



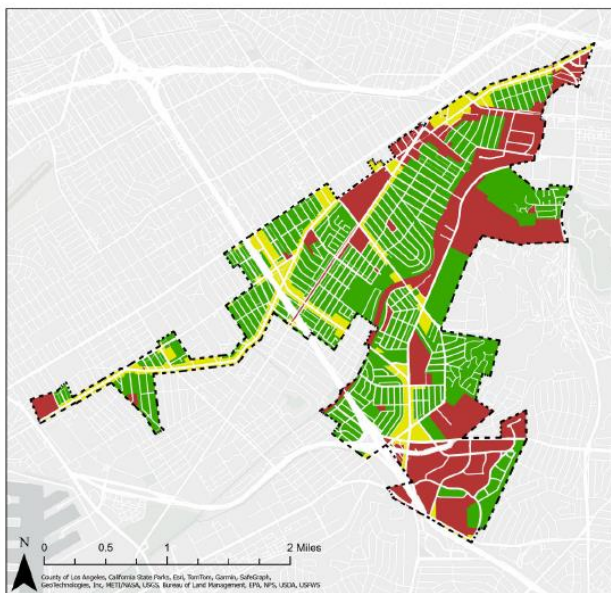
April 2024

The UCLA Ziman Center for Real Estate presents the next in a series of Affordable Housing Policy Briefs, sponsored this month by the [California Department of Real Estate](#) and the [UCLA Rosalinde and Arthur Gilbert Program in Real Estate, Finance and Urban Economics](#). For this April 2024 Brief, UCLA Ziman Center spoke to Culver City Assistant City Manager [Jesse Mays](#) (UCLA Anderson MBA, 2016) about that city's ambitious upzone plans.

Culver City faces housing challenges similar to the surrounding Los Angeles County region. This includes a severe lack of affordable housing and rising house prices and rents. To address these issues, Culver City in its General Plan Update will, for the first time, allow "by-right" residential development. That is, the city will allow certain size residential development across the city, without requiring special approvals. This "upzoning" is the easiest approval path for developers and may dramatically increase the city's housing construction.

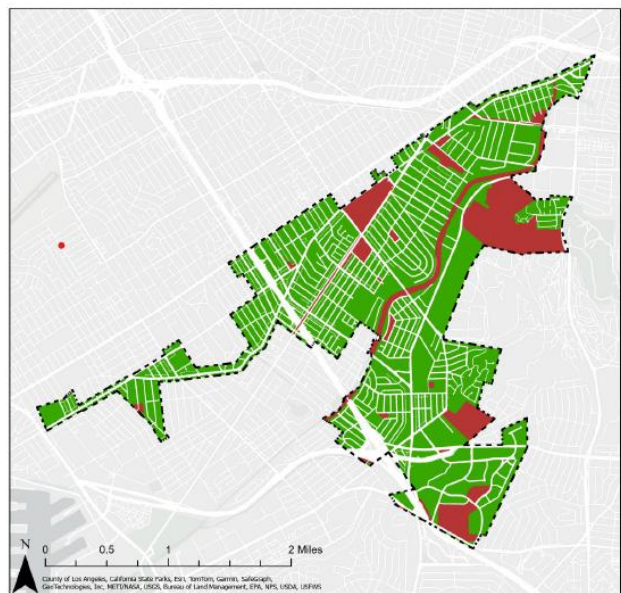
Existing Land Use

- Existing Residential Land Uses - 57% of City area
- Existing Commercial/Mixed Use Land Uses - 10% of City area
- Existing Nonresidential Land Uses - 33% of City area



Proposed Land Use

- Proposed Residential/Mixed Use Land Uses - 82% of City area
- Proposed Nonresidential Land Use - 18% of City area



Upzone Update

How is Culver City Planning to Dramatically Increase Housing?

What are the outlines of Culver City's upzoning plans?

This type of upzoning is designed to spur redevelopment and increase housing; it's been proposed as part of zoning code update, and we expect City Council to adopt it by fall 2024. We are under a state deadline to adopt it by October. As proposed, the update would allow 100 percent residential development in what used to be commercially and industrially zoned properties.

This will have a dramatic impact on the housing supply. Right now, residential-only uses are permitted on approximately 50 percent of properties in the city. Upzoning will increase this to over 80 percent. The places you will notice the most change are along the commercial corridors and in our industrial and office park districts, where the zoning will become mixed use and allow stand-alone residential. The change will create vibrant, mixed-use, walkable neighborhoods.

At the same time, the update will allow increased density – the number of dwelling units per acre. The increase will be significant, but the specifics are not final. Ultimately, it will be up to City Council to adopt these changes. And all of this should speed up the approval process.

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- Culver City Assistant City Manager Jesse Mays

Have residents been complaining about rising rents and house prices? And is this upzoning part of an attempt to improve housing affordability by increasing supply?

Absolutely. Rents and housing prices continue to increase here, as they have throughout the region. We continue to hear concerns about residents being pushed out of the city due to lack of affordability, and their children unable to afford a house here. We heard this most acutely during the conversations about implementing rent control in Culver City. The City Council put into place an emergency temporary cap on rents in 2019. (Here is the [report done for us by BAE Economics](#) whose findings were used to put the temporary cap in place. And here is a [second, long term rent control report done for us by BAE Economics](#)). Citing the findings of the long-term report, Council put in place [a permanent rent control and tenant protections program in 2020](#) in a 4 to 1 vote. Both BAE reports have executive summaries.

All of this is part of the background of the upzoning movement. That background includes California's [Regional Housing Needs Allocation \(RHNA\)](#), which requires all local governments to adequately plan to meet the community's housing needs across all income levels.

Which areas will see increased density?

Densities will be increased across the city. The highest density increases will be in our shopping centers and areas around our Expo line, in our industrial areas like the Hayden Tract, and in our office park district in Fox Hills. Under upzoning, these areas will see the highest proposed density, at between 65-100 dwelling units per acre. There is some community opposition to this in some parts of the city. We hope to address the community concerns with education. There will be a compromise because developers will have the right to develop.

And redevelopment activity has already begun. Lincoln Property Company recently announced plans to replace a low-slung, two-story office building surrounded by parking on 2.2 acres in Fox Hills into a [mixed use development containing 309 apartment units, including 27 affordable units](#). Projects like this can turn a large, underperforming, commercial super block into a neighborhood. It's very exciting.

Community opposition remains a potent threat. [Community opposition relatively recently helped kill plans](#) for a [762 unit redevelopment](#) of a defunct, one-story strip mall site. And redevelopment of large strip malls in Culver City remains an opportunity for adding many housing units. [Westfield Culver City](#) and [some of its components](#) may eventually redevelop with housing, although changing economic conditions [may put those plans on hold](#).

What is the relationship between Culver City's upzoning and what is required by the State of California?

The RHNA plan is the State of California's "Housing Element" mandate. State law requires cities and counties to meet quotas for making land available for development. A certain number of units will be built by 2029, via appropriate policies set by state and regional officials.

The State incentivizes affordable housing development by allowing additional market rate units if a project includes affordable units. We are proposing additional affordable housing incentives, beyond what is required by the state. We need housing at all price ranges - including market-rate - but we especially need affordable housing.

Our RHNA requirement for 2021-2029 is to grow by 3,341 units, including 554 extremely low, 554 very low, 604 low, 560 moderate, and 1069 above-moderate units. There are numerous challenges to hitting these numbers. Our current system of requiring and incentivizing affordable units results in a relatively low number of affordable units per development. So, you can see how it will take the addition of numerous large-scale developments to help us meet our RHNA affordable numbers. All of these projections are detailed in the [2021-2029 Housing Element of our General Plan](#).

Are developers already eyeing these areas?

In addition to Lincoln Property's 5700 Hannum proposal mentioned above, developers are looking at these areas, yes. There is significant interest, which we need. The RHNA requirement is 3,341 new units, but currently we have approximately just 2,500 units in the pipeline: 2,000 market-rate and 500 affordable. The biggest challenge is that affordable units are lagging in terms of achieving those goals. We need to bump up the affordable number.

Are there negative economic or planning consequences that may result from Culver City's upzoning?

This is another interesting angle. We recently met with a "broker roundtable." The commercial brokerage community is always in tune with the market and offers good intelligence. One of the takeaways from this meeting was the need to consider the economic consequences of transitioning to housing. It's a potential loss of business and sales taxes for the city.

Also, there is a potential conflict between current industrial uses and increased residential uses. It's possible that industrial users will flee because they prefer to be in purely industrial areas. Currently there is a certain demand by smaller industrial users, specifically the local distribution centers. (These are the "last-mile" centers receiving goods from the large centers in the Inland Empire, for example.) There is an Amazon center near the 405 freeway in Fox Hills, at Centinela and Mesmer. And there are others in the Hayden Tract of Culver City. It is desirable to retain these uses, if possible, because it is economically healthy for cities to have a mixture of tax bases.

And it's good to have their employment base. As the work-from-home trend continues, these low-impact industrial uses are valuable as some of the last remaining job sites. Their employees use the local

restaurants and other vendors. So there needs to be a healthy mix of uses. I don't know where we'll end up. But we may end up retaining some exclusively industrially zoned properties once the final zoning regulations are approved.

Considering the many economic forces at play, how would you summarize Culver City's position in the larger region's affordable housing dilemmas.

Culver City represents the housing crisis of California's coastal cities and neighborhoods because its housing stock has not kept up with its tremendous job growth. When workers move farther from job centers to afford a place to live, it exacerbates traffic and pollution. City governments generally don't have sufficient funding to build housing. Cities can create incentives for the private sector and help privately funded residential projects pencil by passing policies such as upzoning. The impact of these policies is already apparent in Culver City, where anticipated zoning changes have resulted in proposals for thousands of new units, including several proposals for large multi-family housing projects on parcels that currently have office buildings. While upzoning will add to the regional housing supply, most of the new units are certain to be market-rate housing—which in Culver City is quite expensive. Cities will need to employ additional policies besides upzoning to facilitate the construction of new housing units affordable to low- and moderate-income families. Only then will everyone who works here be able to afford to live here.

