
SECTION II: HOUSING CONSTRAINTS

This section examines actual or potential constraints on the provision and cost of housing. These constraints affect the development of new housing as well as the maintenance of existing units; they are found in market conditions, governmental regulations, and environmental and infrastructure capabilities.

MARKET CONSTRAINTS

The high cost of renting or buying adequate housing is the primary non-governmental constraint of providing adequate housing in the City. High construction and labor costs, land costs, and market financing all contribute to curtailing the availability of affordable housing.

Land: Land costs include the cost of raw land, site improvements and all costs associated with obtaining government approvals. According to information from local realtors and data on sales since 1989, parcels with multi-family development zoning or potential in La Cañada Flintridge are valued on average at approximately \$31 to \$47 per square foot (\$1,350,360 to \$2,047,320 per acre), while sales on parcels zoned for single family development during September, 1992 through April, 1993 averaged \$33 to \$39 per square foot (\$1,437,480 to \$1,698,840 per acre). While land costs in La Cañada Flintridge are similar to the immediately adjacent neighborhoods in north Glendale and Pasadena's Linda Vista/Country Club areas, they are substantially above the average for most of the greater Los Angeles area. A number of factors influence such high land costs.

Availability and Buildability: First among these market factors are the combination of steep topography and the built out character of the community which contributes to the high cost of land assemblage. Of the 341 acres of vacant, privately owned land, 229 acres are in steeply sloping (60% or greater slope) areas, generally do not have water service available (thus requiring substantial developer improvements), and where water service and other utilities are available, cost 15% to 25% more to develop structures due to the topography.

The remaining 112 acres of vacant land which has a lower market cost for its development potential consists of a variety of lot sizes. Many of these lots are owned in conjunction with adjacent properties, and therefore presently remain underdeveloped. Still others are properties sandwiched between existing residences providing an opportunity for future development as a single family residential use, but lacking in project size for multi-family or mixed use residential development without land assemblage at a cost of \$1.3 million to \$2 million per acre.

Neighborhood Quality: Another key factor influencing land values is the quality of the residential neighborhoods. As noted in the Los Angeles Times on August 21, 1993, key factors in a homeowner's consideration of a community in which to invest their real estate dollars are the traffic, noise and trees found in the neighborhood. Other sources note that low crime rates and cleaner air are characteristics of La Cañada Flintridge which attract home buyers.

Topography has restricted circulation in La Cañada Flintridge to one primary east-west arterial, Foothill Boulevard, and the introduction of Interstate 210 and the Glendale Freeway (State Highway 2) have significantly redirected much of the regional traffic away from the City's local streets.

Furthermore, the altitude and early, large lot, upscale development characteristics have proved beneficial for the natural propagation and introduction of trees in the community, further enhancing the appeal of "quite, tree-lined streets" and cleaner air as they influence land costs.

School Districts: The most common reason noted by area realtors for new home buyers selecting La Cañada Flintridge is the schools. The Los Angeles Times notes in its August 21, 1993 article that, "A recent survey by Runzheimer International notes that school districts play a significant role in resale values. Communities served by top-notch districts - those that rank high nationally - are the least likely to experience price erosion over time, the study says."

The City of La Cañada Flintridge is served by the La Cañada Unified School District (LCUSD) for approximately 85% of its

geographic area. Known for its innovative curriculum and outstanding staff, LCUSD is among the top 5% of schools nationally. La Cañada High School was recognized in early 1993 as a National Blue Ribbon School, and annually ranks first or second in the state for the rate at which its students pass the Advanced Placement tests. Furthermore, the District's SAT scores are generally more than 100 points above the national average. Parent participation is exceptionally high within this district, with \$435,000 of private contributions and 61,175 volunteer hours donated in the 1992-93 school year.

The remaining 15% of the City is served by the Glendale Unified School District (GUSD) which, while not ranked as highly overall as the LCUSD, offers a noted quality educational environment in the three schools which service portions of La Cañada Flintridge.

Mansionization: The increasing average size of single family residences introduces an elevation in property values according to realtors. A review of building permits issued in the City in 1990 - 1993 indicates that the size of new or remodeled homes in La Cañada is significantly increasing. New single family homes range from 2,600 to 10,000 square feet. "Mansionization" also occurs when an existing house, in scale with its neighborhood, is replaced with or expanded into a much larger house out of scale with its site and neighborhood.

Key to the issue of mansionization is the size and shape of a dwelling, especially in relation to the size and shape of the its lot. Building bulk can be controlled through zoning standards, including setbacks, height, and floor area ratios. Many cities control building design of single family homes through a public review process. Nonetheless, the continued replacement of existing 1200 to 2500 square foot homes built in the 1930's to 1960's with homes averaging over 5,000 square feet has a considerable impact on the affordability of housing in the City.

Existing Land Use Patterns: A final neighborhood factor which contributes to the sustained value of properties, as noted by the Los Angeles Times, is the size of the yard and its ability to provide room for a swing set and a pool. As noted in the Introduction to this element, much of La Cañada Flintridge was laid out prior to the availability of imported water. Large lot

subdivisions were the norm, and single family residential lots which are 10,000 square feet or larger in area make up 2,376 acres or 86% of the 2,747 acres of presently developed residential land. Of the 6,518 detached single family homes in the community, 2,779 or almost 43% have swimming pools.

The combination of these market factors have served for many years to drive demand, and therefore land costs within the City, well beyond the range of affordable for market-driven development of lower and income single family residences, and for assemblage of properties for lower income multi-family projects. As noted previously, similar land values are found in adjacent neighborhoods in Glendale and Pasadena, but these neighborhoods are part of larger jurisdictions which have a broader range of land costs and housing development options available to them.

Construction Costs: The single largest cost in associated with building a new house in most communities is the cost of building materials, comprising between 40 and 50 percent of the sales price of a new home. Construction costs for wood frame, single-family construction of average to good quality range from \$60 to \$73 per square foot, custom homes and units with extra amenities running somewhat higher. A reduction in amenities and quality of building materials (above a minimum acceptability for health, safety, and adequate performance) could result in lower sales prices.

Costs for wood-frame, multi-family construction average around \$46 per square foot, exclusive of parking. An additional factor related to construction costs is the number of units built at the same time. As the number of units developed increases, the construction costs over the entire development are generally reduced, based on economies of scale. This reduction in costs is of particular benefit when density bonuses are utilized for the provision of affordable housing.

Construction costs are augmented above these regional averages by the topography which is characteristic of much of the remaining vacant land. This topographic factor increases construction costs by as much as fifteen to twenty-five percent over non-hillside development areas due to:

- Additional soils and geological engineering reports;
- Complex foundations, which include exotic caisson and grade beam foundation designs or foundations that incorporate massive retaining walls;
- Intensified percolation difficulties leading to more costly on-site septic systems; and
- Increased grading required to create adequate building pads.

Financing: Although interest rates are at the lowest they have been in approximately 20 years, they still have a substantial impact on housing costs which is felt by renters, purchasers and developers. Some mortgage financing is variable rate, which offers an initial lower interest rate than fixed financing.

The ability of lending institutions to raise rates to adjust for inflation will cause many existing households to overextend themselves financially. Similarly, a return to a situation where financing costs substantially constrain the housing market will impact the affordability of housing.

An additional obstacle for the first-time home buyer continues to be the 10 to 20 percent down payment required by lending institutions. Far fewer people in today's first-time home buyer market are eligible for the FHA/VA-backed loans with reduced down payment requirements which prevailed when much of the City of La Cañada Flintridge was originally developed.

Profit, Marketing and Overhead: Developer profits generally comprise 10 to 15 percent of the selling price of single family homes and slightly lower for condominiums. However, in communities like La Cañada Flintridge where the market demand is high in comparison to the available housing supply, developers are able to command higher prices and realize greater profit margins.

Housing Costs in La Cañada Flintridge: The average sales price of homes sold in La Cañada Flintridge from September, 1992 through April, 1993 was \$471,388. A \$377,110 mortgage (80% of purchase price, with a \$94,278 down payment)

amortized over 30 years at an interest rate of 7.9% (April, 1993), would result in a monthly house payment of \$2,702, and would require a down payment of \$94,278. Both the level of payment and the required down payment eliminate very low, low and many moderate income households from La Cañada Flintridge's for-sale housing market.

A review of the range of prices for home sales in the same period indicates that the lowest sales price was \$220,000, still beyond the range of moderate income households in Los Angeles County.

Analysis of the loaded costs to develop multi-family housing in La Cañada Flintridge in the present market indicates that the economies of scale may not be sufficient to reach an affordable housing goal, even with the reduction of standards for minimum unit size and parking requirements, key costs factors which provide compatibility with the surrounding community. Affordable housing for very low income individuals is based on a monthly rent or payment of \$586 or less. Low income housing would require a maximum monthly payment or rent of \$938, while moderate income housing would reach a maximum rent or payment of \$1,408 per month.

For average construction quality units which would meet the City's present multi-family residential development standards, the approximate cost per unit for a 30-unit per acre multi-family development project would be \$285,200 to \$293,400, or monthly payments of \$1,634 to \$1,682. Using the same construction costs but minimum unit size and parking requirements, the prices still range from \$182,701 to \$209,147 or \$1,246 to \$1,498 per month, barely within the range of a moderate income household.

When the quality of construction is adjusted downward to "low cost" and landscaping and amenities are reduced, the unit price may drop to \$147,500 to \$154,100, representing monthly payments of \$1,006 to \$1,051, outside of the range of lower income households, and just within moderate income range.

Similarly, senior units of average construction quality are estimated to cost \$146,000 to \$152,600, with monthly payments of \$996 to \$1,041. This scenario assumes a moderate amount of

landscaping and amenities for a project of 30 units per acre density, and the units still exceed the prices for lower income households.

The monthly payments in this analysis, which are well above affordable levels for very low and low income housing, do not include adjustments for hillside construction (15% - 25% more costly), property taxes, insurance, on-going maintenance, increased construction costs related to hillside topography or high fire hazard area building requirements, or landlord's profit. These additional market driven costs raise the affordability barrier further, even for many moderate income households.

ENVIRONMENTAL AND INFRASTRUCTURE CONSTRAINTS

Environmental Constraints: The City is subject to seismic activity from the Sierra Madre Fault Zone, portions of which are considered active. Regionally, several active faults are considered capable of affecting property within the City. With many homes constructed prior to 1934, the City's housing stock includes unreinforced masonry structures which are particularly vulnerable in an earthquake. The exact number of such structures is not known, and the high quality of construction employed in the City suggests that many pre-1934 masonry structures may actually be reinforced.

As a hillside community, the City is subject to landslides, increased likelihood of firestorms, and seasonal mudflows. However, several precautionary actions have been taken to protect hillside areas, including the establishment of a series of fire roads on open hillside areas, drainage debris basins and flood control structures. The City regulates the number and degree of manmade cuts and fills through its Hillside Development Ordinance for all properties which have an average slope of 15% or greater. Site grading and building design are primary concerns of the City and new development must meet stringent requirements for geologic and soils stability. Finally, all new developments must meet accessibility requirements established by the L.A. County Fire Department, and homes in hillside areas are required to meet additional fire protection standards of the building and safety code to reduce the potential for spread of a firestorm.

In some situations, the implementation of these environmentally sound protection measures may reduce the total number of new housing units which can be developed from that which would be experienced in a non-hillside area. However, it is recognized that such protection are necessary for long-term stability and safety.

Construction activity is a source of dust, noise and congestion for surrounding residents. The City requires that projects minimize these impacts through limited hours of construction and watering of exposed soils. In hillside areas where existing streets may be narrow and winding, construction vehicles may be required to park only on the site, in order to insure emergency vehicle access to the area.

Infrastructure Constraints: The infrastructure which is of critical importance to the maintenance of existing and development of new housing includes water facilities, drainage and debris channels, sewerage facilities, and streets and related elements (street trees, lighting, sidewalks and curbs). The provision and maintenance of these facilities in a community enhances not only the character of the neighborhoods but also serves as an incentive to homeowners to routinely maintain and keep up their homes. In the City, infrastructure conditions vary as many neighborhoods lack certain street elements, including street lights, sidewalks and curbs. The absence of these elements is considered an indication of a semi-rural residential area.

The single most significant infrastructure constraint is the lack of sewers to serve the City. Only two areas are served with public sewers: The northeastern section near the La Cañada Flintridge Country Club and the western-most section along Ocean View Boulevard and near Glen Haven Park. The remainder of the City (approximately 5,730 housing units or 83%) are served by private, onsite septic or cesspool systems. The City's primary commercial corridor - Foothill Boulevard - also lacks public sewers. Consequently, efforts to develop higher density housing will be constrained by the limitations of an individual site's area, its soils conditions, and the soil's ability to accommodate sewage disposal.

The City is actively pursuing the installation of a sewer line along Foothill Boulevard to serve the commercial corridor, including properties designated by the City to allow multi-family development. At the present time, the project is being designed by the County Sanitation Districts of Los Angeles County and the State of California. Current schedules suggest that construction of the sewer line could begin in 1995 and be completed in late 1996 or early 1997.

As noted earlier, water service is not presently available to most of the 229 acres of undeveloped land in the northernmost, steep slopes of the City along the Angeles National Forest. The La Cañada Irrigation District indicates that their existing facilities would need to be substantially upgraded to provide any water flow to these areas just north of their jurisdiction, and the District has no immediate plan to annex these properties.

GOVERNMENTAL CONSTRAINTS

State laws regulating local housing elements require that the City examine the effects of public policies on the provision of housing, especially the construction or preservation of affordable housing. Land use controls, site planning (zoning) standards, building codes, fees and other programs are intended to improve the overall quality of residential neighborhoods and promote development which is appropriate to the character of the community. Conversely, these same controls may serve to deter lower cost projects due to the additional development costs which they impose.

Land Use Controls: The physical make-up of the City, including the character of its housing, was established years before incorporation when water supplies were limited and the first developers created an up-scale living environment using large lot subdivisions. The scale, density and type of new development continue to be guided by this history as large lot developments remain the dominant land use, and market forces and active residents work in combination to maintain the community's up-scale character.

The General Plan and Zoning Ordinance are tools which the City uses to reflect these influences. General Plan policies and zoning standards which seek to support the community's low density, semi-rural vision of itself may also inhibit the development of affordable housing. For this reason, the City must examine these policies and determine if housing objectives can still be met within such constraints.

The City's General Plan Land Use Element identifies 3,482 acres of land for residential uses - 63.2% of the entire City. Single family residential densities range from one unit per 10 acres in the Hillside Residential areas to 8.7 units per acre in Medium Density Residential. Densities in the multi-family residential areas range from 15 units per acre (Medium High Residential) to 30 units per acre (High Density Residential).

To further expand housing development opportunities, the Land Use Element sets forth policies for several areas in the Commercial designation as noted in the Foothill Boulevard Master Plan where residential and mixed use development of up to 15 units per acre are permitted. Higher densities are not considered feasible due to infrastructure constraints (see below).

The Zoning Ordinance provides site-specific development standards for all residential densities. Single family development is regulated for property line setbacks, building height and bulk, lot coverage and floor area, and vehicle parking. Additional development standards are imposed on hillside properties based on topographic and viewscape concerns. These standards provide a limitation on the maximum size of a dwelling which, ultimately can limit increases in value due to mansionization.

Multiple family development is similarly regulated with respect to building size and lot coverage, and the standards in the applicable R-3 (Multiple Family) and RPD (Residential Planned Development) zones are directed to provide high-quality multiple family living environments. Consequently, these zoning standards may act to restrict the supply of affordable housing in the City. However, since the adoption of these standards in 1991, the City has lost no lower income housing units in these zones due to redevelopment according to these standards.

The Zoning Ordinance includes provisions to allow Accessory Living Quarters (second units) in many areas of the City. The City has a long history of the successful use of guest houses and second units in its larger lot single family neighborhoods. Many of these units have been used as rentals, although the rent levels are not specifically known for all units in the City. A survey of rental units listed in the newspaper between 11/12/92 and 8/26/93 indicates a range of rents of \$685 per month to \$3100 per month (includes units constructed prior to current size limitations).

Today, this affordable housing option is supported by the City through zoning standards which allow unit sizes up to 1,000 square feet, with no restriction on the age of occupants. Although second units are only permitted on lots having at least 10,000 square feet in area, this represents over 3,400 potential units, including attached and detached configurations. Consistent with the State code, these units are deemed compatible with the single family designation and exempt from permitted General Plan Land Use density limitations. Therefore, these units are not reflected in the City's Land Use capacity numbers, as shown in the Land Use Element.

La Cañada Flintridge's land use controls provide adequate opportunity for affordable housing for lower income households through the development of Accessory Living Quarters (second units). The City has determined that its land use controls are not excessive since they could potentially permit Accessory Living Quarters on over 3,400 single family residential lots within the City. The City also has determined that its fee for the development permits for these units covers the City's cost of processing the applications without imposing unreasonable costs on the development (\$950.00 total processing fee). The City has the capacity to process up to 10 Accessory Living Quarters applications per month and has the potential to process as many applications as are received, by adding additional temporary staff based on fees charged.

Fees and Improvements: A limited set of fees and assessments are charged by the City to cover the costs of processing permits and providing services. All fees are assessed through a pro rata share system, based on the magnitude of the project's impact or the extent of the benefit which will be derived. The City does not presently have any fee reduction subsidies for special projects

such as affordable housing; all fees are calculated to defray only direct processing costs (See Appendix D - Permit Fees).

The City is mostly built out, with most infrastructure already in place. Consequently, the cost of land improvements associated with development is quite low. No developer fees or exactions are presently levied for park development (Quimby Act) or special infrastructure (bridges, sewers, drainage, etc.). The total amount of fees varies from project to project based on a project's complexity and the cost of mitigating its environmental impacts. The most significant project development fees are assessed by the two local school districts, in accordance with State law.

Building Codes and Enforcement: The City has adopted the Los Angeles County Building Codes by reference. These codes are based on the State Uniform Building Code (UBC) which establishes minimum construction standards as applied to all buildings. The City's building code is considered to be the minimum necessary to protect the public health, safety and welfare, and the local enforcement of this code does not unduly constrain development of housing.

The City's Roof Ordinance recognizes the City-wide fire hazards and imposes additional costs on new and substantially remodeled housing by requiring Class A or B roofing materials be used. As noted previously, structures located in high fire hazard areas (e.g. Fire Zone 4) are subject to more stringent building code standards requiring enclosure of underfloor areas, spark arrestors, and fire resistant materials around exposed pipes and wiring. These necessary requirements for the protection of life and property in fire hazard areas also add to the costs of construction of any type of housing in the City.

It is further acknowledged that recent code amendments to improve energy efficiency or reduce environmental impacts also add to the initial cost of housing. While these increased up-front costs are expected to be less than the longer term costs of wasted energy or environmental degradation, they adversely impact the purchase price of new housing. The City currently has no additional energy efficiency requirements above those required in the Uniform Building Codes.

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Local Processing and Permit Procedures: The City's evaluation and review process contributes to the cost of housing in that holding costs incurred by developers are ultimately manifested in the unit's selling price. Average processing time for residential projects varies depending on project complexity. Residential projects that can be approved by City staff typically require an initial plan check and a final plan check, each of which require two to three weeks to review upon submittal of all required correct information. Any significant development in the City's hillsides, multiple family development, or Accessory Living Quarters (second units) requires Planning Commission approval, which generally takes six to eight weeks from time of application to public hearing. Appeals to the City Council take about one additional month to be placed on the Council agenda.

The City has established a Design Review Board for all projects except single family residential and Accessory Living Quarters (second units). The Board consists of residents, some of whom have expertise in the design arts. The City conducts design review in parallel with other required review procedures so that additional time for project approval is minimized or eliminated. Mixed use and multi-family housing developments would be subject to such review, increasing their costs by approximately \$200 for the project. Due to concurrent processing, no additional time for project approval is typically required.