

Los Angeles City Hall
City Planning Commission
200 North Spring St., Los Angeles, CA 90012
Chamber Room 340



Re: Proposed ADU Ordinance (CPC-2016-4345-CA)

Dear City Planning Commission,

My name is Alexis Rivas, and I am the co-founder and CEO of Cover. Cover is an LA-based technology company that designs and manufactures accessory dwelling units that can be installed on-site quickly and efficiently. We've built a software tool that analyzes the zoning and existing structures on single-family home properties in LA to show homeowners whether they can build an ADU on their land, and if so, what the setbacks and size restrictions are. For hillside areas, we do a slope band analysis for each parcel. The tool has been featured in numerous publications including the [LA Times](#), [Bloomberg](#), [Fast Company](#), and [Architectural Digest](#).

We've used this tool to analyze the impact a hillside ban on ADUs would have. We've found that the proposed ban would prohibit the construction of over 82,000 additional ADUs that could help ease the housing crisis. A categorical ban on hillside ADUs would erase an estimated \$44 billion in potential additional property value for these homeowners, or an average of \$540,000 per homeowner. On the second page of this letter, we've included a summary of our data analysis methodology and more detailed results of this analysis. Please do not hesitate to reach out if you would like to further discuss our methodology, data, or results.

Please also refer to Maps A-C which visually depict the results of our data analysis and affected parcels. Parcels which are blue are those that under current regulations could build ADUs (taking into account zoning and existing structure limitations. These would be negatively impacted by the hillside ban.

The proposed ordinance banning hillside ADUs is overly restrictive, and harmful to the City, it's current and future residents, and homeowners. We do not support the alternatives suggested by the Department of City Planning which would ban ADUs on sub-standard streets given the dearth of digital and publicly accessible data on sub-standard streets, and the lack of analysis of the impact these options would have on LA's housing supply. As the Department of City Planning notes in their report, the city and fire department already have several tools available to them to limit parking on hillside streets to maintain public safety during times of high fire hazards. The Department of City Planning's Recommendation Report incorrectly states that: "*State law prohibits on-site parking for ADUs located within a half mile of public transit*". The text from SB 1069 states: "*(e) Notwithstanding any other law, a local agency, whether or not it has adopted an ordinance governing accessory dwelling units in accordance with subdivision (a), shall not impose parking standards for an accessory dwelling unit in any of the following instances: (1) The accessory dwelling unit is located within one-half mile of public transit.*". It's clear that the state law allows for ADUs to have on-site parking, but does not require it for properties within a half mile of public transit.

The state-wide ADU legislation adopted in 2017 was, in a rare show of solidarity, praised by legislators on both sides of the aisle, housing advocates, and homeowners alike. The impact of the legislation was immediate: there were 80 ADUs permitted in Los Angeles in 2016 and 1,970 in 2017. These backyard homes are used for a variety of reasons including multi-generational living (i.e., in-law suites), long-term rental units, and backyard homes. Cover's analysis of homeowners interested in building ADUs shows that over 70% of people plan on having long-term residents occupying their units, with less than 5% saying that they would use their units for short-term/Airbnb-style rental units.

In addition to generating income for homeowners, increasing property value, generating tax revenue for the city, and increasing housing density to address the housing crisis, the state-wide ADU legislation also helps address residential safety. There are estimated to be over 50,000 unpermitted ADUs in Los Angeles, the vast majority of which would not pass municipal zoning, building & safety inspections today, and pose health and safety risks. By expanding access to ADUs through improved permitting processes and criteria, the state has decreased the risk to future residents of ADUs by allowing a clearer path for permitting.

ADUs are a great way to increase the supply of safe, quality housing while retaining the character of neighborhoods. The proposed hillside ADU ban isn't good for the city, its residents, or its homeowners. It hamstrings the city's ability to combat the housing crisis in a financially sustainable way, decreases the supply of housing in highly desirable areas of the city, and significantly reduces potential property value for homeowners. It also perpetuates the perverse incentive for homeowners continue to build and rent out unsafe unpermitted ADUs.

The proposed ban on hillside ADUs would significantly hinder the progress advocates on both sides of the aisle have arduously made to address Los Angeles's housing crisis. New development should always be carefully considered. It's clear that this proposed ban will have a negative impact to the city of Los Angeles, and should not be passed.

Sincerely,

Alexis Rivas
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Our data analysis methodology

At Cover, we have developed proprietary geospatial analysis systems that:

1. Identify the required yards in a given parcel
2. Apply the zone and permit appropriate setbacks
3. Analyze the parcel's RFA or FAR and perform a slope-band analysis if necessary

These tools allow us to determine if an ADU of a given size can be built on a given property with very high fidelity.

To determine ADU buildability in hillside areas, we computed a maximum square footage allowed for an ADU for each parcel with the following methodology:

1. Compute the remaining buildable square footage after subtracting the primary home's footprint.
 - a. For this, we used either RFA or FAR, depending on what the zoning requires
 - b. If a slope-band calculation could be used to add square footage, it was performed.
2. Identify the front, rear, and sides of the lot and generate setback geometry. Find the square footage of the setback geometry.
3. Take the minimum of steps 1 and 2 to generate the allowed ADU area for each property.

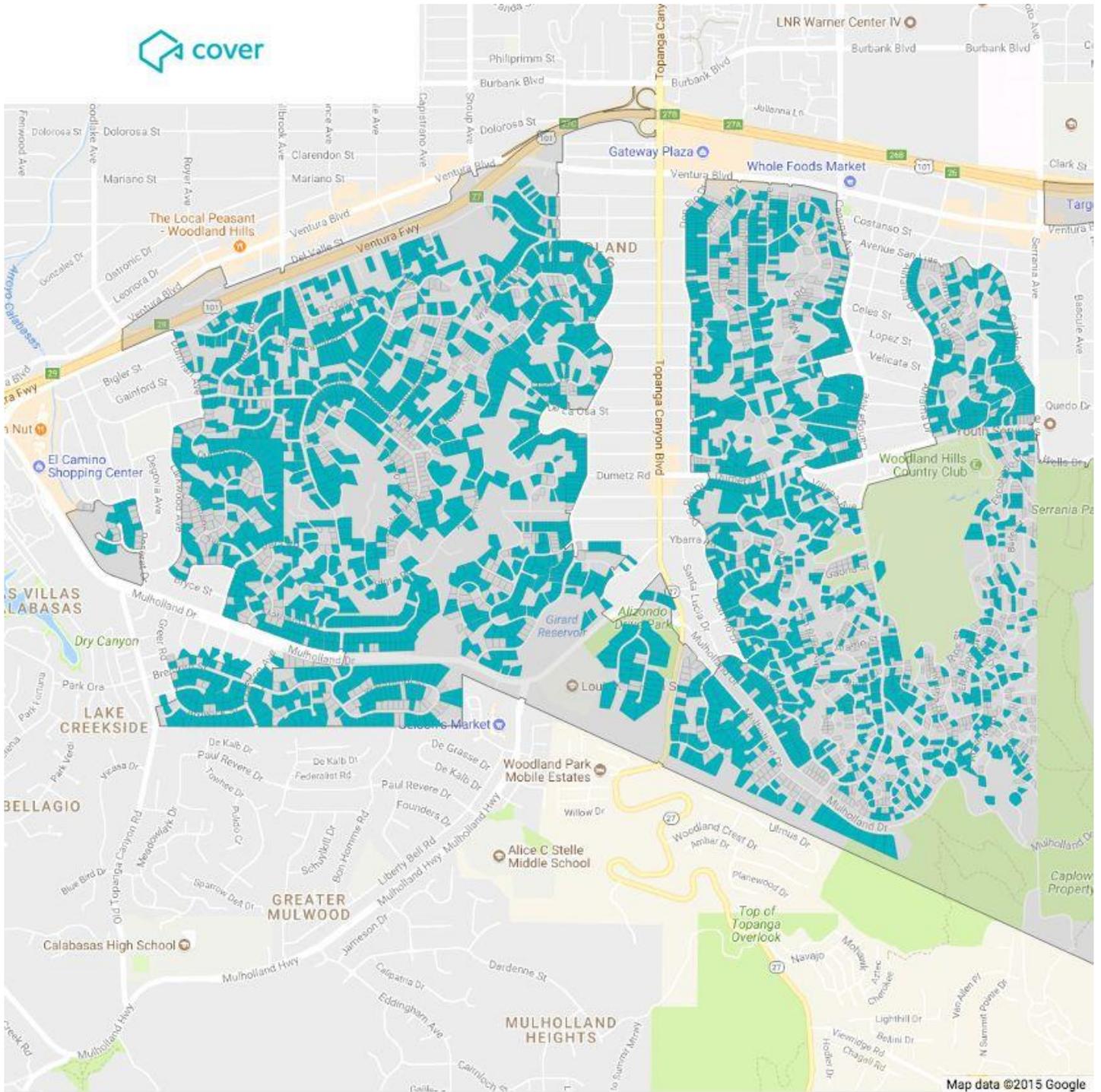
We ignored bonuses that can be applied due to existing structures' use cases (i.e. garages) because this data is not readily available. Note that this means that our estimate is *conservative*, since the application of bonuses would only increase the available square footage on a given parcel. For this report, we performed this analysis on a sample of 63,425 hillside parcels, and defined an ADU as a unit which is at least 250 sq.ft.. This 250 sq.ft. lower limit is based on the minimum areas for efficiency units allowed under state law.

Data Analysis Results

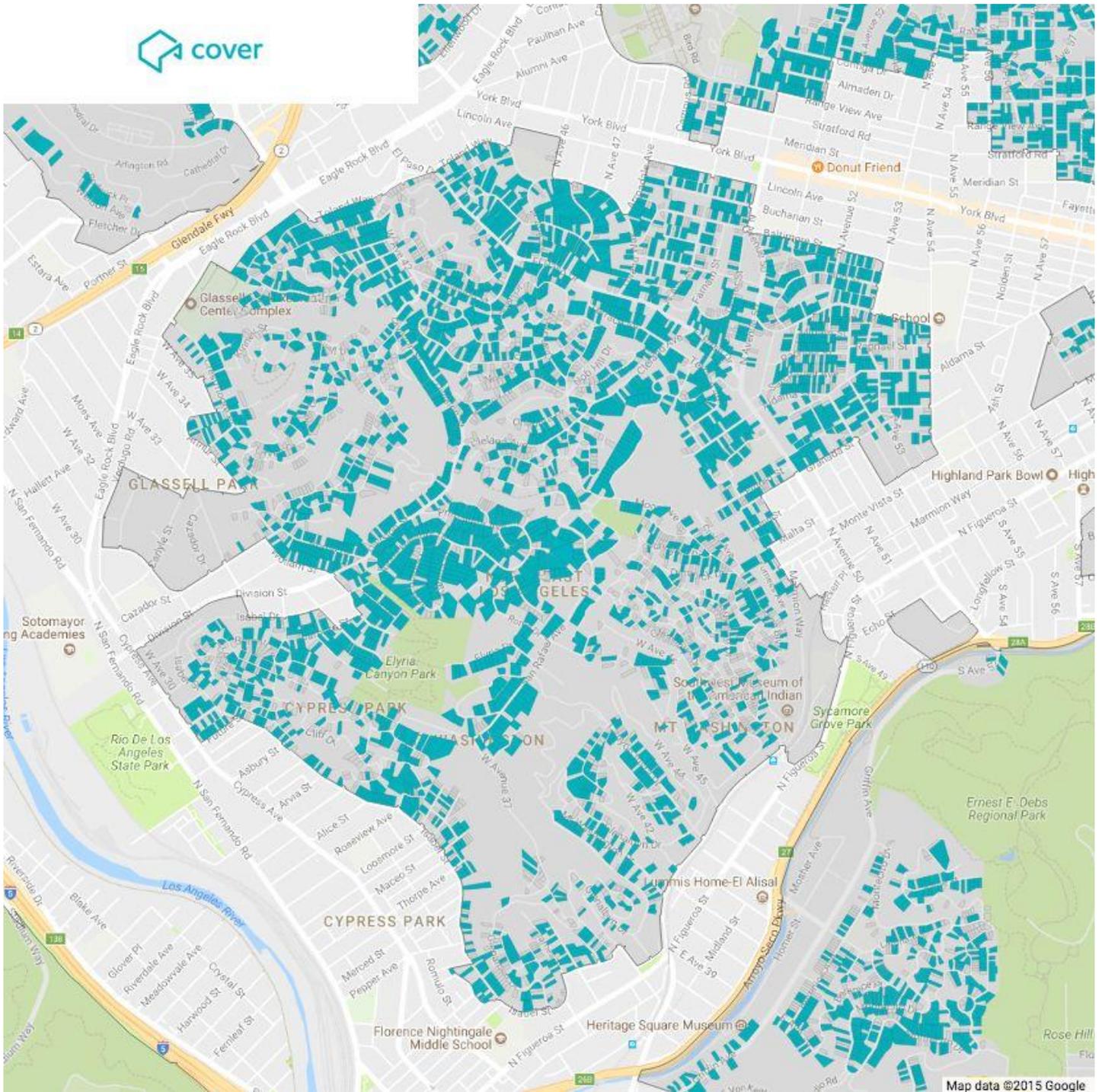
Our analysis showed that a 250 square foot ADU or larger can be built on 37,030 out of the 63,425 parcels we analyzed. This is 58% of the total. Note that because we did not apply bonuses, this is a lower bound the percentage of parcels where ADUs can be built.

According to Exhibit B of the CPC report, there are 141,849 hillside parcels on which we could build an ADU. If 58% of those are ADU-compatible, then 82,272 ADUs can be built in hillside areas.

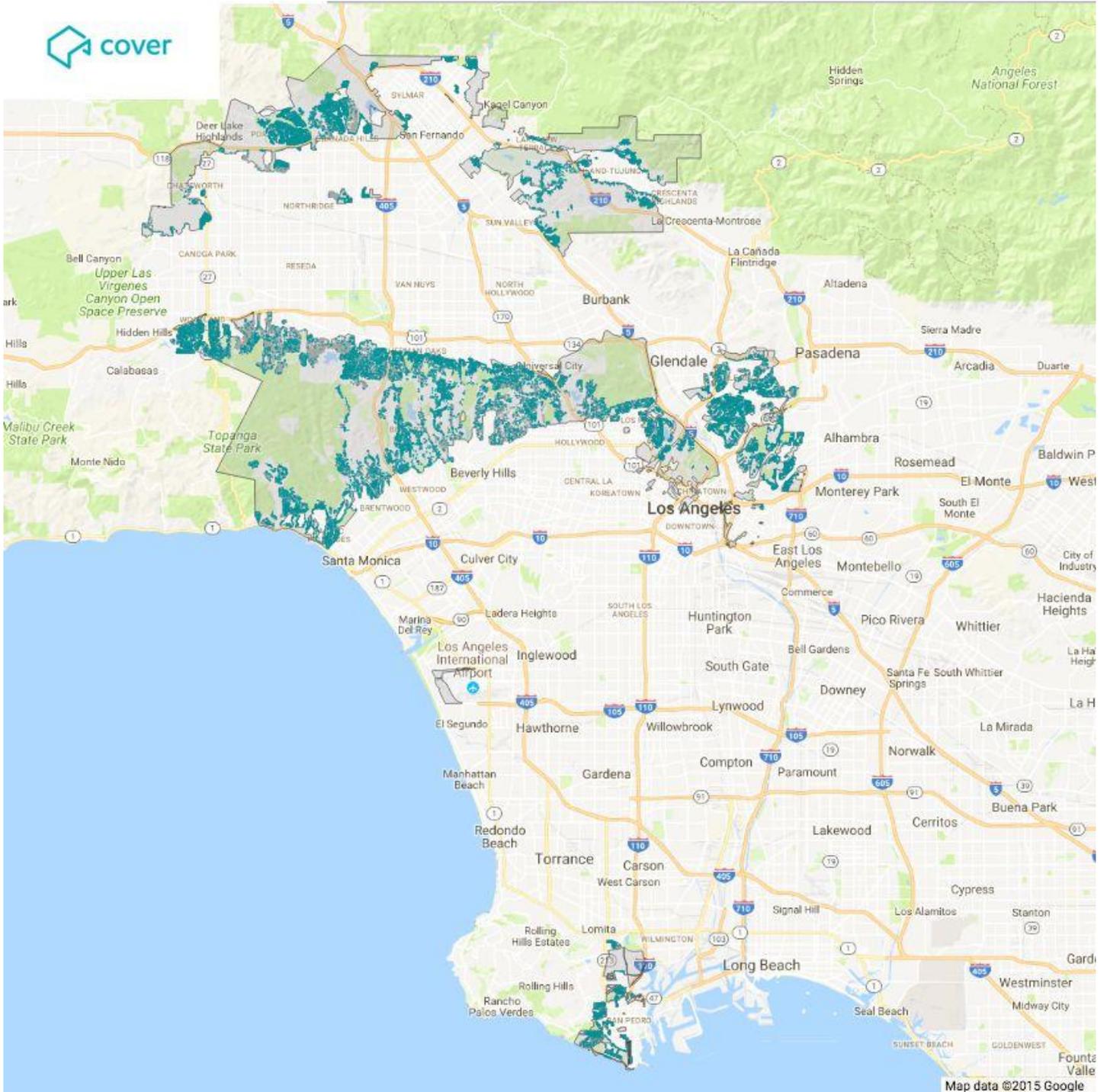
We found that our sample of 37,030 ADUs would have a maximum value of \$19,983,064,461 based on ZIP code specific average per square foot property values, and the maximum size ADU allowed on each of the 37,030 sample properties. This yields an average per-ADU value of \$539,645. Multiplying by 82,272 ADUs gives us a total potential increase in property value of \$44.4 billion.



Map A: Woodland Hills properties analyzed in our sample data that can currently build ADUs but would not be able to under the proposed hillside ADU ban



Map B: East Los Angeles properties analyzed in our sample data that can currently build ADUs but would not be able to under the proposed hillside ADU ban



Map C: Los Angeles properties analyzed in our sample data that can currently build ADUs but would not be able to under the proposed hillside ADU ban