

*A partnership between the UCLA Ziman Center for Real Estate and the UCLA Anderson Forecast*

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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, Paul Habibi, lecturer, UCLA Anderson School of Management and faculty associate, UCLA Ziman Center for Real Estate, discusses how “mobility hubs” can make workforce housing more financially feasible.

## **How to Create Workforce Housing From Transportation Hubs**

### **A Summation From the Recent [LABC Report](#)**

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

Los Angeles County faces a crisis in housing costs. In 2012, 51.3% of owners and 59.8% of renters in the County were considered “housing cost burdened” by the U.S. Department of Housing and Urban Development, spending more than 30% of their income on housing (U.S. Census Bureau, 2012). There is a particular need for workforce housing. Families earning between \$41,400 and \$98,880 (HUD, 2013) 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.

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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 pursuing development in less expensive areas that are connected to job centers via transit.

These “Mobility Hubs” hold great potential: Development in areas near transit may result in higher property values and increased returns to those developing and holding those assets. Currently, such transit districts remain under-appreciated 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, uplifting property values and generating jobs.

And transit districts tend to be the kind of development the region needs: higher density, appealing to mixed incomes, and providing places to live that aren’t out 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 stops and

their potential to support livable community development. The Opportunity 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 Los Angeles County’s light rail and bus rapid transit 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 LA County. This includes requiring at least 15% 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 The 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 (TODs).

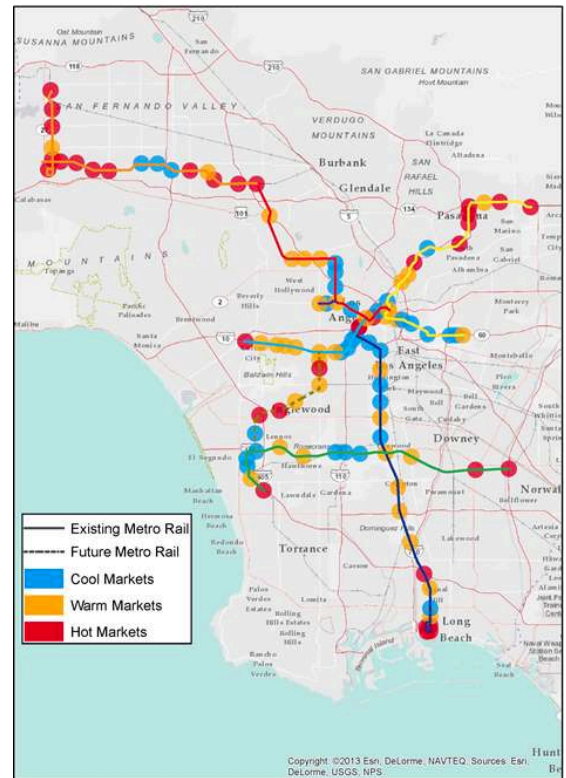
The Development incentives are:

- Utilize Mobility Hubs to Catalyze Livable Development. This includes funding and constructing five pilot mobility hubs by 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 of Los Angeles 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.

Los Angeles 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 LABC 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 Los Angeles County.



**Figure 1: Los Angeles County Station Areas with Livable Community Opportunity Index Rating**