Screening Method by using environmental hazards and social vulnerabilities as indicators for intersecting burdens. Second, I will explore how this study informs the development of the CalEnviroScreen Tool as a method for identifying environmentally burdened census tracts in California and specifically identify and correlate the most important environmental and social indicators for the TCC Project Area. Third, I will highlight state legislation that incorporates scores from the CalEnviroScreen Tool for identifying the most disadvantaged communities in the state and how this informs the prioritization and allocation of cap-and-trade funds for projects that would directly benefit these specifically identified disadvantaged communities. Lastly, I will identify specific grant funding sources that Pacoima Beautiful can qualify for and use the distilled data for the TCC Project Area as a starting point to leverage current project funds and explore future areas of research.

## *Previous Methods*

Given that the Transformative Climate Communities Program tracks and monitors the success and impacts of awarded applicants through a methodology certified by the California Air Resources Board (CARB) I felt it was prudent to understand how previous studies have attempted to quantify how environmental impacts and social stressors interact to create a broader understanding of environmental justice in vulnerable communities (TCC 2019). The International Journal of Environmental Research and Public Health published a study in 2011 titled “Playing It Safe: Assessing Cumulative Impact and Social Vulnerability through an Environmental Justice Screening Method in the South Coast Air Basin, California.” In this study the researchers sought to understand how to develop a broader method that not only captures source-specific impacts and potential health risks, but also considers legacy impacts of previous industries and socioeconomic factors that indicate additional vulnerabilities. The study specifically identified 23 indicator metrics and organized them into three categories, 1) hazard proximity and land use; 2) air pollution and estimated health risk; and 3) social and health vulnerability. The researchers proposed using these indicators to create an Environmental Justice Screening Method (EJSM) as a flexible way to examine the ranking of cumulative impacts and social vulnerability for metropolitan regions and define specific environmental justice areas by more than the demographics of race and income (Sadd et al. 2011).

There has been a longstanding recognition among environmental justice advocates that air pollution should be prioritized under any impact analysis due to patterns of disproportionate exposure for minority and lower income communities. Given that the neighborhood of Pacoima is bordered by Interstate 5, Highway 118, and Interstate 210 and contains a private airport in addition to a heavy rail line that bisects the community, it is no surprise that Pacoima is one of the most environmentally burdened communities in the state. In this EJSM study, the researchers identified various sensitive land use indicators including childcare facilities, health care facilities, schools, and urban playgrounds and calculated the proximity to environmental hazards. Such hazards included chrome-platers, hazardous waste sites, railroad facilities, ports, airports, and refineries. This was then cross-referenced with health risk and exposure indicators at the census tract level that include estimated cancer risks from ambient air toxins from mobile and stationary sources, very fine particulate matter and diesel particulate matter concentrations, and estimated Ozone concentrations all measured by the California Air Resources Board. Finally, these hazard and exposure indicators were coupled with census tract level scores for social and health vulnerability that include % people of color, % below national poverty line, home ownership, educational attainment, % < age 5, %, age 60, linguistic isolation, and infant birthweight (Sadd et al. 2011).

Using Southern California as a case study, the researchers were able to integrate multiple metrics of environmental and social stressors to rank areas at the census tract level in a way that could inform regulators, policymakers and communities. The work that this group conducted helped inform the Cumulative Impacts and Precautionary Approaches Work Group under the California Office of Environmental Health Hazard Assessment (OEHHA) to better understand how the California Environmental Protection Agency (Cal/EPA) could develop

guidelines and policies for considering cumulative impacts within different programs and for the development of future spatial analysis tools (Sadd et al. 2011). Many of the methods and principles in this case study were incorporate by Cal/EPA to refine and launch the California Communities Environmental Health Screening Tool (CalEnviroScreen) version 1.0 in 2013 to be used by the public and regulators.

### *CalEnviroScreen 3.0 and Designation of Disadvantaged Communities*

The latest version of the California Communities Health Screening Tool (CalEnviroScreen 3.0) was developed by the Office of Environmental Health Hazard Assessment under Cal/EPA as a regulatory tool to better identify communities in the state that are disproportionately burdened by environmental pollution while also facing socioeconomic and health stressors. The tool was designed in a way to help the agencies various boards and departments carry out their mission to fund activities in a way that ensures the equitable treatment of all Californians, particularly minority and low-income populations. The most current version was released in 2017 with a total of 20 indicators and scored in a way to be represented spatially at the U.S. Census Tract level. The Cal/EPA has adopted the following definition for cumulative impacts:

“Cumulative impacts means exposures, public health or environmental effects from the combined emissions and discharges, in a geographic area, including environmental pollution from all sources, whether single or multi-media, routinely, accidentally, or otherwise released. Impacts will take into account sensitive populations and socioeconomic factors, where applicable and to the extent data are available” (Faust et al. 2017).

This definition helps focus the components necessary for conducting the analysis of cumulative impacts and how they interact within the scoring model. The model for the tool is place-based and covers information across the entire state including over 8,000 census tracts. The model includes two components that represent Pollution Burden in the form of Exposures and Environmental Effects and two components representing Population Characteristics in the form of Sensitive Populations and Socioeconomic Factors. When calculating the CalEnviroScreen Score, the model uses percentiles to assign scores for each of the indicators in a given geographic area, thus representing a relative score for the indicators. The score is then derived by averaging the percentiles for the set of indicators in each of the four components. After the components are scored within the Pollution Burden or Population Characteristics, the scores are combined to calculate the overall CalEnviroScreen Score. See Figure 1 below that breaks down the various indicator percentiles averaged within component categories to result in the overall score (Faust et al. 2017). It is important to note that CalEnviroScreen Percentiles by indicator represent the percent of California census tracts that have a lower score than that specific indicator on that tract, so if a census tract has a percentile of 98% this means that this tract is more environmentally burdened than 98% of the census tracts in the state.

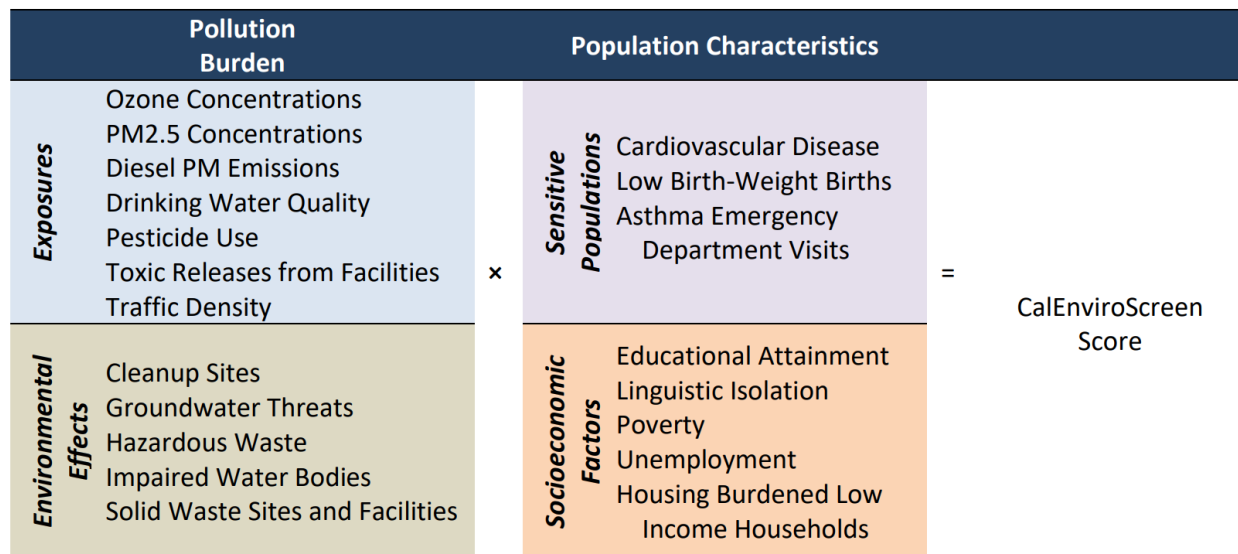


Figure 1: CalEnviroScreen 3.0 Indicator and Component Scoring (OEHHA)

In order to analyze how the residents of Pacoima are disproportionately burdened by cumulative environmental and socioeconomic impacts, I used the CalEnviroScreen 3.0 Tool to collect overall CES scores and percentiles and specific indicator percentiles to create several tables. Each table contains the 16 census tracts within the Transformative Climate Communities Project Area and are ranked in descending order. Only two of the 16 census tracts rank below the top 25% most burdened census tracts in the state; these are demarcated with an asterisk across all tables.

| Census Tract | Total Population | Nearby City (to help approximate location only) | CES 3.0 Score | CES 3.0 Percentile | CES 3.0 Percentile Range | SB 535 Disadvantaged Community |
|--------------|------------------|---|---------------|--------------------|--------------------------|--------------------------------|
| 6037121222   | 5293             | Sun Valley                                      | 67.39         | 98.83              | 95-100% (highest scores) | Yes                            |
| 6037104703   | 2397             | Pacoima   | 62.25         | 97.23              | 95-100% (highest scores) | Yes                            |
| 6037104310   | 4921             | Pacoima   | 59.68         | 96.27              | 95-100% (highest scores) | Yes                            |
| 6037104401   | 3357             | Pacoima   | 58.76         | 95.89              | 95-100% (highest scores) | Yes                            |
| 6037104320   | 5998             | Pacoima   | 58.03         | 95.36              | 95-100% (highest scores) | Yes                            |
| 6037104822   | 2277             | Pacoima   | 55.92         | 93.87              | 90-95%                   | Yes                            |
| 6037121010   | 4989             | Sun Valley                                      | 54.83         | 93.11              | 90-95%                   | Yes                            |
| 6037121210   | 3122             | Pacoima   | 54.65         | 92.96              | 90-95%                   | Yes                            |
| 6037104810   | 5328             | Pacoima   | 51.15         | 89.94              | 85-90%                   | Yes                            |
| 6037104404   | 3236             | Pacoima   | 50.26         | 89.08              | 85-90%                   | Yes                            |
| 6037104701   | 4208             | Pacoima   | 48.83         | 87.68              | 85-90%                   | Yes                            |
| 6037104821   | 3514             | Pacoima   | 48.63         | 87.43              | 85-90%                   | Yes                            |
| 6037104610   | 3672             | Pacoima   | 47.59         | 86.33              | 85-90%                   | Yes                            |
| 6037104403   | 3282             | Pacoima   | 45.32         | 83.33              | 80-85%                   | Yes                            |
| *6037104620  | 3539             | Pacoima   | 39.00         | 74.41              | 70-75%                   | No                             |
| *6037104500  | 3293             | Pacoima   | 38.13         | 73.39              | 70-75%                   | No                             |

Table 1: Total Census Tracts and Scores for SB 535 Disadvantaged Communities within TCC Project Area



Certain funds from the State's cap-and-trade program are specifically designated to target identified disadvantaged communities. Funds garnered from the cap-and-trade program are deposited into the Greenhouse Gas Reduction Fund and appropriated by the State Legislature. These funds must be used for programs and projects that help reduce emissions and greenhouse gases. In 2012, the State Senate passed a bill authored by California State Senator and former State Assembly Member for the 45<sup>th</sup> District, Kevin De Leon, which directed a quarter of all cap-and-trade funds to go to projects that provide some benefit to disadvantaged communities and at least 10 percent of these funds go to projects directly located within those communities. Senate Bill (SB) 535 gave the CalEPA the responsibility for identifying those communities specified in the legislation. Assembly Bill (AB) 1550 went further and modified the minimum investments to disadvantaged communities and requires at least 25 percent of the funds go to projects within and benefiting disadvantaged communities and at least an additional 10 percent designated for low-income households and communities (CalEPA 2019). As stated in the legislation, CalEPA was given the responsibility for identifying disadvantaged communities across the state. In order to accomplish this, CalEPA and the Air Resources Board (CARB) conducted community meetings in Los Angeles, Fresno, and Oakland to gain public input. They incorporated the feedback from the public and used the CalEnviroScreen Tool 3.0 to inform their decision on identifying the most environmentally burdened census tracts in the state (CalEPA 2019). Map 1 illustrates the most disadvantaged communities identified under SB535 and AB1550.

Based on this list of identified Disadvantaged Communities, I focused on the 16 census tracts identified in the TCC project area to conduct my analysis of environmental burdens relative to the rest of the state. In Table 2, I have identified five exposure and environmental effect indicators from CES for the 16 census tracts in the TCC Project area. These five indicators include:

- **Diesel Particulate Matter:** the exhaust from trucks, buses, trains, and other equipment that use diesel engines contain gases and solid particles known as diesel PM with the highest concentrations found near ports, railyards, and freeways. These small particles can reach deep into the lung where they contribute to a host of health problems including irritation to the throat, nose and eyes, heart and lung disease, and lung cancer; leaving children and the elderly especially vulnerable to these potential effects.
- **Traffic Density:** a measure of the number of vehicles on the roads in a given area. Higher concentrations of vehicle traffic contribute to exposure to exhaust fumes that contain toxic chemicals that can damage DNA, cause cancer, impact the ease of breathing, and result in low birth weight and premature births.
- **Cleanup Sites:** accounts for the identified cleanup sites in or near the census tract and tracks the type of site it is and how close it is to where people live. These sites have been identified as locations that are contaminated with harmful chemicals and need to be cleaned up by the owner or government. The chemicals in the buildings, soil and water at these sites can move into nearby communities through air or the movement of water. These sites can take several years or even decades to be properly cleaned. Map 3 illustrates the number of cleanup sites and National Priority List superfund sites that are within and around the TCC Project area.

- **Hazardous Waste Generators and Facilities:** accounts for the number of permitted hazardous waste facilities and generators in each census tract. These facilities and generators, such as recycling facilities and chrome plating shops can introduce hazardous chemical into the air and water, affecting local neighborhoods.
- **Solid Waste Sites and Facilities:** each facility is given a value based on its type, how much waste it handles, whether there are current violations, and even includes closed, illegal or abandoned disposal sites (OEHHA 2019).

Table 2 shows how each census tract is ranked relative to each type of indicator that informs the overall Pollution Burden percentile for the community. A total of 11 out of the 16 census tracts are in the top 25% most pollution burdened census tracts in the state, demonstrating the collective environmental vulnerability and burden for this community.

| Census Tract | Nearby City<br>(to help approximate location only) | CES 3.0 Percentile | Diesel PM Pctl | Traffic Pctl | Cleanup Sites Pctl | Haz. Waste Pctl | Solid Waste Pctl | Pollution Burden Pctl |
|--------------|--|--------------------|----------------|--------------|--------------------|-----------------|------------------|-----------------------|
| 6037121222   | Sun Valley   | 98.83              | 71.49          | 91.48        | 81.70              | 86.06           | 99.03            | <b>96.34</b>          |
| 6037104703   | Pacoima  | 97.23              | 70.95          | 52.66        | 89.13              | 92.01           | 95.76            | <b>96.79</b>          |
| 6037104310   | Pacoima  | 96.27              | 73.53          | 88.60        | 96.63              | 87.27           | 82.83            | <b>96.63</b>          |
| 6037104401   | Pacoima  | 95.89              | 73.93          | 86.75        | 93.43              | 73.59           | 58.10            | <b>91.75</b>          |
| 6037104320   | Pacoima  | 95.36              | 61.16          | 84.85        | 94.27              | 81.19           | 58.10            | <b>92.56</b>          |
| 6037104822   | Pacoima  | 93.87              | 64.75          | 98.27        | 69.39              | 60.50           | 9.08             | <b>85.24</b>          |
| 6037121010   | Sun Valley   | 93.11              | 67.54          | 93.17        | 71.32              | 55.09           | 64.87            | <b>91.54</b>          |
| 6037121210   | Pacoima  | 92.96              | 71.49          | 96.01        | 84.70              | 81.98           | 80.55            | <b>96.90</b>          |
| 6037104810   | Pacoima  | 89.94              | 71.49          | 46.31        | 77.51              | 78.11           | 91.56            | <b>94.30</b>          |
| 6037104404   | Pacoima  | 89.08              | 71.95          | 68.54        | 89.31              | 65.76           | 20.49            | <b>82.18</b>          |
| 6037104701   | Pacoima  | 87.68              | 49.78          | 63.59        | 76.12              | 60.50           | 0.00             | 62.92                 |
| 6037104821   | Pacoima  | 87.43              | 70.06          | 51.40        | 69.39              | 61.56           | 24.10            | <b>83.31</b>          |
| 6037104610   | Pacoima  | 86.33              | 68.08          | 58.89        | 83.20              | 50.68           | 22.64            | 70.64                 |
| 6037104403   | Pacoima  | 83.33              | 60.82          | 97.76        | 24.28              | 18.05           | 0.00             | 55.77                 |
| *6037104620  | Pacoima  | 74.41              | 64.13          | 52.99        | 63.41              | 25.76           | 0.00             | 52.45                 |
| *6037104500  | Pacoima  | 73.39              | 57.35          | 63.12        | 42.92              | 28.04           | 0.00             | 51.13                 |

Table 2: Exposure and Environmental Effect Indicators within TCC Project Area

In Table 3, I have identified seven sensitive population and socioeconomic factor indicators from CES for the 16 tracts in the TCC Project area. These indicators include the prevalence of asthma, low birth weight, educational attainment, linguistic isolation, poverty level, rate of unemployment, and housing burden. The indicator for educational attainment is calculated based on the percent of individuals over the age of 25 without a high school degree. As you can see in Table 3, educational attainment for all census tracts in the TCC Project area are at least in the top 25% of the state with most in the top 10%, illustrating the severe deficit in adults who attain at least a high school degree in this community. Considering the demographic make-up of the study area seen in Table 4, the large majority of residents in the TCC Project area identify as Hispanic/Latino and this has a direct correlation with the indicator for Linguistic Isolation. Under CES, linguistic isolation is the percent of limited speaking households where no one over the age of 14 speaks English well. As shown in Table 3, most of the census tracts are in the top

25% for linguistic isolation, making this population vulnerable to lapses in important information regarding social services and medical care. The indicator for Housing Burden includes the percent of households in the census tract that are both low income, making less than 80% of the county’s median family income, and severely burdened by housing costs, paying more than 50% of their income for housing costs (OEHHA 2019). This indicator was the most important to understand as it is a direct correlation to the vulnerability to displacement. Based on this indicator we can see that all but one census tract in the TCC Project area are in the top 25% most burdened households in the state, with four census tracts (bolded and demarcated with an asterisk) being in the top 5%. Map 4 shows the concentration of housing burdened census tracts within the TCC Project area based on CES percentiles. On this same map I have overlaid the TOC (Transit Oriented Community) half-mile radius from points of concentration for future transit investments as part of the TCC project. The intersections of Van Nuys and San Fernando Boulevard as well as San Fernando Boulevard and Osbourne Street are future sites for DASH rapid transit and Metro Light Rail. Future analysis or local programs and policy measures should prioritize these highly vulnerable census tracts for the implementation of measures to reduce resident displacement.

| Census Tract      | Nearby City<br>(to help approximate location only) | CES 3.0<br>Percentile | Pollution<br>Burden<br>Pctl | Asthma<br>Pctl | Low Birth<br>Weight Pctl | Education<br>Pctl | Linguistic<br>Isolation<br>Pctl | Poverty<br>Pctl | Unemploy<br>ment Pctl | Housing<br>Burden<br>Pctl |
|-------------------|--|-----------------------|-----------------------------|----------------|--------------------------|-------------------|---------------------------------|-----------------|-----------------------|---------------------------|
| <b>6037121222</b> | Sun Valley   | 98.83                 | 96.34                       | 83.12          | 90.72                    | 88.01             | 78.39                           | 93.55           | 67.42                 | <b>*98.51</b>             |
| <b>6037104703</b> | Pacoima  | 97.23                 | 96.79                       | 81.04          | 60.50                    | 96.01             | 90.99                           | 96.27           | 74.37                 | 68.95                     |
| <b>6037104310</b> | Pacoima  | 96.27                 | 96.63                       | 65.75          | 87.33                    | 95.32             | 87.47                           | 81.89           | 83.70                 | 83.85                     |
| <b>6037104401</b> | Pacoima  | 95.89                 | 91.75                       | 81.27          | 81.93                    | 97.68             | 81.63                           | 74.12           | 72.43                 | 89.79                     |
| <b>6037104320</b> | Pacoima  | 95.36                 | 92.56                       | 81.27          | 60.00                    | 92.93             | 81.03                           | 79.42           | 96.04                 | 84.96                     |
| <b>6037104822</b> | Pacoima  | 93.87                 | 85.24                       | 81.27          | 60.75                    | 96.80             | 89.80                           | 85.57           | 95.65                 | <b>*99.13</b>             |
| <b>6037121010</b> | Sun Valley   | 93.11                 | 91.54                       | 73.47          | 78.06                    | 85.40             | 82.44                           | 73.41           | 27.25                 | 81.70                     |
| <b>6037121210</b> | Pacoima  | 92.96                 | 96.90                       | 82.56          | 45.23                    | 82.82             | 71.76                           | 62.54           | 49.49                 | 78.76                     |
| <b>6037104810</b> | Pacoima  | 89.94                 | 94.30                       | 81.27          | 47.57                    | 88.49             | 80.35                           | 64.10           | 36.77                 | 78.19                     |
| <b>6037104404</b> | Pacoima  | 89.08                 | 82.18                       | 81.27          | 46.47                    | 96.57             | 93.76                           | 80.59           | 78.41                 | 86.06                     |
| <b>6037104701</b> | Pacoima  | 87.68                 | 62.92                       | 81.27          | 78.78                    | 98.04             | 86.72                           | 99.02           | 96.83                 | <b>*95.86</b>             |
| <b>6037104821</b> | Pacoima  | 87.43                 | 83.31                       | 81.27          | 36.65                    | 91.07             | 84.50                           | 90.01           | 70.57                 | 84.32                     |
| <b>6037104610</b> | Pacoima  | 86.33                 | 70.64                       | 81.27          | 65.95                    | 94.42             | 94.88                           | 80.01           | 64.73                 | <b>*99.21</b>             |
| <b>6037104403</b> | Pacoima  | 83.33                 | 55.77                       | 81.27          | 96.03                    | 94.59             | 87.10                           | 77.32           | 88.46                 | 86.52                     |
| *6037104620       | Pacoima  | 74.41                 | 52.45                       | 81.27          | 47.02                    | 97.91             | 89.01                           | 77.00           | 72.98                 | 84.96                     |
| *6037104500       | Pacoima  | 73.39                 | 51.13                       | 81.27          | 68.76                    | 94.94             | 89.15                           | 72.32           | 42.25                 | 79.40                     |

Table 3: Sensitive Population and Socioeconomic Factor Indicators within TCC Project Area

| Census Tract | CES 3.0 Percentile | Total Population | Age group from 2010 Census |                     |                  | Race or ethnicity from 2010 Census (%) |           |                 |                |               |           |
|--------------|--------------------|------------------|----------------------------|---------------------|------------------|--|-----------|-----------------|----------------|---------------|-----------|
|              |                    |                  | Children < 10 (%)          | Pop 11-64 years (%) | Elderly > 65 (%) | Hispanic (%)                           | White (%) | African America | Native America | Asian America | Other (%) |
| 6037121222   | <b>98.83</b>       | 5293             | 19.2                       | 75.9                | 4.9              | 85                                     | 6.5       | 3.1             | 0.1            | 4.4           | 0.9       |
| 6037104703   | <b>97.23</b>       | 2397             | 19.5                       | 76.2                | 4.3              | 94.5                                   | 2.9       | 1.8             | 0              | 0.3           | 0.6       |
| 6037104310   | <b>96.27</b>       | 4921             | 18.2                       | 74.9                | 6.9              | 94                                     | 1.6       | 3.9             | 0.1            | 0.1           | 0.3       |
| 6037104401   | <b>95.89</b>       | 3357             | 17.5                       | 73.9                | 8.6              | 96.8                                   | 2.1       | 0.1             | 0.4            | 0.6           | 0.1       |
| 6037104320   | <b>95.36</b>       | 5998             | 17.7                       | 74.2                | 8.1              | 91.1                                   | 1.1       | 5.8             | 0.2            | 1.4           | 0.4       |
| 6037104822   | 93.87              | 2277             | 17.1                       | 73                  | 9.9              | 87.7                                   | 3.3       | 1.1             | 0              | 7.1           | 0.7       |
| 6037121010   | 93.11              | 4989             | 12.3                       | 77.4                | 10.3             | 62.6                                   | 24.1      | 1               | 0.3            | 10.5          | 1.5       |
| 6037121210   | 92.96              | 3122             | 12.9                       | 75.4                | 11.7             | 70.7                                   | 11        | 1.1             | 0.3            | 16            | 1         |
| 6037104810   | 89.94              | 5328             | 16.5                       | 76                  | 7.5              | 93.8                                   | 3         | 0.5             | 0.1            | 2.3           | 0.4       |
| 6037104404   | 89.08              | 3236             | 16.6                       | 76                  | 7.4              | 96.2                                   | 1.8       | 1               | 0.2            | 0.5           | 0.4       |
| 6037104701   | 87.68              | 4208             | 21.2                       | 73.3                | 5.5              | 95.5                                   | 0.9       | 2.9             | 0.1            | 0.3           | 0.5       |
| 6037104821   | 87.43              | 3514             | 17.1                       | 76.7                | 6.2              | 93                                     | 3.4       | 1.1             | 0.2            | 1.8           | 0.5       |
| 6037104610   | 86.33              | 3672             | 18.5                       | 74.4                | 7.1              | 97.3                                   | 1.4       | 0.4             | 0.2            | 0.5           | 0.3       |
| 6037104403   | 83.33              | 3282             | 15.8                       | 75.3                | 8.9              | 96.3                                   | 1.8       | 0.5             | 0.1            | 0.9           | 0.4       |
| *6037104620  | 74.41              | 3539             | 16.5                       | 74.8                | 8.7              | 96.6                                   | 2         | 0.3             | 0.5            | 0.3           | 0.2       |
| *6037104500  | 73.39              | 3293             | 18.4                       | 73.1                | 8.5              | 95.3                                   | 3.2       | 0.6             | 0              | 0.8           | 0.1       |

Table 4: Demographic data for Age Group, Race and Ethnicity within TCC Project Area

### Leveraging TCC Funds: Environmental Justice Small Grants Program

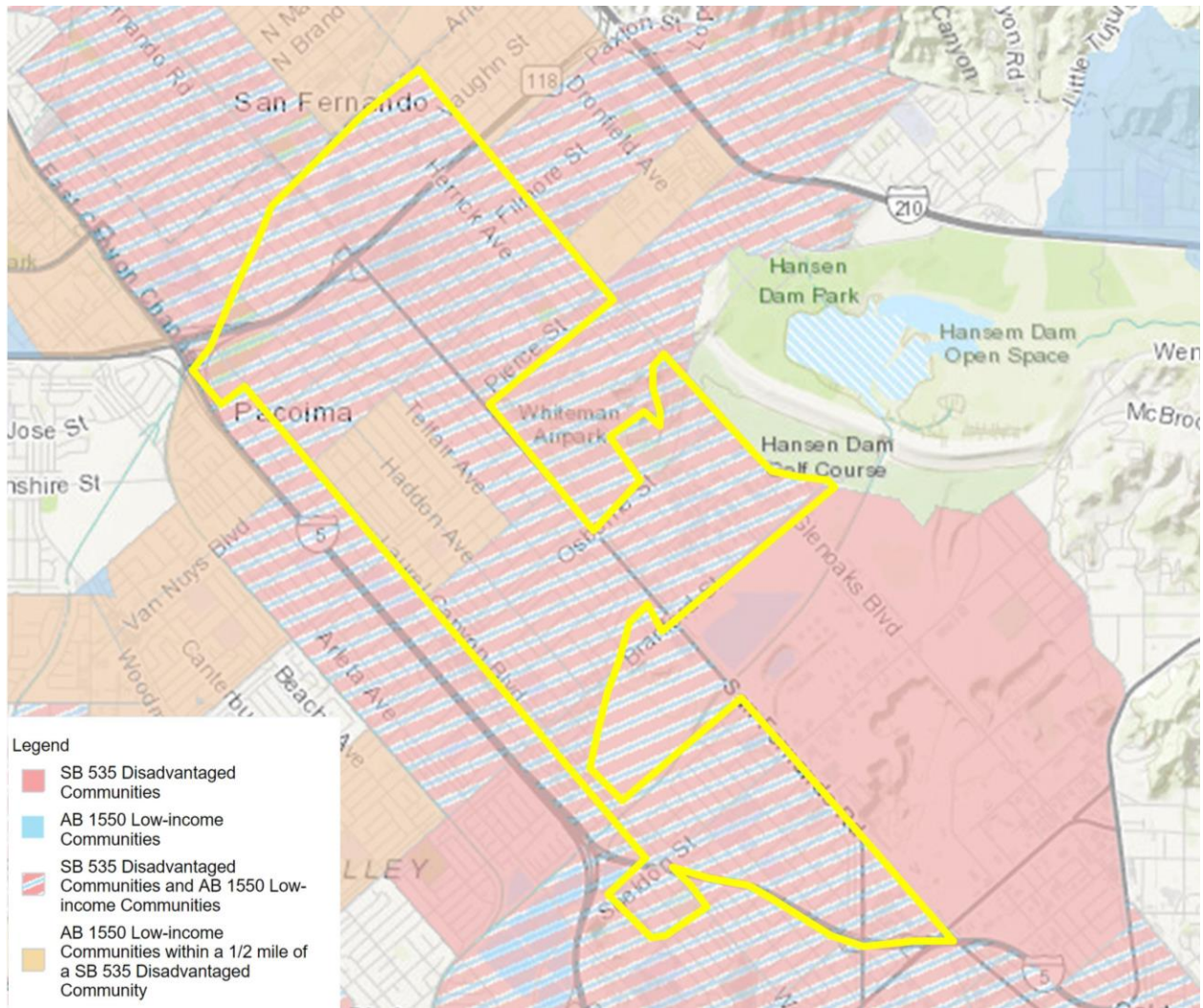
Map 1 illustrates the concentration of both SB 535 and AB 1550 Disadvantaged Communities within the TCC Project area. These census tracts all qualify for additional cap-and-trade funds through the California Climate Investments program to further supplement any of the funds received through Transformative Climate Communities grant program from the Strategic Growth Council. CalEPA is authorized to provide funding opportunities to assist eligible non-profit community organizations and federally-recognized Tribal governments address environmental justice issues in areas that are disproportionately burdened by pollution and hazardous materials through the agency’s Environmental Justice Small Grants Program. This program was established by Assembly Bill 2312 in 2002 and has been awarding funds to the most environmentally vulnerable and burdened communities across the state. Grants are awarded on a competitive basis for projects that target communities with the most significant exposure to pollution and focuses on projects and programs that distribute information, identify improvements in communication between burdened communities and CalEPA, improve community understanding of existing environmental issues, promote community involvement in decision-making, and enhance community understanding of environmental information systems (EJSGFO 2019).

Pacoima Beautiful (PB) has applied and been awarded a grant through this program in the past for the maximum grant amount of \$50,000 to fund a ten-month portion of their Community Inspectors Program. In addition to this capacity building program, PB also provided 10 education workshops, five community tours, and 15 presentations and meetings with a goal to reach out to 300 Pacoima residents. The Environmental Justice Small Grants Program just closed out their most recent grant cycle on March 21<sup>st</sup>, 2019 and Pacoima Beautiful could continuously apply for this operational grant every cycle to continue adjusting their Community Inspectors Program to supplement any shifting organization priorities, like community data collection to help leverage the TCC Grant. Given that one of the specific goals under the

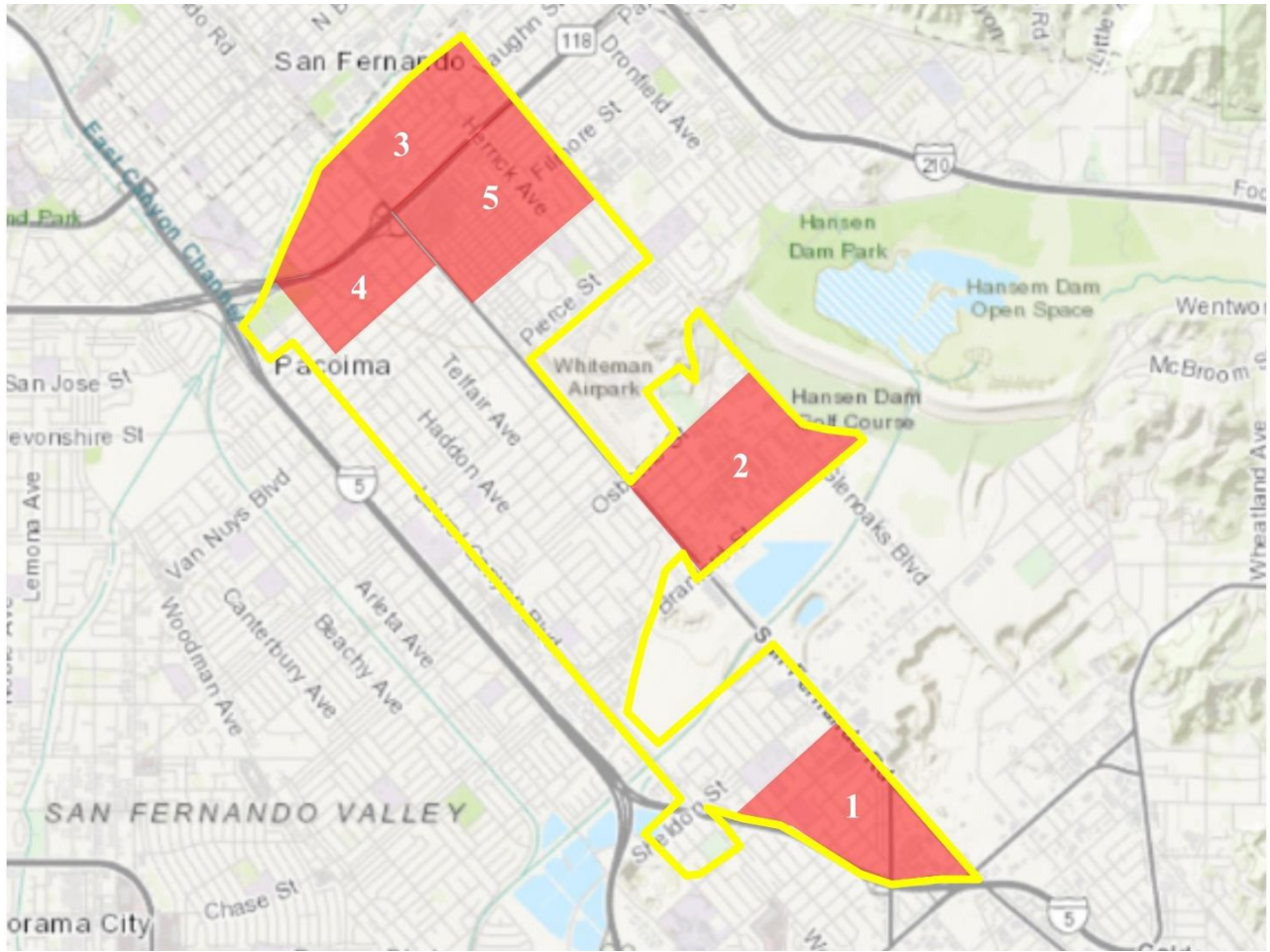
California Climate Investments program is to promote projects that include an element of affordable housing, Pacoima Beautiful could apply to the small grant program to engage their existing Community Inspectors Program in a way that collects information about any potential environmental hazards that disproportionately impact ADU tenants and use this as a funding opportunity to expand and supplement the data collection completed during the Comprehensive Project. Using Map 2 as a starting point for future funding rounds, Pacoima Beautiful could concentrate programs and projects in the 5 most vulnerable census tracts identified within the TCC Project area.

### *Conclusion*

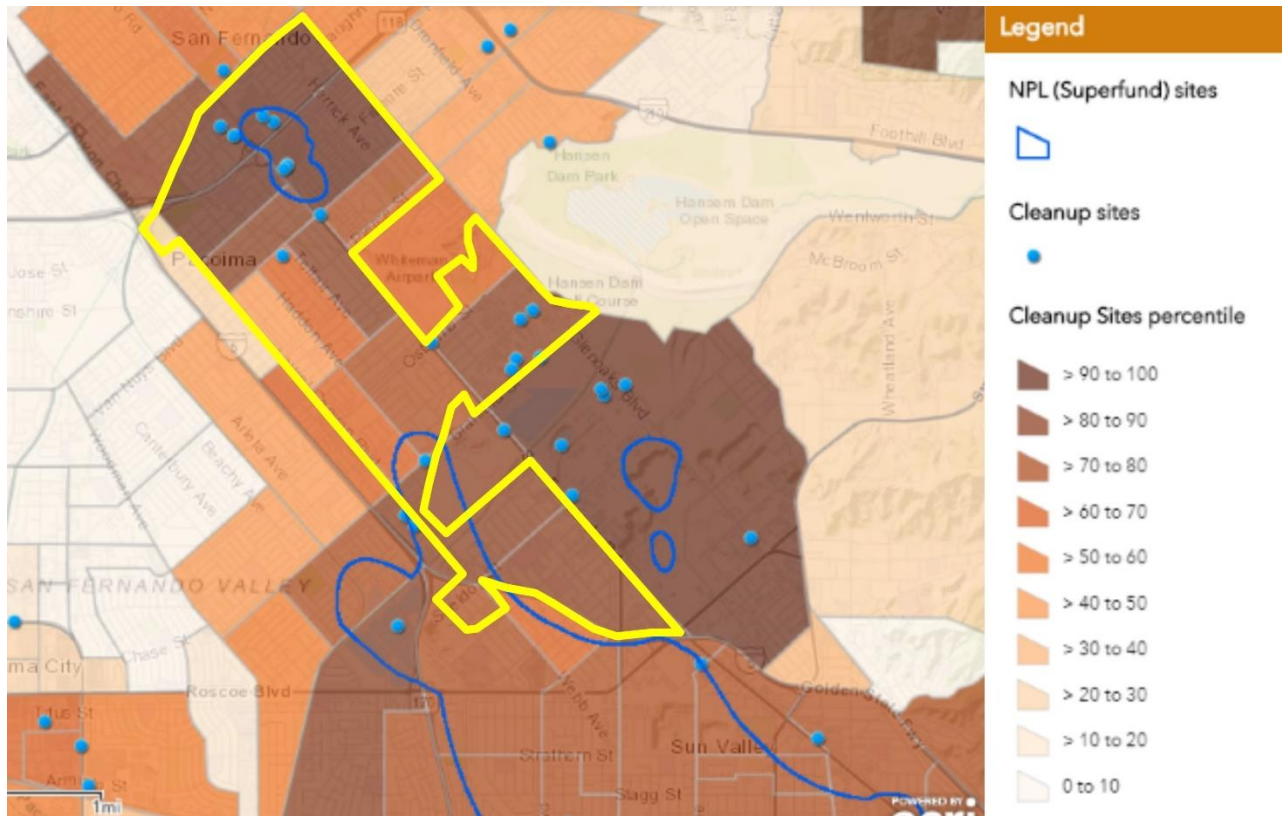
Through this focused analysis, I have distilled the most pertinent environmental and social vulnerability indicators that inform the overall CES scores that designate 14 out of the 16 census tracts as disadvantaged communities. Using this data can help inform areas of investment and focused interventions based on the types of environmental hazards to best serve and ameliorate the social vulnerabilities experienced by residents in each census tract. The intersecting environmental burdens and compounded social vulnerabilities experienced by Pacoima's residents is quantifiable and pronounced throughout the TCC Project area. Unfortunately, low income communities and concentrations of people of color are disproportionately exposed to environmental pollution and hazardous materials from a legacy of restrictive housing covenants and discriminatory land use planning. The ground work has been laid for perpetuating a landscape of inequality across Los Angeles. In the current context of rapid gentrification and displacement all in the name of economic growth and market-driven planning solutions, we run the risk of reshaping the city and righting past wrongs for future communities that have not been saddled with the burden of discriminatory practices. What is the point of building better more affordable housing options if they will not directly benefit those that are at the highest risk of displacement? Building upon the legacy and capacity that Pacoima Beautiful has fostered for a more just future is the best chance at responsibly implementing public investments that not only recognize these vulnerabilities, but actively seek to rectify them. In many ways, Pacoima is already viewed as a success story for grassroots activism that empowers local residents, but as these tools for quantifying environmental justice needs improve, we must continue to push for equitable change wherever possible and leverage public investments to address the largest societal deficits.



Map 1: SB535 Disadvantaged Communities and AB1550 Low-Income Communities within TCC Area

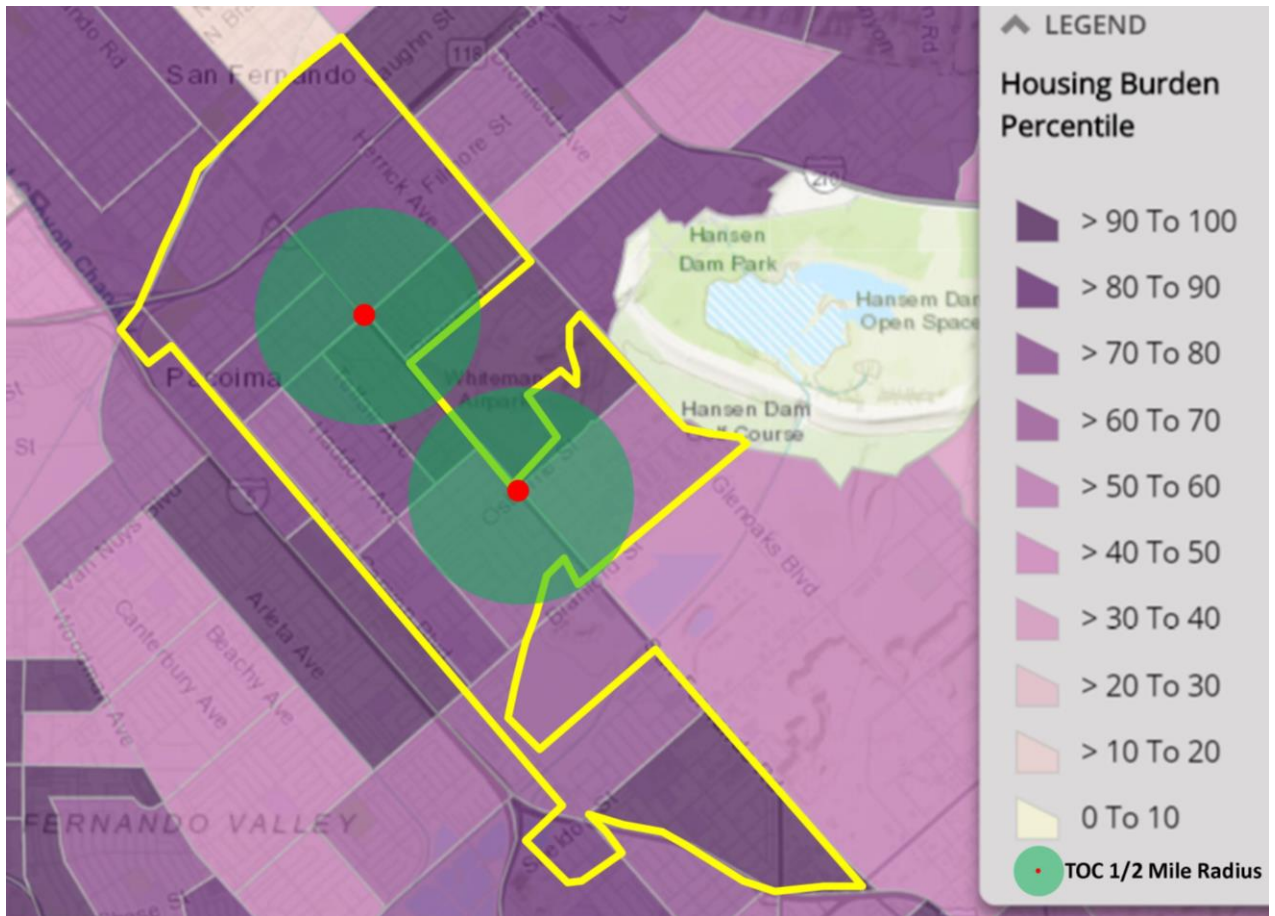


Map 2: SB535 Disadvantaged Communities with highest ranked scores ( $\% > 95$ ) within TCC Area



Map 3: Cleanup Sites and National Priority List Superfund Sites within TCC Study Area





Map 4: Housing Burden by Census tract within TCC Project Area with TOC 1/2-Mile Overlay

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