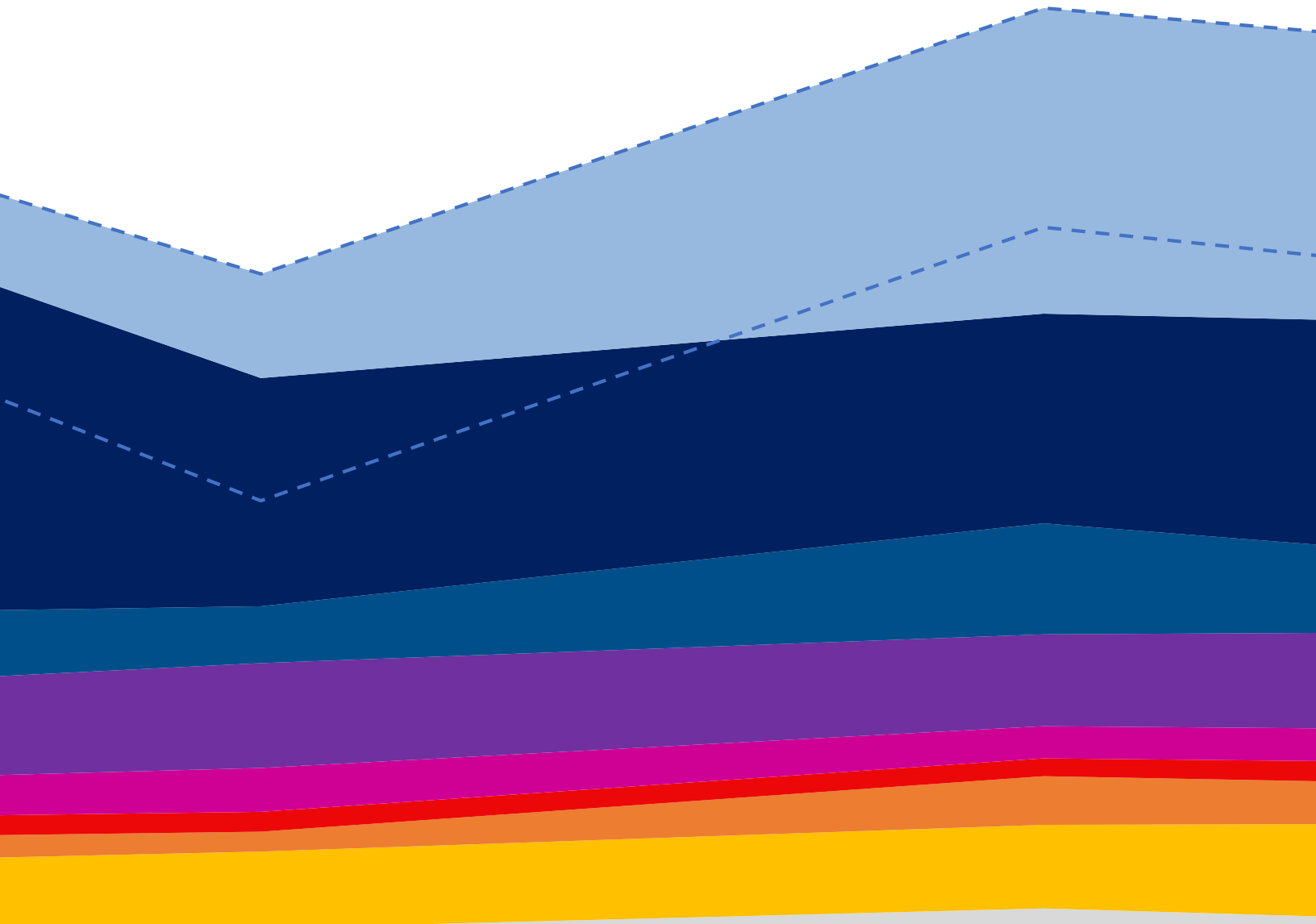


Memorandum to

# THE CITY OF LOS ANGELES HOUSING ELEMENT UPDATE TASKFORCE

Cc: Department of City Planning  
Housing and Community Investment Department

Issued  
December 15, 2020



**ADDRESS**  
225 E. 16TH ST.  
LOS ANGELES, CA 90015



**EMAIL**  
OFFICE@PACIFICURBANISM.COM

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FROM THE OFFICE OF PACIFIC URBANISM

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December 15, 2020

**Re: Empirical Data and Methods That Inform the 2021-2029 Housing Element**

Dear Los Angeles City Planning and Housing and Community Investment Departments,

In response to the Housing Element Team's request for feedback from the Task Force that staff either has not yet had the opportunity to discuss, or the omission of which may substantially limit the efficacy of the Housing Element 2021-2029, Pacific Urbanism submits the following points for consideration:

- 1) **Re: Production rates.** Operationalizing entitlement requests and/or building permit requests over time as *rate of production*, rather than Certificates of Occupancy, which are actual units offloaded onto the housing market, substantially underestimates the necessary rate of increase from *current annual production* to *targeted annual production*. Targeted annual production required to meet 455,564 net new dwelling units by 2029<sup>1</sup> averages 57,000 net new units per year.
  - a) Neither all entitlement nor building permit requests result in completed projects. For those requests that do come to fruition as dwelling units, and especially for entitlements, the lag period from date of application to Certificate of Occupancy, i.e. a dwelling unit offloaded onto the housing market, presents a clear need for mechanisms that will ensure the necessary annual average supply target is met during each year of the lag period. In other words, even if most building permits become dwelling units within five years, specific actions are necessary to ensure sufficient production now through the next five years in order for the 2029 target to be met.
  - b) Development trend reports from the Department of City Planning indicate a current rate of planning entitlements approval near 20,000 dwelling units per year and under 6,000 units approved through TOC<sup>2</sup>. Whereas only a portion of these requests will ultimately be offloaded onto the market after the approvals process (1 to 2 years) and construction (1 to 2 years), that is, between 2023 to 2025, current Certificate of Occupancy rates show between 7 to 8,000 net new dwelling units offloaded onto the housing market per year. Policies and programs that will

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<sup>1</sup> Southern California Association of Governments. "Regional Housing Needs Assessment." <https://scag.ca.gov/housing-elements>. Accessed 10 December 2020.

<sup>2</sup> Los Angeles City Planning. "Housing Progress Reports." <https://planning.lacity.org/resources/housing-reports>. Accessed 10 December 2020.

contribute to a 300 to 400% increase in entitlement requests are separate from those that will produce the 700 to 800% increase in Certificates of Occupancy, which is necessary effective immediately through 2025 when current entitlement request are offloaded onto the market as dwelling units.

- 2) **Probability of development** metrics are a topic of much scholarly attention and are critical for an efficacious Housing Element 2021-2029. In general, we see residential land capacities develop to 50% of their allowed maximum while commercial land develops to 10% of its allowed maximum.
  - a) In broad terms, the allowable maximum dwelling unit capacity of the City may need to aim near 2.3 million dwelling units in order to reasonably expect 1.8 million dwelling units. Further, as this increase in allowable capacity alone will not necessarily result in the development of the target units by 2029, additional mechanisms to ensure the required increase in rates of production are necessary.
- 3) Increased capacity in terms of allowable number of dwelling units is necessary, on the other hand **workforce capacity development** in the homebuilding industry is also required. As allowable production has declined over the past five decades through downzoning, etc, the industry has followed suit. The surge in the supply chain will necessitate various forms of increase in production capacity. Who is allowed to participate in this industry growth is central to the overarching priority of advancing equity in various forms. A decentralization of access to participation in the production of low rise, relatively high density, naturally occurring affordable housing ought to be a central concept of the Housing Element 2021-2029.
- 4) **Commercial conversion** presents the opportunity to generate more affordable housing. Conversions are becoming an increasingly common practice due to COVID-19 and it would behoove the City to facilitate a higher rate of commercial conversions. Also, adaptive reuse can mitigate harmful effects on the environment and on average costs one third of new development.<sup>3</sup>
- 5) **Accessory Dwelling Units**, and removing obstacles to these, particularly in the Coastal Zone, where demand for housing is high though hindrances to this housing form exist are advisable.

Please contact me with any comments or questions

Sincerely,  
Dario Rodman-Alvarez



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<sup>3</sup> Castensen, Jennifer. "Vacant Real Estate is the Golden Ticket to the Real Estate Crisis." 12 August 2020. <https://www.forbes.com/sites/jennifercastenson/2020/08/12/vacant-real-estate-is-the-golden-ticket-to-the-housing-crisis/?sh=6ff9b86d5c97>. Accessed 11 December 2020.



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