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Monthly condensed analyses of crucial real estate and economic issues offered by the UCLA Anderson Forecast and UCLA Ziman Center for Real Estate. Here, UCLA Ziman Center and UCLA Anderson Lecturer Paul Habibi discusses how to realize healthy, sustainable development along the Los Angeles River.

LA's Next Frontier: Capturing Opportunities for New Housing, Economic Growth, and Sustainable Development in LA River Communities

By Paul Habibi, Lecturer, UCLA Ziman Center for Real Estate, UCLA Anderson School of Management

The following article is condensed from the author's in-depth 2015 LABC report on the Los Angeles River. The full report, with all attributions and source material, can be found [here](#).

The [Los Angeles Business Council Institute](#) (LABC) has published a comprehensive report on how to develop livable communities along the Los Angeles River. The below is a summation of that report, authored by Paul Habibi, Lecturer, UCLA Ziman Center for Real Estate, UCLA Anderson School of Management.

The revitalization of the Los Angeles River presents a unique opportunity to develop underutilized land and transportation connections, creating sustainable, thriving, equitable communities throughout Los Angeles County. LABC measured which communities along the river may be best poised to attract investment, housing and businesses. Its research shows the River corridor has already experienced significant growth in key areas from 2010-2014.

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The research shows, for example, dramatic employment growth along the river. The employee boom was the largest in Downtown LA, with employees surging from 10,001 to 43,632 during the studied period.

And many census tracts within a one-mile radius of the LA River saw a significant increase in residents who rely upon car-free commuting (transit, walking and bicycling), particularly in the area between Encino and Reseda, in neighborhoods near Griffith Park, and to the north and east of Downtown. Large census areas boomed in car-free trips, with increases from 10.1% to 28.1%. These increases represent thousands of residents that would benefit from

accessibility and street-safety improvements, and serve as examples of what is possible – even with limited investments – for other communities that have not yet adopted less car-dependent lifestyles.

The Housing Crisis and the LA River

The River especially offers a tremendous opportunity for market-rate and affordable housing production. According to a recent study by the California Housing Partnership Corporation, LA County needs almost 500,000 more units that are affordable to households earning less than 50 percent of the metropolitan area median income.

Reversing the history of disinvestment along the river corridor presents an excellent opportunity to build many of those hoped-for housing units in sustainable, transit-oriented and active transportation-oriented communities. At the same time, we must balance new development with preservation of existing housing—especially market-rate units that have historically been affordable to lower- and middle-income renters.

Transportation and Accessibility

The River also has the potential to become a key transportation and recreation corridor for residents and visitors. The LA River Revitalization Master Plan envisions the river as a “green spine” snaking throughout the city, with “nerves” of green streets and pathways extending into local communities, bringing life wherever they reach.

As reinvestment and redevelopment along the river progresses, it will be essential to facilitate growth that supports these connections for the benefit of whole communities. This will require that some property be used for other than its highest and best economic use, such as for park space frontage along the river or for pedestrian paths into the community.

Impediments to development along the River may include neighborhood groups and other stakeholders with concerns about higher-density residential development overwhelming traditional single-family-homes, and with fears about losing potential riverfront parks and open space to new development. This is why the LABC report calls for the above preservation of existing housing and adding significant park space.

Incentives must make this palatable to both owners and developers, or we risk squandering the potential of this once-in-a-lifetime opportunity. We must also make the most of ongoing investments in Metro’s rail program by coordinating station area improvements with links to key river and neighborhood greenway corridors.

The Developer’s Toolkit

The City of Los Angeles can take the lead in developing a comprehensive “developer’s toolkit” to encourage livable community development on the LA River. It can be applied to pilot districts in the region and has five components.

- Project financing through Enhanced Infrastructure Financing Districts (EIFDs):

Like redevelopment agencies that came before them, EIFDs may use tax-increment financing to fund projects. The land immediately surrounding the river presents a sizable revenue-generating opportunity. We analyzed a hypothetical EIFD spanning the 51-mile length of the river and including all parcels within 1 mile of the riverbank. There are billions of dollars in potential value-capture available along the river for cities to direct to riverfront restoration and infrastructure development.

- Design guidelines created with local stakeholder input:

The physical connections between new developments and the River, and the manner in which new construction near the River interacts with transit, storm and wastewater systems, existing neighborhoods, and other key infrastructure, are all integral to community revitalization. At the same time, each river-adjacent community has its own neighborhood context that must be taken into account when attracting new investment. Prescriptive design guidelines are established with ample participation from both local residents and real estate industry professionals, helping developers readily understand exactly how their projects can fit in with their

surroundings.

- Expedited plan check and permitting for projects complying with design guidelines:

To attract developers to the districts, those projects that strictly abide by the guidelines must be given a “fast track” path to entitlement and permitting. This gives developers a set of clear expectations, rather than submitting projects to uncertain discretionary processes with significant risks as to final schedule and conditions of approval.

- True “by-right” development through revision of Site Plan Review process:

The Los Angeles Site Plan Review process too often acts as a deterrent to new construction rather than as a guide for healthy development. Within LA River pilot districts, projects that comply with underlying zoning, meet all of the design guidelines, and reach affordability goals appropriately set for each district, should not be subject to the Site Plan Review process regardless of their size, and should be allowed to begin permitting with the plan-check process.

- Increased density bonus incentives for projects that include workforce housing:

California’s state-mandated density bonus law provides incentives to developers who commit to building housing units at different affordability levels. In the City of Los Angeles, however, these bonuses have not been sufficient to yield a significant amount of additional affordable units.

The City must make substantial changes to the thresholds to be met for a project to qualify, and to the magnitude of the bonus. Los Angeles should take the lead on pursuing meaningful analysis of existing density bonus policies to create a more useful tool that can better help the city meet its ambitious affordable housing goals.

With leadership from the City to lay the foundation for a comprehensive governance structure and oversee the river’s revitalization and development, these recommendations can have a lasting impact on the quality of life of residents throughout the Los Angeles region.