

Westside Cities Council of Governments

Workforce Housing Study

SCAG OWP 2007-08 Grant

Study Purpose and Definitions

The Westside Cities Workforce Housing Study is intended to be an in depth analysis of issues and potential solutions to the challenge of housing workers near their place of work. Shortening commute distances and encouraging transit ridership bring numerous benefits to the region, including reduced vehicle miles traveled (VMT), reduced air pollution and greenhouse gas emissions, and reduced traffic congestion. For individual households, living near one's place of work can also increase time for non-commute activities, and reduce household expenses, thereby alleviating a portion of the housing cost burden and enhancing affordability.

Definition of Workforce Household Income Levels

The focus of the study will be on analyzing and describing housing solutions for workers in the four Westside cities, especially those workers living in households between 60 and 120 percent of Area Median Income (AMI). Very low income households (up to 60 percent AMI) served by affordable rental housing programs will also be described for analytical purposes. Households above 120 percent AMI (e.g., up to 200 percent) will also be described in the study. A final determination of the definition of workforce housing for purposes of the study will become part of the initial kick-off meeting following initial data analysis.

Definition of Commute Shed.

Taking this approach – focusing on workers who are employed in jobs located in the Westside Cities but priced out of the local ownership housing market – does not neatly fit into other common geographies of people living as residents in a defined geography, because workers tend to commute in from a wide range of locations.

A preliminary analysis of 2000 Census data regarding commute patterns and household incomes (see Appendix) shows that few workers in the Westside Cities also live in the same cities; most workers commute from households dispersed throughout a large portion of the region, although it is interesting to note that almost 80 percent of the Westside Cities' workers traveled less than 10 miles from their place of residence to their job in the Westside Cities (and almost 40 percent traveled less than one mile to work). Further analysis of workers living in households earning less than \$100,000 in 2000 indicates that most commute from various census tracts in the City of Los Angeles; these worker places of residence will be fully described and mapped for the study.

Study Framework

In order to effectively define the issues and constraints/opportunities for workforce housing, the study process will incorporate three phases of work as follows:

- Phase 1 – Data Analysis and Definition of Workforce Housing
- Phase 2 – Opportunities and Constraints to Workforce Housing Development
- Phase 3 – Implementation Strategy Options

Scope of Work

Phase 1: Data Analysis and Definition of Workforce Housing

Task 1: Initial Data Collection and Analysis

Compile complete profile of workforce households including household income distribution, occupations, household size and age distribution, presence of children under age 18, location by place of work and place of residence, and comparison of residents in each city to number of jobs held by residents vs. in-commuters. The analysis will include:

- Use applicable data sources including 2000 Census Data, 2005 American Communities Data, published and unpublished special data (PUMs and CTPP for commute flow information), and other data available through each individual city.
- Detail employment trends of major employers in the Westside area to include employment trends over time by industry and firm size to assist in an analysis of large employers in the COG by industry sector, using applicable data sources including QWE / ES202 (California EDD / NAIC category).
- Compilation of current housing sale prices and comparison to household incomes of workers in Westside cities

Task 2: Project Meeting

Project meeting with Westside Cities Working Group and the BAE team. This meeting will occur after Task 1 in order to expedite the schedule. The meeting will include:

- Discussion of scope, schedule, deliverables and issues.
- Discussion and planning for Large Employer Focus Groups.
- Review of all related background materials and studies, including SCAG Compass, 2% Area maps, prior housing summit presentations, TOD strategies and individual cities/ housing elements and related housing documents.
- Tour of Westside cities to highlight recent “workforce-like” projects and key issues/ corridors.

Meeting: #1: Initial discussion of preliminary data and findings

Deliverables: Data tables, maps, revised work scope, schedule, and deliverables as needed.

Task 3: Finalize Definition of Workforce Housing, Review Key Issues and Local Conditions

Based on the first meeting, this task will enable BAE to revised data analysis and finalize definitions of workforce housing and related issues affecting the Westside Cities. This task will include:

- Clear definition and data to identify targeted AMI levels, tenure, and other variables which define Workforce Housing (special industries, emergency workers, other target segments).
- Consultation with Goldfarb to help shape the workforce housing definition as it evolves, with a focus on legal issues and constraints in serving the area’s workforce.

Meeting #2: Review data analysis and discuss draft workforce housing definition

Deliverable: Phase 1 Memorandum defining Workforce Housing for Westside Cities and special issues to be addressed by the project

Phase 2: Opportunities and Constraints to Workforce Housing Development

Task 4: Case Studies

Prepare up to five case studies of workforce housing initiatives in Los Angeles region as well as throughout the U.S.. BAE will propose a list of case studies and review the candidates with the Westside Cities Working Group via email or phone conference, in order to produce a short list of case studies. Case studies will be selected to highlight program both Initiatives (e.g. buyer assistance) and as well as new unit production through partnerships.

BAE will prepare a draft memorandum of the case studies to profile how the initiative evolved, target income or occupational groups, regulatory changes, integration of employers with local government, specifics on the initiative, source of funding (if any) and any outcomes (if available).

<u>Conference Call or Email :</u>	Select Case Studies
<u>Conference Call or Email:</u>	Comment on case study findings
<u>Deliverable:</u>	Portion of Phase 2 Memorandum

Task 5: Conduct Outreach to Large Employers

Work with Westside City group to develop a strategy and to recruit and facilitate two focus groups of area large employers and housing developers. One approach to this may be to mix representatives from large employers from different industry sectors together, along with leading non-profit and for-profit developers in order to cross-fertilize the discussion. Another approach is to vary each group be industry sector so that the focus can be specific to that key industry. The emphasis and structure of the two focus groups will be discussed during the first Working Group meeting (see Task 2) and continue on through this task, in order to ensure best utilization of this task. BAE will:

- Contact employers and developer participants identified and recruit participation
- Prepare facilitation guide
- Facilitate each focus group
- Provide meeting summary, notes and videotape.

The Westside Cities will:

- Identify and reserve a room for the focus groups
- Send out invitation letters on letterhead (BAE will follow up as needed)
- Arrange for food at meetings

<u>Meetings #3 and #4:</u>	2 focus group meetings
<u>Deliverables:</u>	Facilitation guide, facilitation of focus group, meeting summary, notes and videotape.

Task 6: Identify Development Constraints and Feasibility Implications

Identify development regulations and standards, policy constraints, and related local workforce housing issues impacting workforce housing production.

BAE will inventory and profile development standards (e.g., parking requirements, density, open space, and related issues) in place in each of the four Westside Cities. This work will also include a description of the economics of development (e.g., high land costs, scarce development sites, and entitlement barriers). These current development standards and related issues will be summarized in matrix form so that all four cities can be considered at a glance.

In addition, to illustrate the economics of workforce housing development in the current regulatory and economic environment, this task will include analysis of the financial challenges to developing new workforce housing in the four cities. BAE will develop up to five prototype housing project examples to illustrate current challenges in serving the needs of area workforce households based on household income levels and household configurations.

BAE will prepare a sensitivity analysis of these pro formas, to illustrate differences between the four Westside Cities and how changes in development standards or policies might improve financial feasibility. BAE will incorporate concepts related to transportation cost reductions for TOD projects as appropriate.

Conference Call: Review draft pro formas and incorporate comments

Deliverables: Memorandum describing development issues, financial feasibility, and pro formas. The memorandum will profile the impacts of high land costs, development standards, parking requirements, and other “hidden” costs to consumers and employers (e.g., commute costs, productivity losses, etc.).

Task 7: Identify Incentives and Funding Sources

Provide an inventory of incentives and potential funding sources including description, availability, effectiveness, and timeliness to meet the direct needs of large employers. These may include buyer assistance programs, TOD development standards, infill and site strategies, etc,

This task will also include an inventory and discussion of existing workforce housing investment funds and other funding sources/strategies. The inventory will include:

- Existing workforce housing funds
- Federal/State/local subsidies and programs,
- Large employer programs

Conference Call: To discuss incentives and funding sources

Deliverables: Memorandum with inventory and matrix of incentives and funding sources

Phase III: Implementation Strategy Options

Task 8: Develop Implementation Strategy Options

BAE will develop a detailed set of implementation strategy options customized to each of the Westside Cities. This work will be organized according to the workforce definition(s) and special topics arising from the research. The options will include replicable strategies across the region, with a special focus on reducing VMT and integrating transit options into workforce housing strategies. Goldfarb will also provide input and comment on legal implications of strategy options, as needed.

Meeting #5: Extended meeting to discuss strategy options

Deliverables: Memorandum detailing strategy options for each city

Task 9: Prepare Outline and Draft Report

Compile research, findings, and recommendations resulting from the project into a draft final report on workforce housing strategies in high cost real estate markets within the SCAG region.

BAE will provide an outline of the Final Report to the Working Committee and incorporate one round of comments.

The Final Report will be structured to provide information and conclusions accessible to policymakers, housing experts, large employers, and the general public and shall include an executive summary.

BAE will prepare the 1st Draft Final Report and circulate to Westside City Working Group for review and comment.

BAE to receive a single set of comments from the Westside Cities working group that includes comments from all cities and that is the product of meetings and discussions facilitated by the working group without the assistance of BAE.

Deliverables: Outline of Draft Final Report
1st Draft Final Report

Task 10: Prepare Final Report/ Present Report

Based on comments received in Task 9, BAE will prepare a Final Report including an Executive Summary and a Power Point Presentation highlighting the findings and recommendations.

This task will also include presenting the Final Report at one public meeting upon Westside Cities working group's request and at one meeting before the SCAG Community, Economic & Human Development Policy Committee.

Meeting: #6 and 7: At Client request

Deliverables: Final Report and Power Point Presentation

Schedule

The Workforce Housing Study will be completed by June 30, 2008 or earlier.

The following schedule assumes authorization to proceed by November 7, 2007:

Task	Completed By:
1: Initial Data Collection and Analysis	12/1/07
2: Project Meeting	12/7/07
3: Finalize Definitions, Review Key Issues	1/11/08
4: Case Studies	1/11/08
5: Outreach to Large Employers	2/22/08
6: Identify Constraints and Feasibility Implications	3/3/08
7: Identify Incentives and Funding Sources	3/31/08
8: Develop Implementation Strategy Options	4/25/08
9: Prepare Outline and Draft Final Report	5/16/08
10: Prepare Final Report/Present Report	6/13/08