L.A. Should Home In on Transit

By PAUL HABIBI

Los Angeles County faces a crisis in housing costs. In 2012, 51 percent of owners and nearly 60 percent of renters in the county were considered “housing cost burdened” by the Department of Housing and Urban Development, spending more than 30 percent of their income on housing, according to Census Bureau’s 2012 figures. There is a particular need for workforce housing. Families earning more than $41,400, according to HUD, do not receive public subsidies or housing vouchers. These are the school teachers, engineering technicians, Web developers and other workers essential to a healthy economy who find themselves priced out of a home.

But there is an answer to this crisis. At the same time that livable workforce housing is dwindling, public transit assets in the county are growing. We can now create livable housing for these working families by pursing development in less expensive areas that are connected to job centers via transit.

These “mobility hubs” hold great potential—development in areas near transit might result in higher property values and increased returns to those developing and building these assets. Currently, such transit districts remain underappreciated assets. But the right public-sector incentives can transform them into some of the hottest places for workforce housing development. Once a district becomes hot in this sense, other development catches fire around it, upfiling property values and generating jobs.

And transit districts tend to be the kind of development the region needs: higher density, appealing to mixed-income, providing places to live that aren’t on the suburban fringe. Policymakers must engage with the development community to incentivize workforce housing in these connected, livable corridors.

The recent study I authored, sponsored by the Los Angeles Business Council—“2013 Livable Communities Report: A Call to Action”—offers policy recommendations to help achieve this goal. It also pinpoints case-study sites where workforce housing development strategies can be pursued and then applied throughout the county.

To do this, the report introduces the Livable Community Opportunity Index, a tool designed to analyze local markets around transit stop and their potential to support livable community development. The index looks at six key demographic and market indicators—population, housing density, income, employment, transit ridership, and land values—to evaluate whether a given market can support the type of mixed-use, mixed-income and higher-density development that comprises a livable community. The index is used to score each of 104 station areas across the county’s light-rail and rapid transit bus lines, including the future Crenshaw Line.

The policy recommendations are in two areas—project finance and development incentives. The project finance incentives are:

- Establish a dedicated source for housing trust funds in the county. This includes requiring at least 15 percent of trust fund expenditures to be reserved for workforce housing.
- Pursue creative use of existing funding sources. It includes establishing a joint case management program with Los Angeles City Planning, Housing and Community Investment, and Economic and Workforce Development departments to help developers navigate funding sources.
- Establish financing districts to recapture benefits to land. It includes creating infrastructure financing districts in transit-close locations and pursuing state legislation for tax-increment financing for transit-oriented developments.

The development incentives are:

- Utilize mobility hubs to catalyze livable development. This includes funding and constructing fixed pilot mobility hubs by the end of 2014.
- Increase density bonuses for mixed-income development.
- Reduce parking requirements near transit. This means eliminating or significantly reducing parking requirements within a quarter-mile of stations.
- Reduce development fees for livable community development. This would greatly boost development of workforce housing within a half-mile of stations.

These recommendations are a guide for policymakers. Realizing that each neighborhood within each city in the county has different needs and assets, policy leaders must work with local residents and the development community to configure the appropriate mix of funding and planning incentives that suit their needs.

The county will continue to develop its transit system and the neighborhoods around that system for the foreseeable future. Political leaders at various levels of government have already made clear their priority for livable community development that capitalizes on this expanding system. But policymakers must take proactive steps today in order to maximize the development potential around transit while addressing issues of workforce housing affordability. The LAFC report illustrates that opportunities for livable community development abound throughout the county.

But workforce housing will continue to be almost impossible without incentives or financial contributions from municipal partners. And our teachers, engineers, Web developers and other workers essential to a balanced and growing region will continue to be frustrated in efforts to find affordable homes in central areas of the county.

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Los Angeles Business Journal Poll

Some believe the old Fairfax district is losing its character. Generally speaking, that is:

Not OK. We’re losing something

OK. Change is good.

Online results for week ended Dec. 13

48%

52%