

development is ongoing. As of April 2010, the Redevelopment Agency owns 16 of the 39 parcels, with some others in negotiation stages. To ensure continued progress and indicate support for this project, specific objectives in Program 2 and 7 are included in this Housing Element.

Sites Inventory

This section provides the framework for how the City will achieve its remaining regional share of housing through existing land use policies. A specific sites inventory is included that identifies parcels that are vacant or underutilized in areas where existing land use policy has directed moderate growth. Underutilized sites are those that are developed well below the maximum density allowed by Azusa's Development Code. Vacant and underutilized sites are identified in the moderate-density residential areas, the Downtown, neighborhood centers, and along corridors.

Density Assumptions and Cost of Housing in Azusa

State law has established "default densities" that are considered sufficient to provide market-based incentives for the development of housing for lower-income households. For jurisdictions such as Azusa that have a population greater than 25,000 and are located within a Metropolitan Statistical Area (MSA) with a population of more than two million, the default density is 30 dwelling units per acre (or higher). This default standard applies equally to communities with higher residential property values (such as Los Angeles or Pasadena), and to communities where home prices, rents, and the cost of vacant land is significantly below the regional average.

Market Feasibility

Forty-nine percent of the housing stock in Azusa is occupied by renters, and is significantly more affordable (on average) than surrounding Los Angeles County cities. Many cities in the region have a history of actively discouraging the provision of multi-family or entry-level housing. As a result, Azusa has long been and remains one of the most affordable cities in Los Angeles County for both renters and owners.

Due to the level of diversity in neighborhood types, land costs, and proximity to desired destinations throughout the urbanized Los Angeles region, utilizing a specific residential density (30 units per acre as established by State law as the default density for affordable housing production) to determine the feasibility of affordable housing is problematic. As indicated in this Housing Element, affordable housing is feasible in Azusa at 27 dwelling units per acre, where it may not be as feasible in more expensive parts of the urbanized County. As indicated in **Table 41**, Azusa has significantly lower average rents than nearby Pasadena, the City of Los Angeles, and average rents in unincorporated County areas.

Table 41: Los Angeles County Average Rental Rates

	Azusa	Pasadena	City of Los Angeles	Los Angeles County (unincorporated)
Studio	\$811	\$1,192	\$1,140	N/A
1-Bedroom	\$914	\$1,271	\$1,509	N/A
2-Bedroom	\$1,244	\$1,633	\$1,643	N/A
3-Bedroom	\$1,760	\$2,208	\$2,483	N/A
Average	\$1,182	\$1,576	\$1,694	\$1,500

Source: Azusa 2008 Draft Housing Element, Pasadena 2008 Draft Housing Element, City of Los Angeles 2008 Adopted Housing Element, Los Angeles County 2008 Adopted Housing Element

In addition, a survey of existing rental rates in Azusa reveals that average rents are affordable to a variety of lower-income households. Studios rent for an average of \$811 and one-bedrooms rent for an average of \$914 in Azusa. These rents are affordable for low-income singles (who can afford \$869 per month). Two-bedroom apartments are available from \$950 in Azusa; these rates fall below the \$1,118 monthly rent considered affordable to a small family in the low-income category. The average for a three-bedroom apartment was \$963, well under the \$1,199 considered affordable to a large family in the lower income category (see **Table 21**).

Median home prices in Azusa also tend to be significantly lower than the Los Angeles County average and lower than those in surrounding communities, as indicated in **Table 42**. The median home price in Azusa was 75 percent of the median home price in Los Angeles County at large. With the deflation in the housing market as a whole, the median sales prices throughout the area have dropped. In Azusa, this has resulted in a September 2008 median home price of \$270,000.

Table 42: Median Home Prices 2008

County/City	September 2008	Percent of County Median
Baldwin Park	\$290,000	81%
Covina	\$360,000	100%
Duarte	\$329,000	91%
El Monte	\$360,000	100%
Glendora	\$495,000	138%
Pasadena	\$520,000	144%
City of Los Angeles	\$405,000	113%
Azusa	\$270,000	75%
Los Angeles County	\$360,000	100%

Source: DataQuick California Home Sale Price Medians by County and City, 2008.

The existing housing stock offers many affordable options throughout the City; Azusa is one of the most affordable locations in the Los Angeles area. For the first time in many years, Azusa has also experienced development targeted at a higher-income bracket. In order to establish a balanced community that offers a place for everyone, the City encourages a variety of housing types and affordability levels. The City's moderate-density residential and mixed-use areas allow for densities up to 27 units per acre, which given moderate land and housing costs within the City, is sufficient to facilitate housing affordable to moderate- and lower-income households. Further information to support this is provided in the following paragraphs.

Financial Feasibility

The lower rental rates and home prices available in Azusa stem from affordable land costs and surrounding house comparables. A review of recent (2007-2008) sale prices on vacant properties indicates that land in Azusa ranges from \$35 to \$85 per square foot, depending on allowable densities. Even as costs of land increase as densities increase, the cost per unit generally continues to decline. The cost of vacant land in Azusa has historically been less than that of other Southern California cities, a factor that has contributed to Azusa's significant supply of affordable housing in the City. For example, a land cost survey conducted for neighboring Pasadena's Housing Element indicated residential land costs (per square foot) ranged from \$69 to \$94. The city of Los Angeles Housing Element indicates that in 2005, land costs ranged from approximately \$36 per square foot in South Los Angeles with mixed commercial and residential zoning to \$93 per square foot in Westlake/MacArthur Park (for high density multi-family residential). In 2007, similar residential land

prices had escalated to \$111 per square foot for high density multi-family residential land in the Westlake/MacArthur Park area.

Lower land costs indicate that the construction of new affordable housing is feasible in Azusa at 27 dwelling units per acre, where it may not be as feasible in more expensive parts of the urbanized County, such as Pasadena and the City of Los Angeles. In these areas, a density of 30 units per acre may be more appropriate to facilitate the development of affordable housing.

Development Trends

To further demonstrate that existing densities in the City can accommodate affordable housing, the City of contacted four affordable housing developers who are familiar with housing development trends in the San Gabriel Valley: Habitat for Humanity, Southern California Presbyterian Homes, National CORE, and Thomas Safran & Associates.

San Gabriel Valley Habitat for Humanity is a local affiliate of Habitat for Humanity International. The San Gabriel Valley affiliate has been active since 1990, and has since completed 39 homes, providing 204 men, women and children with safe, decent, affordable shelter. Habitat for Humanity seeks to partner with cities to help create affordable homeownership opportunities. Habitat for Humanity staff indicated that land costs and densities differ among jurisdictions, so there is not necessarily a minimum density that is required to achieve project feasibility. In addition, it is important to Habitat for Humanity to ensure that adequate areas are available for children to play and facilitate a high quality of life for residents. As such, Habitat's project densities may even occur at less than maximum densities. For example, Habitat completed a project in nearby Glendale that includes 11 new homes on 0.47 acres, for a density of 23.4 units per acre. Azusa allows densities in excess of densities achieved by this project in Glendale, which generally has higher land values.

Southern California Presbyterian Homes has recently completed affordable housing projects in Oceanside, Fresno, and neighboring Duarte. This organization specializes in senior affordable housing, facilitated by HUD Section 202 financing. Senior affordable housing generally does not require the same types of outdoor open space and parking that are necessary for other types of housing. As such, densities tend to be higher as outdoor amenities and parking are minimized (for example, parking is often reduced to 0.5 spaces per unit). According to Southern California Presbyterian Homes staff, project sites for senior housing are generally preferable if they are approximately 2 acres in size and allow construction of around 80 units in three-story structures. This equates to a density of approximately 40 units per acre. To facilitate the development of senior housing in Azusa, the Development Code allows up to 40 units per acre for senior housing in the medium and moderate density areas of Traditional, Transitional, and Tract Neighborhoods, in all districts except the two industrial areas, and in all Corridors. The City's existing development standards for senior housing allow smaller unit sizes, as well as reduced parking and open space standards to facilitate this density.

National CORE is an affordable housing nonprofit organization that has developed, owns, and manages over 10,000 units of affordable housing. According to National CORE staff, there are many factors that contribute to the feasibility of an affordable housing project, including land costs, density, subsidies, and size of properties. Generally, however, staff indicates that affordable housing is feasible starting at 25 units per acre, depending on the area and related land costs. Land costs can significantly affect the density needed. For example, a 4.5 acre property in the city of San Gabriel was listed for sale for \$13 million, which would have required a density of approximately 50 to 60 units per acre. In contrast, a 1.93 acre property in Azusa was recently listed for sale for \$3 million (approximately \$35 per square foot). Considering the cost of land, an affordable housing developer

would likely seek a density of approximately 35 units per acre to make this project feasible. The City of Azusa offers density bonuses for affordable housing, consistent with State law, which would increase the allowable density.

Thomas Safran & Associates owns and manages over 3,000 units of affordable rental housing in California. This for-profit firm specializes in developing affordable housing projects, in addition to mixed-use and market-rate projects. Project locations include Hollywood, downtown Los Angeles, Baldwin Park, and Riverside. Discussions with Thomas Safran staff revealed that while higher densities can help ensure the feasibility of a project, the most important factor in affordable housing project feasibility is the “per unit subsidy”, which generally needs to be approximately \$140,000. Because higher densities generally equate with higher land values, the density is not as much of a concern as the subsidy achieved per unit. Recent projects completed by Thomas Safran & Associates have ranged in densities from 25.7 units acre in nearby Baldwin Park, to 44 units per acre in downtown Los Angeles, to up to 124 units per acre for a recent senior development. Azusa has ample opportunities throughout the City to develop a project at 27 units per acre, which is higher than the density of the affordable housing project completed in 2004 in Baldwin Park.

Residential Density Assumptions

The analysis of vacant land for residential sites utilized City Geographic Information System (GIS) data to identify vacant parcels designated as one of the three General Plan residential land use designations: Low Density Residential (LDR), Medium Density Residential (MDR), and Moderate Density Residential (MODR). Underutilized sites in MODR areas were identified with the help of the City’s GIS data and field research. In order to calculate realistic potential units in residential areas, potential site constraints and applicable development standards were considered.

Due to the predominantly built-out nature of the City, most development will occur as infill on underutilized sites in Azusa. In residential areas, these underutilized parcels generally are occupied by only one or two single-family homes, parking lots, and nonconforming uses. The identified sites can be developed at higher densities than currently exist; each site could be developed to more than twice its existing density. All moderate-density residential parcels permit densities up to 27 units per acre. This density is considered adequate to facilitate the development of units for lower-income households.

Mixed-Use Density Assumptions

The City has approved a number of mixed-use projects since the new land use designations were adopted as part of the 2004 General Plan update. To estimate realistic development capacity for Mixed-Use sites, the City surveyed three projects approved in the Downtown area and along a major mixed-use corridor, and found that densities nearing the General Plan maximum density were achieved. As **Table 43** shows, a survey of three approved mixed-use projects in Azusa indicates an average density of over 26 units per acre.

Table 43: Survey of Mixed-Use Approvals in Azusa

Project Name	Acres	Units	Density	Number of Parcels	Status
Block 36	2.46	66	26.83	17	Approved, residential component eliminated due to economic downturn.
Foothill/Dalton	2.72	73	26.84	10	Approved, City is seeking developer.
609-611 N. Azusa Ave.	0.16	4	25	1	Approved, entitlements extended.
Average Density			26.2		

Source: City of Azusa Planning records, 2008.