Burbank Affordable Housing Analysis & Strategy

Executive Summary

The cost of housing is becoming a challenge throughout the U.S., particularly in urban communities. In Los Angeles County alone, more than 50,000 homes are needed to keep home prices from growing faster than the rest of the Country. And, in Burbank there is a jobs to housing imbalance that along with the betterment of the economy has helped to raise home prices almost 50% during the last five years. The result is that median and average income families within Burbank have been priced out of the home buying market and are forced to rent. While renting is an affordable option for many current and potential Burbank residents, the supply of rental housing has essentially not increased since 2010 and potential residents are forced to commute to work.

When evaluating housing within Burbank, the City Council must consider the larger context of "affordable" housing, reflecting on how to provide units for the largest need segment of the population (workforce housing) while supplementing it with housing for the neediest segment (subsidized housing). At the same time, Burbank must protect single family neighborhoods along with considering parking and traffic challenges throughout the City. Community Development Department staff are working on a comprehensive Parking Management Plan that will help alleviate frustrations expressed by both residents and businesses. This Plan will be presented to City Council in Fiscal Year (FY) 2017/18.

In this analysis are suggestions for definitions of types of housing along with recommended areas on which to focus our limited resources. As the discussion continues, some of these ideas will be expanded upon during future City Council meetings. The Analysis and Strategy includes seven housing policies for Council to consider. Subsequent and attached (Exhibit A) to the Strategy are thirteen Action Items that will provide implementation guidelines to these policies. Many of these action items will require further Council consideration and are listed as future discussion items in Exhibit A.

These action items are attached in the plan as Exhibit B. They are a result of analyzing and evaluating the options presented to the City Council at the November 11, 2016, meeting. Staff reviewed this list and made changes based on their feasibility, practicality and their ability to achieve desired results. Some of original suggestions have been deleted while others have been added and/or clarified.

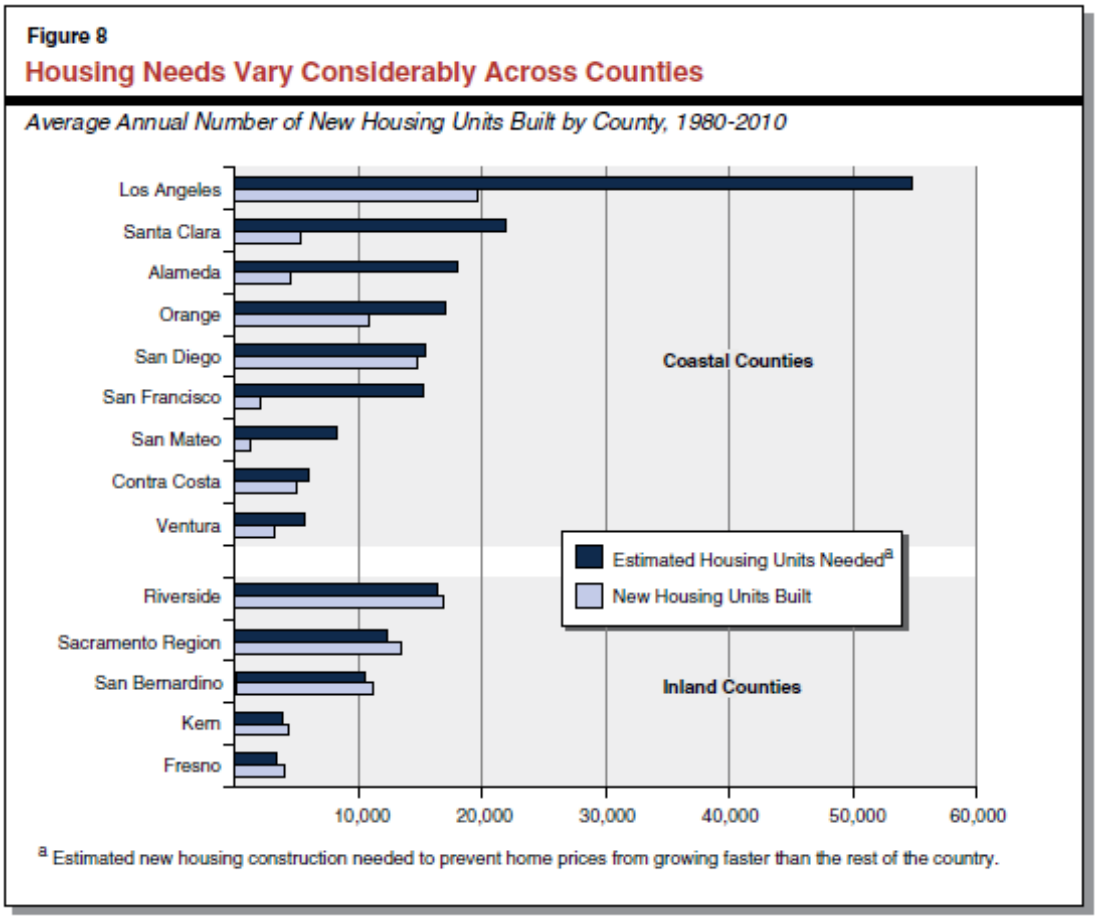
Background

Housing in California has reached a critical stage.

In May 2017, The State Department of Finance released figures showing that the largest population increases occurred in California's largest cities. The City of Los Angeles grew by more than 42,000 persons in 2016, totaling more than four million (4,042,000) and LA County is now home to more than 10 million residents.

As a result of extensive demand and a low supply, housing prices continue to rise. The Legislative Analyst's Office for California estimates that LA County would need to add more than 50,000 homes to keep home prices from growing faster than the rest of the Country. Statewide approximately 1.8 million new housing units are needed to meet projected population growth. *(Exhibit 1-1)*

Exhibit 1-1



With higher sales prices, people are being forced out of the single family market, families are compelled to look for rental housing foregoing home ownership. This is reflected in the increase of multi-family, rental housing development. In 2015, statewide, multi-family housing represented 57 percent of unit growth last year, continuing a five-year trend.

Burbank finds itself in the same situation, supply has not met demand and housing prices continue to increase, pricing many people out of the market. This has many possible ramifications such as increased traffic, strain on City services and at some point in the future, businesses within Burbank could decide, their employees cannot find the quality of life they are looking for and relocate. There are numerous reasons why the City has reached this significant juncture. Some are due to decisions the City has made to approve very few housing projects in recent years and some are a result of natural growth occurring in and around Burbank as its surroundings become more urban.

How did we get here?

Unbalanced Growth

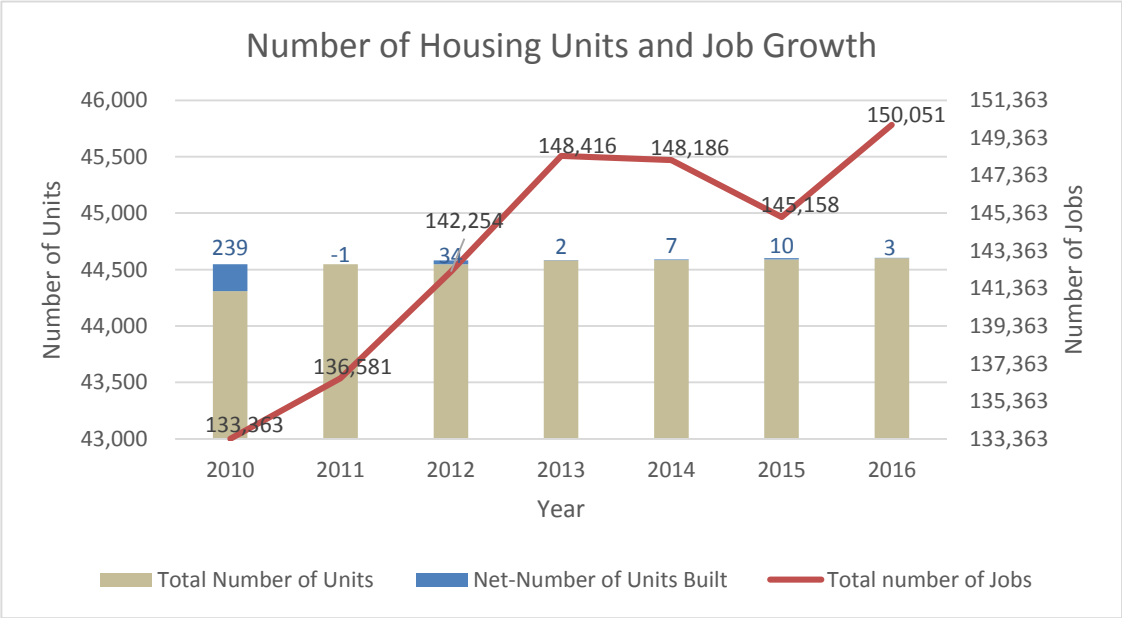
In the last 5 years, Burbank has only provided approximately one housing unit for each new 57 jobs created within the City. *(Exhibit 2-1; Exhibit 3-1))*

Exhibit 2-1

Housing Units Built Since 2010 Based on Final Inspection *							
	2010	2011	2012	2013	2014	2015	2016
Total Number of Units	44,309	44,548	44,547	44,581	44,583	44,590	44,600
Net-Number of Units Built	239	-1	34	2	7	10	3

** Source: Burbank 2035 General Plan and Building and Safety; Note: These are net new numbers; therefore in 2011 Burbank actually removed more units than were built. Additionally, the numbers reflected in the General Plan Housing Element are incorrect, please refer to the General Plan, pg. 3-25; the large project in 2010 was Empire Landing.*

Exhibit 3-1



Source: SCAG Profile of the City of Burbank 2015, City of Burbank Building and Safety; emsi

- Burbank has been excellent at developing the business sector and creating employment. Currently, the City is a job importer. Burbank has approximately 150,000 jobs and the daytime population increases from approximately 108,000 to around 200,000 essentially doubling the number of people the City supports with services each day. This number includes tourists and school-aged students attending the Burbank educational system. Since 2010, 16,688 jobs have been added. (emsi)

- At the same time, Burbank has not increased the number of housing units in proportion to the jobs growth. From 2010 to 2016, 294 units have been built and only 55 between 2011 to 2016.
- These numbers do not include the recently entitled and currently under construction Talaria Project (3401 W. Olive Ave.) that will include 241 market rate rental units, 12 units at 1201 W. Verdugo and more recently, 241 approved units for First Street Village.

Nearby Cities

Exhibit 8-1

New Housing Permits Since 2010	
Glendale	3,054
Los Angeles	70,230
Pasadena	2,100
Santa Clarita	1,739
Santa Monica	1,570
West Hollywood	1,023
SCAG 2017	

Nearby cities have continued to add additional housing to support demand. This has helped in some aspects by providing nearby housing for Burbank workers but it has also added to traffic with commuters traveling in and out of Burbank, requiring constant upgrading of City streets and highways. It also forces city services to serve a larger daytime population without receiving the benefit of additional property taxes and nighttime spending. *(Exhibit 8-1)*

Housing Turnover

To exacerbate the housing to jobs imbalance, the available housing stock which would normally turnover more quickly has been slowed by people living in their homes for longer periods of time. This decreases supply in the marketplace.

There are a number of reasons for this slow down.

- Aging Population: In 2010, 24.4% of Burbank residents were older than 55. In 2021, that percentage will increase to 30%. *(esri)*
- Aging in Place: Among ages 50 to 64 year olds, 71 percent want to age in place; more and more people are living in their homes until it is no longer financially feasible.
- Other reasons for slow turnover include low mortgage rates on current mortgages that entices people to refinance instead of moving, Prop 13 property tax rates and capital gains taxes. *(Exhibit 4-1)*

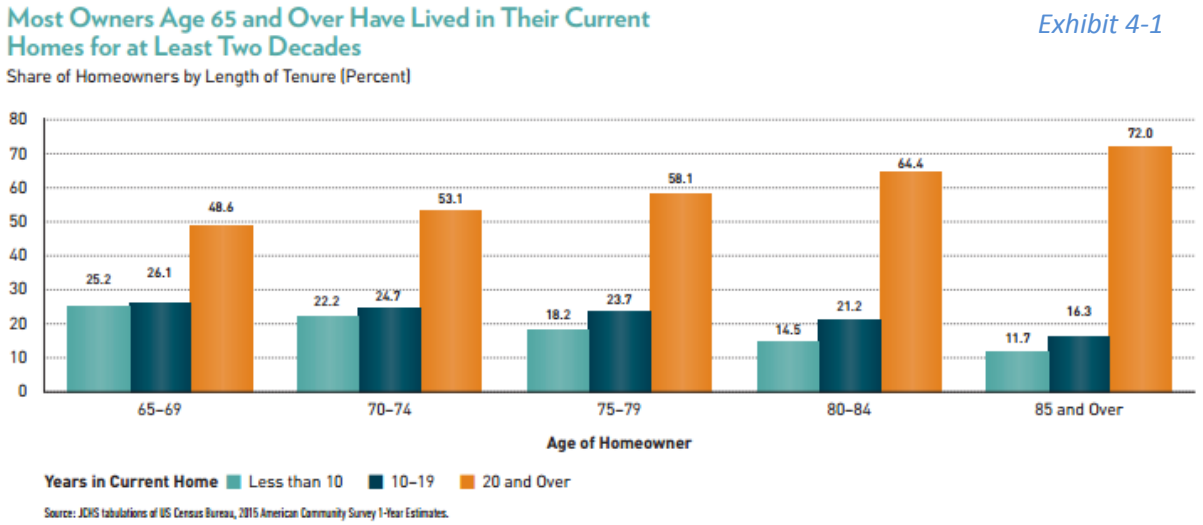


Exhibit 4-1

(AARP http://www.aarp.org/livable-communities/info-2014/livable-communities-facts-and-figures.html)

Supply and Demand

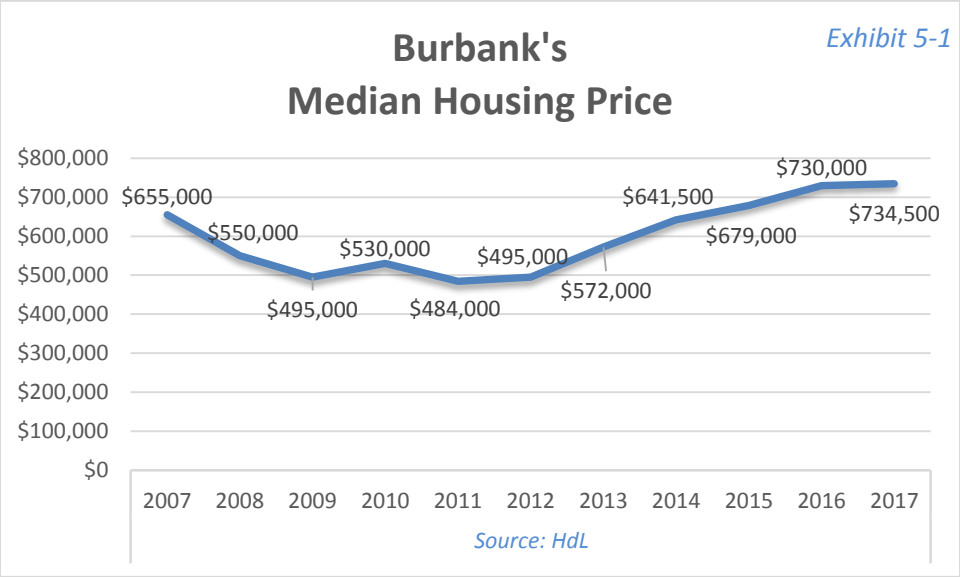
The lack of housing is not just a Burbank Problem. From 2015-2025, approximately 1.8 million new housing units are needed to meet projected population and household growth, this translates to 180,000 new homes annually in California. (California's Housing Challenges, CA Dept. HCD)

- 61% of California's population growth will occur in Southern California.
- LA County's population in 2014 exceeded 10 million, making it the most populous county in the U.S. and the number continues to grow.
- Even a small percentage of growth occurring in LA County will result in high, cumulative demand countywide that will not be satisfied with housing availability. This pushes housing prices higher.
  http://articles.latimes.com/2014/mar/27/local/la-me-ln-la-county-population-10-million-20140327

Outpricing

Sales Prices

Since the housing sales price low in 2011, median housing sales prices have increased from $484,000 to $734,500. That's almost 48%. *(Exhibit 5-1)*



- Nationally, the median house price is three times higher than the median household income but in the top ten metro areas for per owner spending, housing prices run five times income on average. ***Burbank housing prices run almost 11 times higher than the median household income.***
- Evidence suggests that home ownership decisions by younger households have much more to do with affordability than location and lifestyle preferences. In areas where housing prices are relatively low, home ownership was increased in younger generations. *http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/harvard_jchs_remodeling_report_2017-lowres_revised.pdf*

Rental Prices

Since 2011, the City's average effective* rental prices have increased 20%. *(Exhibit 6-1)*

- Rents in the Burbank/N. Glendale market are higher than most of the surrounding submarkets and higher than the average LA Metro region.
- Between 2011-2016, effective rental increases total 20.63 percent. This is similar to the LA Metro Area but because our initial rents started out higher, the total dollar increase outpaces the region.

*REIS 3Q2016 Note: *"Effective" rents are different from monthly rent, taking in account discounts and enticements.*

Size Limitations

Almost 54% of Burbank's housing was built prior to 1959 and reflects a smaller-sized home. *(esri)*

Burbank has set limitations on the square footage increase allowable for additions. Attitudes and needs for homes have changed. Many families want to have a bedroom for each of their children instead of sharing a room with their siblings and/or to accommodate extended family or aging parents. Larger master bedrooms and closets are in demand as well as increased kitchen space. Added to this is the desire for attached garages and more recently, the potential to build accessory dwelling units for renters that can offset high mortgages.

Burbank's limiting policies have created homes that aren't fully adaptable to homeowners as families grow and because there are limited choices in Burbank, these homeowners are unable to move up and/or change their existing home to meet their needs. Additionally, limiting changes has caused illegal garage conversions to living space and has forced additional cars parked on the street, adding to Burbank's parking challenge. The City Council recently adopted an interim ordinance for Accessory Dwelling Units (ADU) to help alleviate this problem and will continue future discussions on this topic.

Overcrowding

Nearly one-fifth of the City's renter households are residing in overcrowded conditions.

Population Growth*				*Exhibit 7-1*
Year	2000	2010	2016	2035
Total Population	100,348	103340	108,366	116,516
*nielsen & General Plan				

While Burbank's housing supply has only marginally increased this since 2000, the population continues to increase; this has led to more people living in essentially the same number of units, creating overcrowding. The imbalance between supply and demand contributes to nearly one-fifth of the City's renter households residing in overcrowded conditions. This is about 2,400 units or 5% of the units within the City. *(Exhibit 71-1) (HUD defines "overcrowding" as greater than 1.01 persons per room, excluding kitchens, porches and hallways.-Burbank General Plan Housing Element pg. 8-14)*

Lack of Options

Immobility is occurring within Burbank because of the lack of housing and turnover. Since Q1 2014 to Q1 2017, the number of single family residences listed for sale is down 26% and the number of sold properties is down 29%. *(Clarus MarketMetrics)*

Burbank's small number of new residential units and low turnover in existing units has resulted in a lack of options that have not allowed people to change their living environment and still stay within the city. It has created a type of housing availability gridlock. Empty nesters and senior citizens cannot move from their large home and into a smaller condo or apartment because there is a lack of supply. A growing family cannot move from a small house to a large home because the empty nester isn't downsizing. The younger or smaller couple can't move into the small house because the family is staying in their home and larger homes are not available.

Perception

Small town values and an urban city can occur together. They be mutually inclusive.

Many of Burbank's residents nostalgically refer to the City as Mayberry RFD, a small town where everyone knows each other, is morally responsible and friendly. For the most part, Burbank still holds to those ideals; however, the dirt roads are long gone along with the large defense contractors. Development has occurred and will continue to occur.

Burbank can still hold onto the small town values while embracing the demands of being the Media Capital of the World that has attracted the likes of Disney, Nickelodeon, Cartoon Network and Warner Bros. and their workforce with their unique housing, dining, entertainment, and recreational needs. They can be mutually inclusive.

The desire to maintain the small town perception of Burbank has sometimes held the City back from embracing and controlling change and just as important, being proactive in meeting the employment and housing needs of major employers and current residents that drive the city's economic engine and help facilitate many of the high level service needs that the city's residents enjoy.

Development: Rental vs. For Sale

In many cases, from a developer's perspective, for sale units no longer makes financial sense.

This is mainly because of liability concerns given the California's State Defect Law, which requires builders to be liable for certain construction defects for up to ten (10) years after the sale. This stretches out the chance of future litigation, potentially adding a huge expense to the project. Unlike rental projects, for sale project developers desire to close their books after a sale, whereas, rental unit developers remain involved in the project and probably have a long-term relationship with the builder. Additionally, "for sale" developers are more prone to market fluctuation having only one chance to sell their properties when the market could be increasing or sliding into a recession. Banks have become more leery of making these types of construction loans as they were hit hard in the last recession. Couple this with the scarcity of land to build out single family homes in the City and throughout the region, developers are seeing that rental housing units in multifamily and/or mixed-use developments are not only a viable, but a lucrative housing alternative to meet pent up housing demand.

In addition, building these units near work and lifestyle centers have the attraction of drawing young, upwardly mobile workforce that make up the majority of the media companies employment base. For these reasons, very little "For Sale" units have been developed and are proposed for future developments. This reduces the ability for those who wish to sell their current property and reinvest the proceeds into a new home, causes people to stay in their homes much longer than what is truly desired by the homeowner. Burbank should look at ways to entice homebuilders to develop more "For Sale" product. This is addressed in the attached Burbank Affordable Housing Action Plan.

Background: What Have We Done in the Past to Alleviate the Problem?

Between 1981 and 2014, during a time where redevelopment funding was available, the City's Housing Section developed and rehabbed more than 1,400 subsidized housing units throughout the City. These units include more than 1,225 rental units for seniors; almost 300 rental units in focus neighborhoods through acquisition and rehabilitation efforts with the Burbank Housing Corporation; home-ownership units in Downtown Burbank and South San Fernando Boulevard; and a variety of affordable housing units for special needs households (such as transitional housing units for homeless households).

Through these efforts, the City has helped revitalize residential neighborhoods, addressed housing for our special needs households, created home-ownership opportunities, and increased the Downtown residents through mixed-use developments such as The Burbank Collection, Burbank Village Walk and San Fernando Walk.

Most of this was completed using Redevelopment funding, which was eliminated by the State in 2012. Today, the City has access to federal funding and housing successor agency revenue but overall revenues have been greatly reduced and are at risk of being decreased even more with the possible reduction/elimination of Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) funds as part of the Federal budget.

Analysis: What is Needed?

What is desired by the market in terms of housing and what can Burbank logically support without damaging the existing quality of life for City's current residents can be very difficult to address.

There have been a number of documents and even voter measures to guess what is appropriate in terms of number of housing units for Burbank. The General Plan, the City's guiding document, was developed based on assumptions for a specific point in time and Measure One sought to limit the number of units based on statistics provided during a vote. Both disregarded market demand and changes in future attitudes, coming up with wildly different numbers for future units to be built in Burbank.

In the end, Burbank should strive for a balance between housing demands associated with a household and the needs of an expanding workforce while keeping in consideration its urban location and ability to facilitate new housing development along with preserving and protecting the single family neighborhoods and character of the community.

General Plan

The General Plan assumptions in projected housing unit development systematically undercounted existing land use densities and were based on assumptions that changed after the General Plan was adopted in 2012 in an effort to limit development. Consequently, the projected 2035 build out of 5,910 undercounts the true development potential and land use capacity by 6,687, resulting in a total potential of 12,597.

The Burbank2035 General Plan (the "Plan") Land Use Element does not directly specify a maximum population for Burbank. The projected maximum number of potential units was estimated by taking into account the various densities allowed and the amount of land within each Plan designated area. The assumptions made during the preparation of the Plan was that it was 'unlikely' that potential build out would be achieved because 'every residential parcel in Burbank would need to be developed to its maximum potential.' Based on this assumption it was anticipated that the maximum build out at 2035 would have the potential to produce 5,910 new housing units. This included the following number of

projected units in the Downtown Commercial, South San Fernando Commercial, Media District Commercial, and the Golden State Commercial/Industrial Plan land use designations totaling 3,209 units:

- Downtown Commercial = 2,091 units
- South San Fernando Commercial = 566 units
- Media District Commercial = 552 units
- Golden State Commercial/Industrial = 0 units

Unfortunately, the forecasting assumptions did not take into account the actual growth demand attributed to increased development of jobs in the technology, television and motion picture industries, limited housing supply locally, regionally increasing housing demand and prices for existing housing stock (rentals and ownership units), development of a second Metrolink commuter rail station near the Hollywood Burbank Airport, the proposed High Speed Rail Project, and the ability for developers to undertake land assembly post the Great Recession. Collectively, these external and internal forces produce a significant undercount in the development of new housing units as noted in Table LU-2: Burbank2035 Development Capacity. Specifically, the undercount affects housing development capacity within four specific Plan land use designations: Downtown Commercial, South San Fernando Commercial, Media District Commercial, and the Golden State Commercial/Industrial.

Furthermore, Measure One, a residential growth management measure, which is currently in place until January 1, 2020, notes that maximum build out for all Plan land use designations shall not exceed 61,647 before 2020. This is 11,000 units more than the General Plan recommends. (See Table LU-3: Residential Unit Capacity and Measure One Consistency.) This build out projection assumes 30% of all commercial land area citywide would be developed at an average of 43 units per acre. When comparing projected housing development in the Plan with Measure One housing build out there is a potential of an additional 11,428 units (61,647 units minus 50,219 units) beyond the 5,910 estimated build out in the Plan that could be accommodated within the City's land use designations.

When applying the Measure One 30% assumption to build out based on the Plan's permitted densities for the Downtown Commercial, South San Fernando Commercial, Media District Commercial, and Golden State Commercial/Industrial, you get the following growth projections: *(Exhibit 9-1)*

Measure One 30% Growth Projections *Exhibit 9-1*			
Land Use Designation (Plan Density)	**Acres of Land**	**30% Land Available**	**Estimated Units**
Downtown Commercial (87 du/acre)	126	37.8	3,288
S. San Fernando Commercial (43 du/acre)	106	31.8	1,367
Media District Commercial (58 du/acre)	301	90.3	5,237
Golden State Commercial/Ind. (27 du/acre)	334	100.2	2,705
Total	**867**	**260.1**	**12,597**

Based on the revised development potential for these four land use designations the potential new total housing units could result in 12,597 new units within the Plan. Adding the 12,597 to the original total units in the Plan from 2010 of 44,309 units, there is a potential 2035 build out of 56,906; this new total build out potential is 4,742 units less than the maximum build out allowed under Measure One.

It is important to note that Plan also previously projected that 3,992 new housing units would be built throughout the City's commercial land use designations and 1,918 additional units would be in the City's residential districts. These additional assumptions would have the potential to adversely impact the City's established residential neighborhoods. *(Exhibit 10-1)*

Exhibit 10-1

Possible Buildout Projections			
	Maximum Buildout	**Current Units (2016)**	**Additional Units**
General Plan Buildout	50,219	44,600	5,619
Measure 1 Allowable Buildout	61,647	44,600	17,047
Measure 1 , Land Use Designation Buildout	56,907	44,600	12,307

In the case of the Downtown Commercial land use designations, projects such as the First Street Village Mixed Use Project, 777 Front Street, the mixed use development north of the Mall, and the Premier on First Street could result in approximately 1,995 new units well within the growth potential the downtown area.

Therefore, the Plan revised growth projections and housing capacity as noted can facilitate future development in the previously mentioned land use designations (not including commercial and residential land use designations), which could accommodate pent up housing demand as noted in the City's existing job to housing imbalance of 2 to 1 while preserving and protecting the surrounding residential neighborhoods.

<u>Market Demand: Jobs vs. Housing</u>

Burbank is a City rich in jobs while housing has stayed nearly stagnant. Since 2010, the total job increase has been 16,688. While at the same time housing has only added 294 units. Currently, only 25% of workers live in Burbank. *(SCAG 2017 p.21)*

It would be very difficult for Burbank to accommodate enough housing for its entire workforce without radically changing the character and quality of life of the community, but it is interesting to see how many units would be needed if this scenario were true. This can give an indication of the potential market demand for housing within the city.

Assuming that Burbank's household size stays the same as in 2010, (2.45 persons per household), people are amendable to living in multi-family units and there is a daytime population of 200,000. If 75% of the workforce lived in Burbank, the City would need 61,224 housing units. Currently, there are 44,600 units. This would equate to an additional 16,624 residential units.

Of course, this scenario is making a large assumption that most people working in Burbank want to live in Burbank, which might not be the case. Although there may also be people who don't work in Burbank but would like to live within the City. A market demand study would be needed to accurately assess how many people do want to live in Burbank and how many residential units Burbank could absorb.

Additionally, adding such a large number of housing units could create a Burbank that no one would want to live in, but this exercise is only used to evaluate potential market demand for accommodations.

It is interesting to note that at Providence Saint Joseph Medical Center, less than 15% of their staff actually live in Burbank and approximately 7% of their physicians on staff reside in the City. Warner Bros staff is even less with only 11% of their corporate and facilities employees living within Burbank. This number does not include production employees.

Sales Prices

When considering the monthly home mortgage payment based on existing average prices, monthly housing expense would total $4,726 or 82% of the median household income. Therefore, a middle income family has been priced out of home ownership within the Burbank Market. For this reason and the lack of available land for single family residences, most new housing in Burbank will be multifamily housing and some will encompass mixed-use developments. (Developments that include both housing and retail components.)

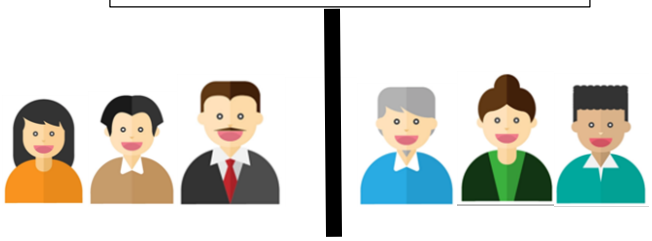
Principal, interest, taxes and insurance for a $734,000 house, 10% down, 30 year mortgage, 4.5% interest, 2.25% for taxes and insurance is $5,338 per month.

Median vs. Average Income

There is often confusion when talking about Median Household Income and Average Household Income. The numbers reflect a different way of calculation. While Burbank's average household income for 2017 is quite high, around $92,568, the median household income is much lower $69,410. *(Claritas)* This is common for most cities. Median Household income is defined by the point where 50% of the residents have a higher household income and 50% have a lower income. While Average Household Income considers the average of the entire population.

Median Household Income is defined by the point where 50% of the residents have a higher household income and 50% have a lower income.

Median Household Income $69,410

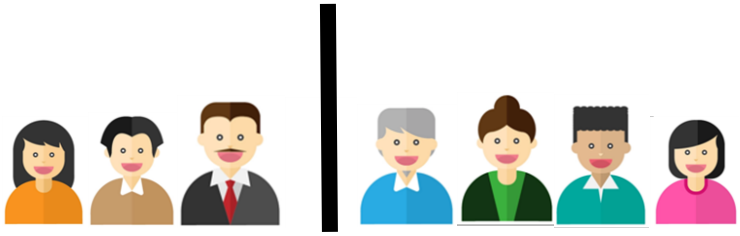


50% lower income

50% high income

Average Household Income is defined by dividing the area's total income by its total population. The average can be higher than the median because the wage earners above the median are greatly above the median number; therefore pulling the entire population average up.

Average Household Income $92,568



Person 1 Income + Person 2 Income + Person 3 Income+ Person 4 Income + Person 5 Income + Person 6 Income+ Person 7 Income /7 People = Average Household Income

Affordability

HUD/Subsidized Housing

There are different definitions of affordability depending upon the context. The U.S. Housing and Urban Development Department's (HUD) and the California Department of Housing and Community Development's (HCD) definition of affordability is based on the Area Median Income (AMI). This is lower than Burbank's median income because it takes into account the entire Los Angeles County. AMI for 2016 was $64,800 for a family of four (4), whereas Burbank's is $69,410. When using HUD guidelines, they are generally speaking about households eligible for subsidized housing. *(Exhibit 11-1)*

- 30% of the AMI is extremely-low income.
- 50% of the AMI is very-low income
- 80% of the AMI is low income
- 110% of the AMI is moderate income

HUD INCOME LIMIT
Los Angeles County (2017)

Exhibit 11-1

Income Level	1 person household	2 person household	3 person household	4 person household	5 person household	6 person household	7 person household	8 person household
Extremely Low	$18,950	$21,650	$24,350	**$27,050**	$29,250	$32,960	$37,140	$41,320
Very Low	$31,550	$36,050	$40,550	**$45,050**	$48,700	$52,300	$55,900	$59,500
Lower	$50,500	$57,700	$64,900	**$72,100**	$77,900	$83,650	$89,450	$95,200
Moderate	$54,450	$62,200	$70,000	$77,750	$83,950	$90,200	$96,400	$102,650

HUD Median Income for LA County: $64,300 Note: for mathematical calculations, a 3-person household is used because Burbank's average person household is 2.45 people.

Workers in these extremely low, very low, lower and moderate categories may include individuals and families receiving federal subsidies such as Section 8 vouchers or living in units with various types of rent controls and/or affordability covenants. They are likely to fall into the following categories (or similar categories) with their annual estimated incomes shown in parenthesis: *(Nielsen Company-2016 Demographic Estimates)*

- Seniors on Fixed-incomes ($0 - $25,000)
- Frontline Sales, Service and Retail Staff along with Assistant Managers (25,001 - $49,000)
- Construction, Education and Health Sectors ($50,000 - $74,000)

U.S Housing Policy

The belief that households should spend approximately 30 percent of their income on housing has been a foundation of U.S. housing policy for more than three decades. Households that spend more than this level are typically defined as "cost burdened." Those spending more than 50 percent are identified as severely cost burdened. *(shelterforce.org spring 2017 Andrew Aurand)*

The majority of Californian renters — more than 3 million households — pay more than 30 percent of their income toward rent, and nearly one-third — more than 1.5 million households — pay more than 50% of their income toward rent. *(California's Housing Challenges, CA Dept. HCD)*

Affordable Housing for Most

When applying for Federal Housing Authority (FHA) and conventional loans, typical underwriting guidelines allow for monthly housing expense to be between 30 to 35 percent of income. Using the average number of 33% as a guide for affordability and the Burbank median household income ($69,410), to provide housing for the majority mid-range of Burbank residents (that is the middle 68 percent of current Burbank residents), monthly rents should range between $1,182 and $2,558.

Affordable Housing for most Burbank Residents = Monthly Effective Rent ($1,182 to $2,558).

Affordable Workforce Housing

Additionally, Burbank's workforce population actually has a higher income than the overall Burbank population median. Workers living in Burbank between the ages of 24-54 year olds have a median income of $77,250. *(esri)* This number can be generally assumed to be consistent with those who are also working within Burbank but live outside of the City limits. To provide affordable housing for 68 percent of this workforce, rents can be between $1,402 and $2,847 monthly.

Affordable Apartment Sizes		
Annual Salary	$42,999	$103,515
Percentage of Income Toward Rent	33%	38%
Affordable Rents	$1,182	$3,278

Additionally, it is important to note that as incomes increase workers are willing to spend a higher percentage of their income on housing because their net remaining income has also increased.

For example, a person making $50,985 a year spending 33 percent of their income on housing ($1,402) is left with $2,846 for other items such as taxes, insurance, groceries and a car payment. Where as a person making $103,515 may spend 38% of their income ($3,278) on housing but will still have $5,348 left for other obligations. Therefore, the household at the higher pay, has substantially more disposable income and is willing and able to obligate a higher percentage toward rent. For this reason, we can increase the percentage of income spent toward rent upward allowing 38% of their income to be used toward rent.

Affordable Burbank Workforce Housing = Monthly Effective Rent ($1,213 to $3,278).

Workers in both the "Affordable Housing for most Burbank Residents" and "Affordable Burbank Workforce Housing" categories will overlap those within the higher income levels of Burbank Subsidized Housing category and are most likely to include these types of technical-skilled labor, semi–professionals and professionals including: *(Nielsen Company-2016 Demographic Estimates)*

- Construction, Education and Health Sectors ($50,000 - $74,000)
- Technology, Public Administration, Business and Financial along with Movie Production, Gaming and Software ($75,000-$103,515)

Workers earning more than $103,515 annually have been defined as those who can afford Market Rate Housing are most likely to include professions such as:

- Entrepreneurs, Real Estate and top-level executives

Definitions for Burbank

Based on this analysis, when evaluating new projects, Burbank should consider its own affordability scale. In doing so, it will focus on developing housing for the majority of Burbank's existing residents and its existing workforce. *(Exhibit 12-1)*

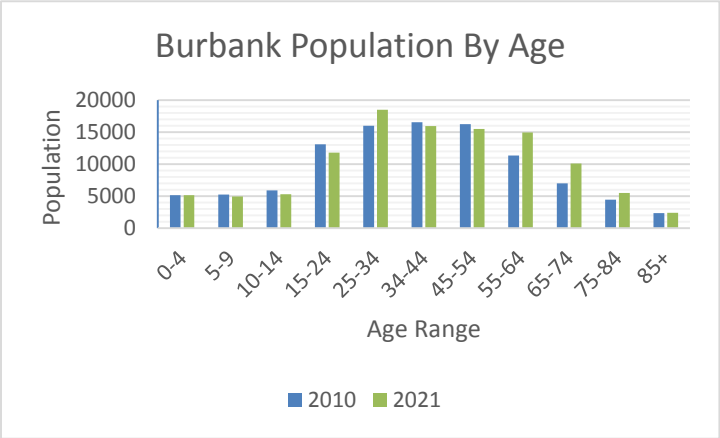
Exhibit 12-1

Affordability Scale for Burbank									
Annual Income	$24,350	$40,550	$42,999	$44,102	$64,900	$70,000	$93,009	$103,515	Above $103,515
Monthly Rent	$670	$1,062	$1,182	$1,213	$1,785	$1,925	$2,558	$3,278	Above $3,278
HUD Definitions	Extremely Low	Very Low	Lower			Moderate			
	Burbank Subsidized Housing								
			Affordable Housing for Most of Burbank						
				Affordable Housing for Burbank Workforce					
			Affordable Burbank Housing						
									Market Rate Housing

Age

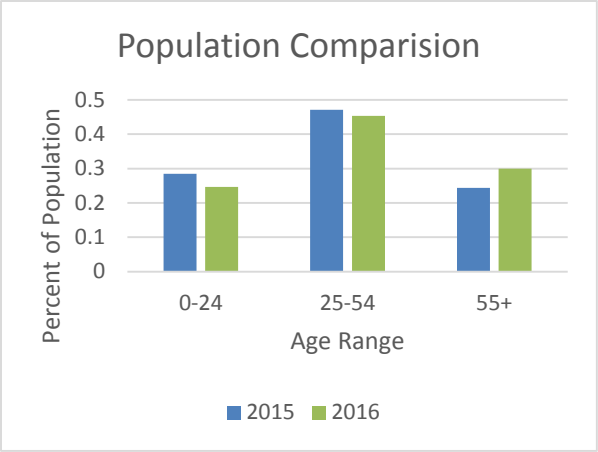
Based on current growth models, Burbank is becoming an aging population. If the current trend continues, in 2021, Burbank's students (those between 0-24) will decrease 6.6%. Additionally, the workforce (25-54) will only increase slightly, 2.55%. The largest population increase will come from retirees (55+) who will total more than 30%.

(esri; Exhibit 13-1; Exhibit 14-1)



This imbalance of growth causes a range of challenges from decreasing student populations and less state funding to our schools, to a smaller workforce contributing taxes towards the City's general fund. And, City service demands will be higher driven by the medical and physical needs required by older residents including increased emergency services and senior centers. By 2021, almost 30% of Burbank residents will be older than 55, that's 33,024 people.

Exhibit 13-1



In an effort to balance Burbank's average age and continue to have workers that contribute to the City coffers, Burbank could at least in part focus on building housing for the workforce (24-54). This would allow new residents to move in while providing options for existing residents who may want to change their living arrangements.

Moving Ahead: Where Should Burbank Focus its Efforts?

Types of Housing

If Burbank chooses to focus on the most needed areas of housing then it's likely the City needs to pursue development of multi-family rental housing that provides Affordable Workforce Housing for 24 to 54 year olds. This does not mean only providing this type of housing but focusing on increasing this market sector while allowing market rate housing development along with supporting rent subsidized housing.

In particular should the City decide that homeownership is a valuable element of building and maintaining the quality of neighborhoods providing residents not only with the potential for pride of ownership, but with a possible hedge against rising rents, staff should be directed to work with developers and others interested in providing multifamily homeownership alternatives.

Exhibit 14-2

Affordable Apartment Sizes		
Rent per square foot	$3.21	$3.21
Annual Salary	$42,999	$103,515
Percentage of Income Toward Rent	33%	38%
Affordable Rents	$1,182	$3,278
Affordable Apt. Size	368	1,021

As noted above, the majority of this target population can afford rent between $1,182 and $3,278 per month.

One way to control costs and affordability is through the size of the units. Rent in Burbank for mid-range projects generally runs an average of $3.21 per square foot with studio apartments costing a little bit more and 2/3 bedroom units costing a little less per square foot. ***Using the scenario above, this means that the size of the rental unit in order to be in the affordable workforce range should be approximately 368 to 1,021 square feet.*** (368 square feet

allows for 33% of income toward rent and 1,021 square feet allows for 38% of income toward rent.)

To some, this may seem small but to those who are willing to sacrifice roominess for less time spent on the freeway, the value is there. Additionally, builders are finding ways to conserve space with more efficient homes, and even IKEA has created displays that show how to maximize small spaces. These could be built as multi-family units or as accessory dwelling units.

IKEA

As future development projects are brought forward to the City Council for consideration, the recently approved First Street Village can serve as an example of focusing on building the neighborhood and not just housing units. The amenities that will be incorporated within the project such as the pocket park, pool, retail components, bike lanes, scramble crosswalk and double row of trees to help residents not rely solely on their interior abodes but incorporate the outside features as living space as well as providing amenities for the rest of the community.

Where does it go? Location, Location, Location

Allowing Density/Updating Mixed-Use Development Standards

Another option is to allow more intense development in the appropriate locations. In an effort to achieve the required densities, while preserving the City's residential neighborhoods, the City has identified the need to update the following districts' specific plans.

- Downtown Commercial Area/South San Fernando-Burbank Center Commercial Plan
- Airport/Golden State Commercial District- Golden State Specific Plan
- Media District -Media District Specific Plan

The City is also in the process of undertaking a planning effort to establish mixed-use development standards that will involve community input in order to produce a mix of housing types and affordability levels that will also help support the creation of new units in the City. Included as part of these development standards will be re-evaluating per unit parking ratios and possible reductions for transit-oriented developments within a half-mile distance within a major transit center such as the Downtown Metrolink Station and the two Metrolink Stations adjacent to the Hollywood Burbank Airport.

Building Types

As Burbank considers additional multi-family units, it should also consider building types and heights including:

- Mixed Use
- Row Housing
- Condos
- Duplex/Triplex
- Townhouse
- Micro Units
- Accessory Dwelling Units

Newer Concepts Types of Housing

The family concept has changed during the years, families can now extend to relatives of all types as well as friends who become family. These perceptions have also changed the type of housing desired. During the years, "family" members come and go within the living space. Additionally, financial constraints have forced people to adjust their attitudes about what is a suitable living arrangement. ADUs offer an option to accommodate these changing attitudes and living arrangements, providing additional living space and potential income to offset costs. They can also assist with the overcrowding concerns as highlighted, (20 percent of Burbank housing units are considered to be overcrowded.) The Council may want to continue the discussion of increasing the allowable size of accessory dwelling units.

An additional concept growing in urban areas is the idea of shared housing. In this scenario each resident has their own bedroom and shares common spaces such as kitchen and living areas. Shared housing is becoming an option for professionals who need long-term temporary housing and cannot find it within the community or senior citizens who may want to live with another senior. Companies such as HubHaus offer shared housing for corporate employees. Burbank could consider this as an option. Currently it is not addressed in the code.

Special Needs Units

Subsidized Rental & Transitional Housing

Click to link to Burbank's Subsidized Housing Map

When considering subsidized rental and transitional housing, there are two essential ways to look at implementing programs. One is to subsidize the rent through housing vouchers, similar to Section 8 vouchers in which payments are paid to the landlord to offset a lesser rent paid by the tenant. The other way is to subsidize/incentivize the developer in exchange for covenants or restricted rental prices as in the case of the First Street Village mixed-use project. By facilitating both types of programs, the city will benefit in both aspects.

Concerning developer incentives, often rental subsidized housing units can be incorporated in new development or existing product by offering incentives to developers. This could include offering:

- Higher densities in exchange for deed restricted affordable units
- Increased FARs (floor area ratios)
- Reduced and shared parking plans
- Providing dollar subsidies
- Allowing incentives to be used with projects and combined with subsidized units in an existing development

These incentives allow the project to still be feasible while also providing the City with housing that fills the needs of the low-income population. It also has the effect of integrating all socio-economic levels within the community rather than creating economic segregation through our affordable housing efforts.

At the same time, studies show (and Burbank has historically done this through the partnership with the Burbank Housing Corporation), that redeveloping distressed single family home or multi-family units in a needier area can spur additional new development revitalizing the neighborhood. Burbank has proven this theory with the relationship with the Burbank Housing Corporation and rebuilding focus neighborhoods including: Elmwood, Verdugo/Lake, Peyton/Grismer, Lake Alameda and Golden State. To continue to fill this need, Burbank should continue to look for opportunities to improve neighborhoods by setting an example and creating pride in ownership. These can be funded in a variety of ways and Burbank should consider layering a number of funding mechanisms to purchase and rehab units. Some of the funding mechanisms could include:

- Federal Housing Funds such as HOME and Permanent Supportive Housing
- State Funding such as Multi-Family Housing (MHP) and Housing Related Parks grants, etc.
- Tax Credit Financing
- CDBG funding
- Redevelopment Successor agency funding
- Possible EIFD funding such as in the Golden State District
- Community Revitalization & Investment Authorities (CRIAS)
- Private and public grants
- Non-profit funding

https://www.huduser.gov/portal/periodicals/cityscpe/vol15num2/ch1.pdf

https://www.gsb.stanford.edu/insights/affordable-housing-good-neighborhood

Included in the analysis is the Assisted Rental Housing Inventory, outlining the affordable units previously built using redevelopment funding.

http://burbankca.gov/departments/community-development/housing-economic-development/housing/affordable-housing-in-the-community

Transitional & Permanent Supportive Housing

As a subset to subsidized rental housing, Burbank also has a need for additional transitional housing and permanent supportive housing for homeless, veterans suffering from physical or mental disabilities, domestic violence and at-risk youth. The number of existing units for these populations is low.

To determine the need for the homeless and the respective transitional housing units, the City has participated in homeless counts during the last few years. The 2016 homeless count identified 167 homeless persons in the community. In addition to these identified homeless, the City must also look at households at risk of homelessness. These households include lower income households that pay more than 50% of their income on rent. Studies show that about 24% of Burbank households pay more than 50% of their income on rent making them at risk of homelessness with changes/reductions in income.

Furthermore, State Law recognizes that certain households have more difficulty in finding decent and affordable housing due to special circumstances. Special needs populations include the elderly, persons with disabilities, female-headed households, persons with HIV/AIDS, victims of domestic violence and persons suffering from substance abuse. Many of these households are more vulnerable to discrimination, and have lower incomes as a result of their condition, also making them at risk for homelessness.

Therefore, as Burbank aims to increases its Subsidized Rental and Transitional Housing & Permanent Supportive Housing , staff could apply for other grant funds that could be used in addition to those

listed above; including Measure H funding that was approved in Los Angeles County in March 2017 to provide homeless funding. The most recent, successful grant

application was in 2015 when the City applied for and received Permanent Supportive Housing (PSH) funds through a competitive process to fund 20 vouchers for chronically homeless and disabled households. These vouchers have just begun to be issued to the chronically homeless and disabled.

Source: Housing Element pg. 8-30

Transitional Housing & Permanent Supportive		
Name	**Type**	**Units**
Casa Providencia	Disabled	18
Puerta Nueva	Women & Children	5
Linden House	At-risk Youth	4
Home Front/Family Promise	Homeless	7
Veterans Bungalows (Permanent)	Homeless	11

Senior Housing

While Burbank's population is aging and the need is great, Burbank has done a good job at providing subsidized senior housing. According to the Housing Element within the General Plan, in 2010, there were 3,660 senior households who were renting units; 77% of these were between 0-80% area median income. This translates to 2,818 seniors. At the same time, Burbank was offering 1,225 subsidized units for seniors. This accounts for 43% of the rental population and doesn't include the 679 assisted rental housing inventory that also accepts seniors. As Burbank's senior population continues to grow, the City should continue to review the demographic data to evaluate the total need for senior subsidized housing.

Building Neighborhoods: Mixed Use

Building walkable neighborhoods in job corridors that are connected to transit centers (either train or bus) and incorporate neighborhood retail, help to alleviate traffic and congestion problems while also increasing quality of life and employee retention.

Southern California is hard pressed to find neighborhoods that contain all of these amenities but that should not deter cities from trying to provide many of these in their neighborhoods. While Burbank continues to build within the identified Districts: Downtown, South San Fernando, Media District and Airport/Golden State Commercial, it should also look ahead in its planning efforts to incorporate these type of spaces by reviewing the current zoning areas and along corridors such as North San Fernando Blvd.

What If Burbank Does Nothing?

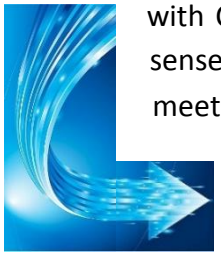
One course of action can always be no action. If Burbank decides to stay the current course, limiting the number of housing units within the City, it must also consider the possible ramifications. Some of these may include:

- **Continued increasing traffic:** Traffic will continue to increase as employees will have to commute into the City resulting in more traffic and constant freeway construction as infrastructure is consistently expanded to accommodate the demand.
- **Aging of the City population:** If Burbank doesn't entice or allow for younger generations to move into Burbank, almost one third of Burbank's population will be retirement age by 2021.
- **Reduction of class sizes within schools:** Burbank school population will continue to decrease by almost 7% by 2035. This may be offset with additional students living outside of Burbank being dropped off by Burbank employees commuting in from other cities; thereby increasing traffic within the city even more as these parents have no option but to drive their students to school.

- **Potential of losing businesses and jobs:** Today and in the future, businesses will locate where the employees want to and can live. When talking to business site selectors, workforce availability is the number one factor in the company's location decision. If Burbank's workforce cannot live within close proximity to the City's businesses, the companies will move. This is evident with Warner Music leaving Burbank.
- Potential reduction or loss of local control as legislation mandates may take the place of responsible development.

Moving Ahead, What Next

In order to be successful in reducing Burbank's housing challenges, all of the City's departments along with City Council must work together to provide and create residential projects that make sense. Additionally, the City must work with developers to ensure their proposed projects meet the expectations of Burbank. Lastly, employers and residents, along with City staff, need to come together to agree on projects that meet business needs while still protecting single family residential neighborhoods.



Within the General Plan Housing Element, there are a number of goals that have been established. These are consistent and a part of the City's General Plan, providing the City's policy framework. These goals have been considered and adhered to within the Burbank Affordable Housing Analysis & Strategy along with those items listed within the Burbank Affordable Action Plan. These goals include:

- **Existing Housing Stock:** Burbank seeks to conserve and improve the existing housing stock.
- **Variety of Housing Sites:** Burbank seeks to provide housing sites that accommodate a range of housing types to meet the diverse needs of existing and future residents
- **Affordable Housing:** Burbank will assist in the development of housing affordable to all economic segments of the community
- **Constraints to Housing:** Burbank will address governmental constraints to the maintenance, improvement, and development of housing

  Equal Housing Opportunities: Burbank will promote non-discrimination and ensure fair and equal housing opportunities for all persons.

The Analysis and Strategy includes seven housing policies for Council to consider. Subsequent to this are thirteen Action Items that will act as outline for future City Council presentations. .

1. Promote responsible development of new housing units within the Downtown/San Fernando, Media District, and Golden State specific planning areas while still protecting and preserving single-family residential neighborhoods.

2. Adopt standardized definitions for different levels of affordability. The monthly rent will change slightly each year as new median household income and average rent adjusts. For 2017, the following applies:
    a. **Subsidized Housing: ($24,350 to $70,000/annual income)**
    Units offering monthly rents at $1,925 and below. Traditional defined as extremely-low to moderate-income households.

    b. **Affordable Burbank Housing**: **($42,999 to $103,515/annual income)**
    Units offering monthly rents between $1,182 and $3,278. Capturing Burbank HUD defined lower and moderate-income households along with Burbank's median income households and median workforce income households.

    c. **Market Rate Housing**: **(More than $103,515 annual income)**
    Units offering monthly rents above $3,278.

Affordability Scale for Burbank									
Annual Income	$24,350	$40,550	$42,999	$44,102	$64,900	$70,000	$93,009	$103,515	Above $103,515
Monthly Rent	$670	$1,062	$1,182	$1,213	$1,785	$1,925	$2,558	$3,278	Above $3,278
	Burbank Subsidized Housing								
			Affordable Burbank Housing						
									Market Rate Housing

3. Focus on building affordable Burbank rental and "For Sale" housing, supplemented by Market Rate Housing.

4. Champion the idea that future affordable housing does not have to adhere to the traditional notion of one family, one unit and can be a variety of housing design concepts.

5. Embrace the idea of smaller units and "micro units" along with increased densities that provide Affordable Housing.

6. Hold developers to high standards using Burbank's definition of Responsible Development that includes private and public amenities that help build better neighborhoods for Burbank residents as a whole.

7. Continue to look at nontraditional ways of obtaining affordable housing that include those established through the First Street Village mixed-use Project and other jurisdictions' best practices.