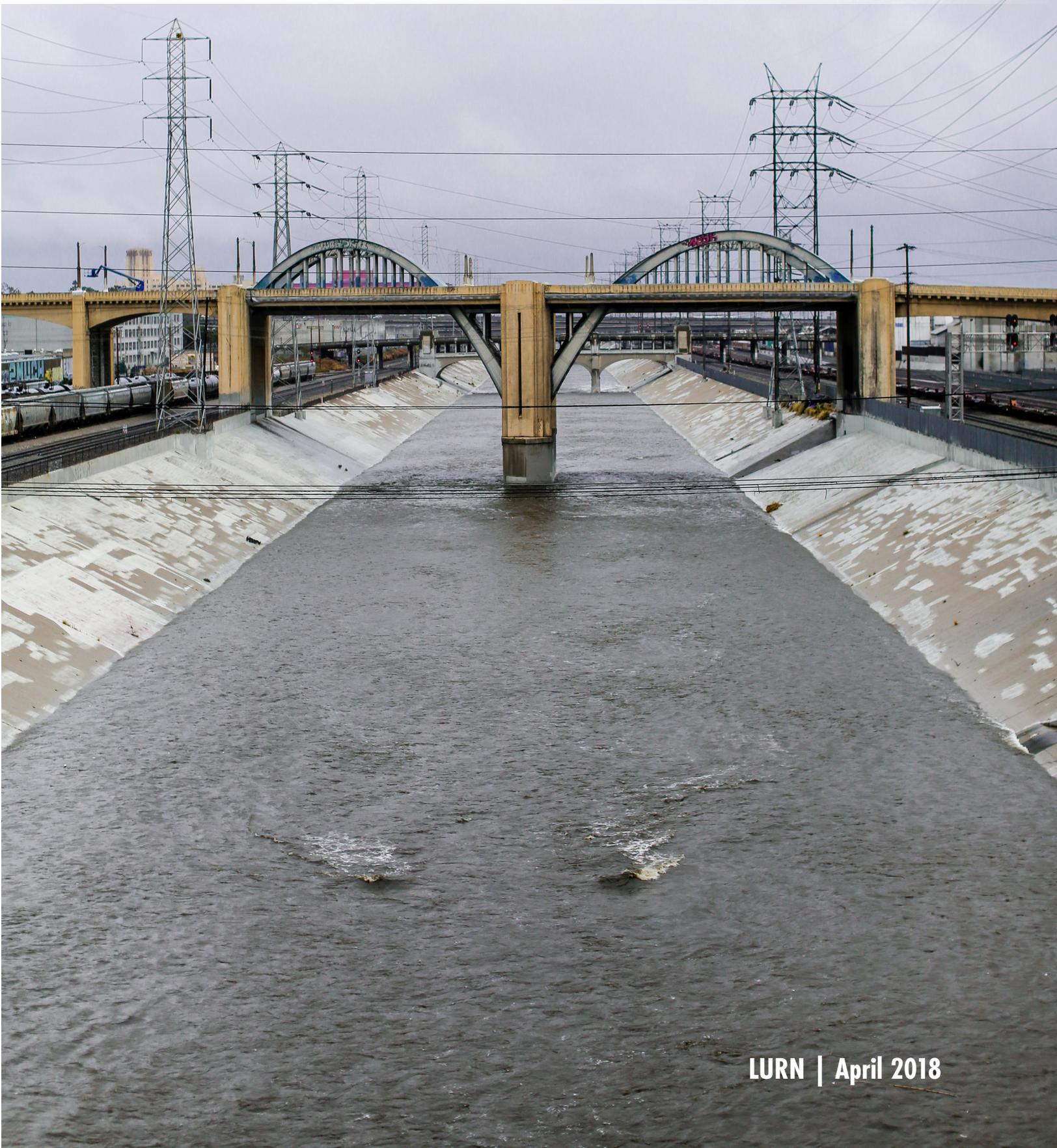


Boyle Heights Property Ownership, Displacement, and Recommendation Report

Understanding the Needs of a Neighborhood at a Crossroads



Executive Summary

This report examines the tangible and perceived barriers associated with property ownership within the community of Boyle Heights. We developed this report in an effort to contribute potential solutions to growing concerns, and intensifying conversations, related to gentrification and displacement in Boyle Heights. However, unlike much of the dialogue that is primarily, and almost singularly, focused on the availability (or lack thereof) of affordable housing, this report contextualizes the issues of gentrification and displacement through a wider land-use lens - one that focuses on a narrative constructed around the concept of property ownership.

It is our belief, and the “raison d’etre” of this report, that communities are best positioned to mitigate the negative impacts of gentrification if they physically control and own their neighborhoods. Operating under this notion, we designed this report to understand and assess the following questions:

- What are the current socioeconomic conditions of the Boyle Heights community?
- How do those conditions affect the levels of property ownership in Boyle Heights?
- What perceptions do the residents of Boyle Heights hold in relation to barriers or opportunities in owning property?
- What are regional and local policies and strategies we can implement or modify to increase access to property ownership for the residents of Boyle Heights?

By looking at factors such as housing tenure, rental burden, poverty rates and unemployment rates, we generated information to answer the first two questions listed above. It is also important to note that much of this report focuses on housing issues to help answer the above questions. This is because homeownership is some of the most accessible form of property ownership for most people. However, housing is not the entire focus of this report. We also analyze data on commercial property, land values and vacant land to illustrate the full breadth of property dynamics in Boyle Heights. Our findings demonstrate that Boyle Heights has very low rates of homeownership, is home to some of the most disadvantaged residents in Los Angeles and that property values are disproportionately high for this community.

To humanize our statistics and ground our research in reality, we answer the third question through data from a primary survey and focus group. These two sources of information ensure that the voice of the residents is present in our report. Our results from these two sources of data indicate that community members do not perceive their chances of owning property in Boyle Heights very favorably. They also hold significant misconceptions about processes involved in owning property. However, not all of our results are grim. Several community members remain optimistic about their opportunities and that optimism appears to increase when they are provided with more information and presented with cooperative ownership models supported by trustworthy community organizations.

We answer the fourth question by analyzing expert interviews and existing policy alternatives and strategies related to all of the socioeconomic deficits we explore in this report. In our analysis, we argue that because Boyle Heights is a highly underserved community, it is imperative that any solutions designed to address the issues of gentrification and displacement are tangible for current residents and do not cater to new, incoming residents. Though there are many issues that the residents are facing, they struggle most with rising rents and cost of living.

Lastly, taking into consideration models of shared equity to build assets, particularly housing, we outline a potential hyper-local, cooperative ownership model that we believe addresses the most significant barriers discussed in this report that prevent Boyle Heights residents from owning property. Our model, which borrows from concepts found in community land trusts, shared equity models and real estate investment trusts, is a possible immediate strategy that can grant some Boyle Heights residents with access to property ownership.

We conclude this report by emphasizing that there is no simple solution for dealing with gentrification and displacement. To really support communities like Boyle Heights, we need to collectively find ways of increasing resiliency through opportunities that grant community residents with more control over their own neighborhoods. We believe that property ownership is the most important factor in this vision and we hope that this report helps support the development of strategies to materialize the recommendations and goals of this study.

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Gentrification, Displacement, and Property Ownership

Neighborhoods, cities, counties, states, countries - complex, dynamic systems of people - change over time. This is inevitable and something we can all anticipate and embrace, to certain extents. Of concern to us is not the fact that these systems change, but more so how and why they change. Specifically, we are interested in the changing landscape of the Boyle Heights neighborhood within the City of Los Angeles. This is a neighborhood with a long history of shifting demographics and an overall identity largely defined by poverty, racism and disinvestment.

The change we are most interested in understanding and analyzing is gentrification. Gentrification, in this report, is defined as the disinvestment of infrastructure in an area followed by the reinvestment and redevelopment of infrastructure at a profit to those who typically do not live in the initially disinvested area. We are interested in gentrification because LURN works to improve the lives of disadvantaged communities through policy, advocacy and community development programs underscored by economic justice. Gentrification is a multi-faceted issue, covering an immensely wide range of socioeconomic issues, of which the most important to us are displacement, income inequality and poverty. Change, itself, is impossible to stop, but these negative impacts, we believe, are solvable.

Theoretical and Existing Research Considerations

This report does not cover the full breadth of gentrification literature because its starting point is one that already accepts certain conditions associated with gentrification and displacement. In a comprehensive review of existing gentrification and displacement literature, U.C. Los Angeles and U.C. Berkeley researchers¹ summarize that gentrification and displacement are “mediated by conceptions of race, class, place and scale” and catalyzed by transformations that are “physical, demographic, political, and economic.” We build our exploratory data analysis through the lenses of these meditating and catalyzing factors, allowing them to guide the various socioeconomic themes present in Boyle Heights. Also, in agreement with older gentrification literature, we accept that specific causes of gentrification include demographic change, housing market dynamics, urban amenities, changes in economic base², and come down to “social change [and also], at the neighborhood scale, a physical change in the housing stock and an economic change in the land and housing markets”³. Furthermore, this report is informed by endogenous gentrification theory and the understanding that gentrification and displacement are more than the immediate and direct results of changes that occur within a neighborhood, but also characterized by neighborhood externalities, such as wealthier individuals (and the development they demand) abutting poorer neighborhoods.⁴

For us, regarding property⁵ ownership, we believe that if community residents own property in their neighborhoods, they are in more control over potential changes to their environment, benefit substantially economically, and have more influence over the cultural and environmental aspects of their neighborhoods. Yet, demographic data indicate that the majority of Boyle Heights residents do not own property face significant financial barriers and suffer from alarming poverty rates. Thus, based on publicly accessible data, we can infer what challenges community residents face - but that information is not enough to truly understand the issues facing community residents. So, we designed this exploratory study to do that - 1) better understand the detailed, socioeconomic conditions of Boyle Heights residents; 2) examine property dynamic trends in, and directly outside of, Boyle Heights; 3) examine policies and systems addressing the perceived socioeconomic needs and trends of Boyle Heights residents, in relation to property; 4) use all of the collected information to form potential solutions to increase property and asset building opportunities for Boyle Heights residents.

¹ Zuk, M., Bierbaum, A. H., Chapple, K., Gorska, K., Loukaitou-Sideris, A., Ong, P., & Thomas, T. (2015, August). Gentrification, displacement and the role of public investment: a literature review. In Federal Reserve Bank of San Francisco.

² Ley, D. (1986). Alternative explanations for inner-city gentrification: a Canadian assessment. *Annals of the association of American geographers*, 76(4), 521-535.

³ Smith, N. (1987). Gentrification and the rent gap. *Annals of the Association of American geographers*, 77(3), 462-465.

⁴ Guerrieri, V., Hartley, D., & Hurst, E. (2013). Endogenous gentrification and housing price dynamics. *Journal of Public Economics*, 100, 45-60.

⁵ This report uses property ownership and land ownership interchangeably. When we refer to “property,” unless otherwise noted, we are referring to real estate property - both the land and the assets located on that land.

Report Overview

This report begins with a brief history of gentrification in Boyle Heights, followed immediately by a present-day demographic analysis of Los Angeles City and County in contrast to Boyle Heights. Our analysis of the neighborhood’s current demographics, explore poverty, ethnicity and dive deep into a wide range of housing-specific indicators. Much of our focus is on housing because in general, some of the most tangible property ownership opportunities for most residents are residential in nature, and because Los Angeles City and County, are in the middle of a housing crisis that stands to disproportionately impact low-income communities. Through our demographic data analysis, we demonstrate the precariousness of residential tenure and permanency in Boyle Heights.

Next, we review some of the general challenges low-income individuals face in terms of property ownership. We analyze details such as rising levels of rent burden and personal debt. Although some of this information correlates with the experiences of low-income communities in general, we also incorporate information that is specific to Boyle Heights as a way of introducing the need to explore such matters in more detail. This baseline of information is what helped frame our survey and focus group questions. Public data sources describe the various challenges communities like Boyle Heights face, but in digesting that data, we found that not insufficient information exists about the perceptions and feelings community members hold in relation to the socioeconomic issues we stress in our demographic and challenges data.

Adding to the information about demographics and ownership challenges, we follow these sections with an an analysis of property value trends in Los Angeles City and Boyle Heights. In this section we aggregate multiple, publicly accessible data sources and analyze home, land and commercial property values in Los Angeles and Boyle Heights over a 10 year period. Through this analysis, we learn not only that property values are increasing in both of these geographic areas, but that Boyle Heights experienced heavier negative impacts during the economic downturn of 2007-2008. This information further helps frame the notion that Boyle Heights residents are not only dealing with extraordinary personal economic challenges, but also confronted with very challenging property value dynamics. This information stresses that an incredibly large gap exists between the resources residents have and the resources necessary to own property in their neighborhood. These background sections set the stage for primary data we collected through a community-wide survey and a focus group. In our analysis of our primary data, we examine the very specific concerns of Boyle Heights residents in relation to gentrification, displacement and property ownership. Here, we learn the community readiness is a legitimate concern - a majority of residents do not have enough information about what it takes to own property in Boyle Heights and lack the information necessary to make decisions that can improve their personal financial conditions and possibly help them enter systems that can connect them to property in Boyle Heights.

Lastly, in the final four major sections, we coalesce all of our findings and frame the full picture of what community residents are currently experiencing, and walk through a multitude of regional, local and hyper-local strategies designed to mitigate gentrification and displacement. This analysis serves two purposes: first, we feel that it is important to acknowledge that there are countless ways to approach gentrification and displacement. We stress throughout this report that the influences and causes of gentrification and displacement are systemic and that there is no singularly focused policy or program that can fully mitigate all of the negative impacts outlined in this report. Second, one of our goals in this report is to recommend a hyper local strategy that may help increase access to property ownership for the residents of Boyle Heights. Thus the final sections concern themselves with specific actions we plan to explore in an effort to contribute positively to the current property environment.

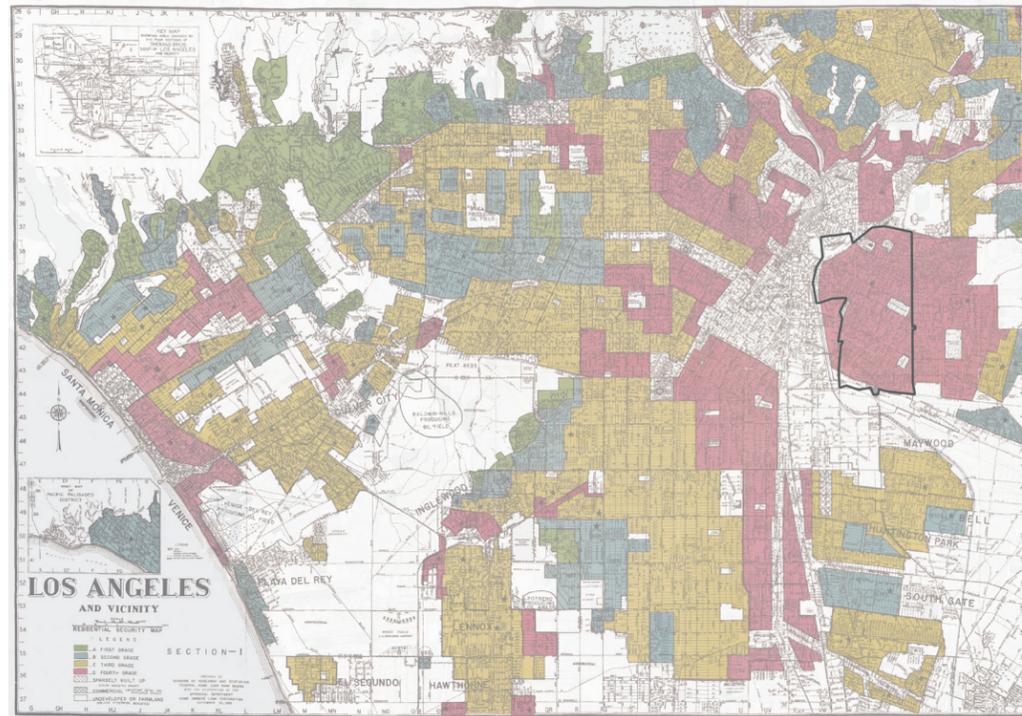
The Historical Context

Histories of exclusionary covenants run as deep as the origins of this country. In 1913, the California Alien Land Act was passed saying that the ownership of land by non-citizens, ineligible for naturalization, was not allowed because it infringed upon the rights of those who were citizens - white men.⁶ A series of other laws were passed in the years following to ensure that immigrants were not only discouraged from coming to California, but also from participating in the land market.⁷ Later, the Home Owners Loan Corporation, a government-backed

⁶ Gaines, Brian J., Tam Cho, Wendy K. (2004). On California’s 1920 Alien Land Law: The Psychology and Economics of Racial Discrimination

⁷ Gaines, Brian J., Tam Cho, Wendy K. (2004). On California’s 1920 Alien Land Law: The Psychology and Economics of Racial Discrimination

corporation designed to refinance home mortgages in risk of default⁸, created a system of exclusionary lending for housing and “redlined” areas deemed undesirable for people to move to. Below is a map of one piece of LA with an overlay of Boyle Heights.⁹



Gentrification of areas like Boyle Heights comes as part of this long history of exclusionary covenants and is exacerbated by the the rampant housing market that has made way for the crisis-level lack of affordable housing. The serial displacement and gentrification around these routinely disinvested areas is the next stage of urban renewal.¹⁰ Leading to the displacement of many residents in the newly reinvested areas, we argue that the many indicators of gentrification are adversely affecting Boyle Heights at a more rapid rate than other areas of both Los Angeles City and County.

Boyle Heights is more routinely affected by these forces because it is a low-income community with a high percentage of immigrants. From Russian, to Jewish, to Japanese, the residents in this neighborhood have always experienced marginalization by restrictive laws and covenants. More recently, residents’ lack of land ownership, combined with its close proximity to the booming Arts District in Downtown Los Angeles^{11,12}, is aiding in the rapid gentrification of the neighborhood. This narrative is not necessarily new. Boyle Heights retains a well-documented history of being a community primarily consisting of immigrants and marginalized people, confronted with a rapidly changing surrounding urban environment. Although we continue to see similar socioeconomic dynamics, Boyle Heights has gained a significant amount of attention, recently, as a result of highly-vocal and active resistance.¹³

Boyle Heights’ narrative in the news typically consists of three main topics - gentrification (and resistance), food, and some violence. Boyle Heights is an attractive destination for many in search of affordable housing options and authentic cultural experiences. For most who already call Boyle Heights home, and have for generations, their experience is becoming more and more defined by the threat of displacement. This threat is not taken lightly by the residents of Boyle Heights. As we write about later in this report, most residents are aware of the changing landscape and fear the change taking place in their community. Responses to these threats vary - some worry and try their best to build assets and work their way up the economic ladder however possible, while others stand in direct opposition by protesting any form of gentrification occurring in Boyle Heights. No matter the response, a few things are certain: the residents of Boyle Heights are

8 Hillier, A. E. (2003). Redlining and the home owners’ loan corporation. *Journal of Urban History*, 29(4), 394-420.
 9 <https://dsl.richmond.edu/panorama/redlining/#loc=9/34.0050/-118.1565&opacity=0.8&city=los-angeles-ca>
 10 Fullilove, Mindy Thompson. (2004) *Root Shock: How Tearing Up City Neighborhoods Hurts America, and What We Can Do About It*.
 11 <https://la.curbed.com/maps/arts-district-los-angeles-development-map-2>
 12 <http://www.latimes.com/business/la-fi-downtown-boom-20161130-story.html>
 13 <http://www.newsweek.com/2017/06/02/los-angeles-gentrification-california-developers-art-galleries-la-art-scene-608558.html>

feeling the burn of displacement and want to protect the place they call home.

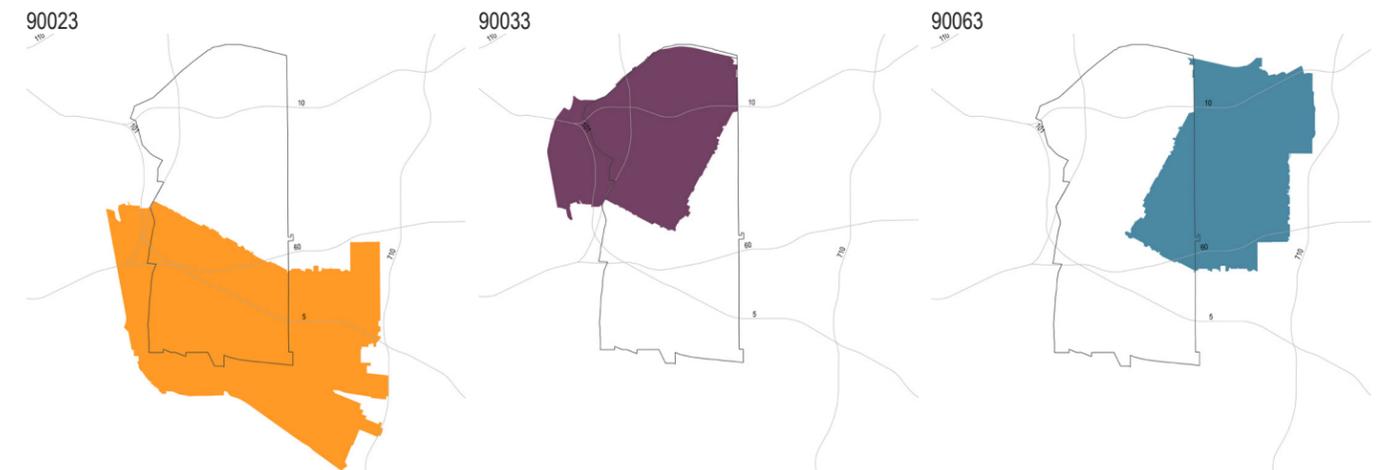
Of course, the rise of property values is a conflicting topic for those who live in Boyle Heights. For some, it causes great turmoil and can lead to displacement – whether it is their business or their home. For others, they feel it is nice to have the amenities that other areas of LA were afforded long ago. There are multiple sides to the story, but ultimately it comes down to this: those with enough money to afford the changes that come with gentrification, are happy to absorb the costs; those who do not, are displaced.

The Current Situation in Los Angeles

With the immense amount of growth happening next door to Boyle Heights in Downtown LA, it is hard to manage the growth that is occurring equitably because the land is considered so profitable. Currently there is a massive affordable housing crises in Los Angeles because property values are rising disproportionately to income.¹⁴ Because Boyle Heights is one of the lowest income neighborhoods in both the city and county, the crisis is not only affecting individuals in the neighborhood, but it is affecting them more than most other places in both the city and county.

Boyle Heights is made up of three zip codes: 90023, 90033, 90063, with some portions spilling out of the official neighborhood boundaries, as pictured below.

	90023	90033	90063	LA City	LA County
Hispanic or Latino	96.60%	91.30%	96.90%	48.70%	48.20%
White	2.00%	2.50%	1.20%	28.40%	26.90%
Black or African American	0.60%	1.10%	0.30%	8.80%	8.00%
American Indian	0.00%	0.10%	0.00%	0.20%	0.20%
Asian	0.80%	4.80%	1.10%	11.40%	14.00%
Native Hawaiian and API	0.00%	0.10%	0.00%	0.20%	0.20%
Some Other Race alone	0.00%	0.00%	0.20%	0.30%	0.30%
Two or more races	0.10%	0.10%	0.30%	2.10%	2.20%



Using these three zip codes as measures for the neighborhood, below shows the demographics of the zip codes, LA City and LA County. There is a much higher Latino/Hispanic population in Boyle Heights than in the rest of the City or County. Upwards of 90%, the Latino/Hispanic population is dominant in Boyle Heights, meaning that those affected by the forces of gentrification and displacement are primarily communities of color.

Similarly to affecting communities of color, the issues of gentrification are also burdening the young more so than in other areas. People

14 http://calbudgetcenter.org/wp-content/uploads/140508_Wage_Stagnation_EB.pdf

in the Boyle Heights area are typically younger than those in the rest of the City and County (see Appendix A Table 1A for a detailed breakdown). The Median Age in Boyle Heights hovers around 30, while in the City and County it is close to 35.

	90023	90033	90063	LA City	LA County
Median age (years)	30.5	29.4	30.8	34.9	35.6

Any issues that are plaguing this area are, therefore, plaguing a younger group of people and ultimately inhibiting upward mobility for younger families and individuals. There are much higher percentages of people ages 0 to 24 in Boyle Heights (42.3% in 90023, 42.6% in 90033, and 41.1% in 90063) than in the city and county (32.9% and 33.7% respectively). The lower average age in Boyle Heights indicates a potential for younger individuals to participate in the housing market, but only for those who make enough money and have the right credit.

Further, those living in Boyle Heights live with much lower wages than those in the City or the County. Below is the Per Capita Income for the three zip codes, the City, and the County. All three of the zip codes that make up Boyle Heights are less than half that of the per capita income in both LA City and LA County.

Similarly, the median earnings for those living in these three zip codes are well below, about two-thirds, the city's median earnings.

	90023	90033	90063	LA City	LA County
Per capita income (dollars)	\$12,010	\$11,721	\$13,697	\$28,761	\$28,337

	90023	90033	90063	LA City	LA County
Median earnings for workers (dollars)	\$18,870	\$17,946	\$20,616	\$26,505	\$29,356
Median earnings Male full-time	\$24,554	\$24,630	\$27,044	\$39,592	\$42,912
Median earnings Female full-time	\$22,220	\$24,741	\$23,661	\$38,945	\$40,637



To emphasize the magnitude of the housing crises in Boyle Heights and Los Angeles (City and County) are facing, we pull together information regarding housing tenure, costs and burden, below.

First, housing tenure identifies how many people own or rent the house or apartment they live in. To see a breakdown of the housing tenure in the three zip codes, city and county, please see Appendix A Section 2.

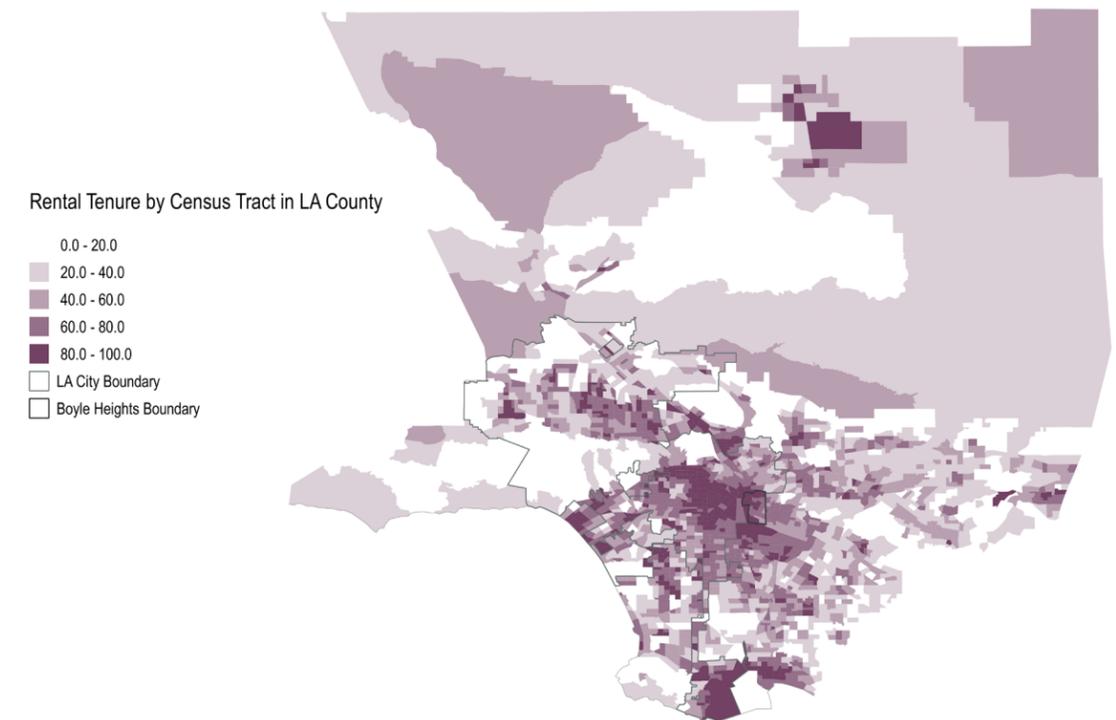
As seen Appendix A Section 2, in the Boyle Heights areas, there is a high concentration of renter-occupied units and lower amount of owner-occupied units compared to most of the rest of the County. The average percentage of renter-occupied units of the three zip codes based on census data from 2015 is 73.1% and offers the insight that property ownership is difficult in the neighborhood (Our survey shows that the percentage is likely higher - closer to 86%). The stark contrast between the two numbers indicates that there has been an uptick in renters since then.

The household size in Boyle Heights, according to Census data from 2015, is also much higher than that of the City and County. This indicates that either the households in these zip codes are spreading their already thin resources across larger groups of people, or that people are living in larger groups as a way of lowering their economic burdens. Shown below are the amounts of household income in each of the zip codes and in the City and County.

Those living in Boyle Heights live with much lower wages than those, on average, in the city or the county (Appendix A Section 3 for further detail). There is a much higher percentage of households that make less than \$15,000 per year in Boyle Heights than there are in the City and County. Considering that the poverty line for 2015 for a family of four is below \$24,250¹⁵, it poses the issue that many of the individuals living in Boyle Heights are living in poverty.

Conversely, with earnings below the average of LA City/County, the unemployment rate is also much higher. In the case of the 90033 zip code, it is about a third above that of the city and county. Please see below a comparison of unemployment rates across the county in 2015. Tied in with both the income levels and unemployment rates, the poverty rates of Boyle Heights are much higher than that of the City and County (Appendix A Section 5).

In the 90033 zip code, there are twice as many people proportionally that are living at or below the poverty line than in the county overall. Also in the 90033 zip code, nearly half of all families with female householders (without a husband present) are living below the poverty line. This could be because women on average make less than men in Boyle Heights. Regardless, the number of people living below the poverty line in Boyle Heights far surpasses that of the city and county meaning that younger minority individuals, particularly women, are affected the most by the low incomes and high cost of living in Boyle Heights.



Understanding the housing tenure, incomes, poverty levels and unemployment levels is key to understanding the housing need in all of the our examined geographic areas. Further discussing these numbers in terms of actual rent prices drives the point that housing is not affordable for people who live in Los Angeles, and even less so in Boyle Heights.

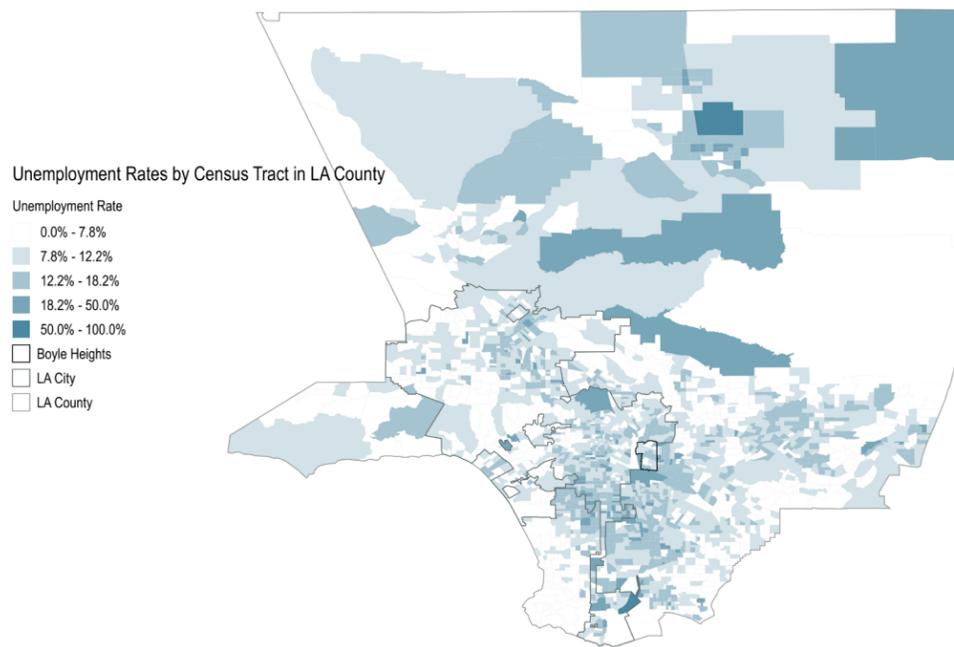
Overall, the median gross rent per month increased from 2011 to 2015.

	Avg. Household Size	
	Renter	Owner
90023	4.11	4.25
90033	3.52	3.93
90063	4.03	3.97
LA City	2.71	3.06
LA County	2.87	3.2

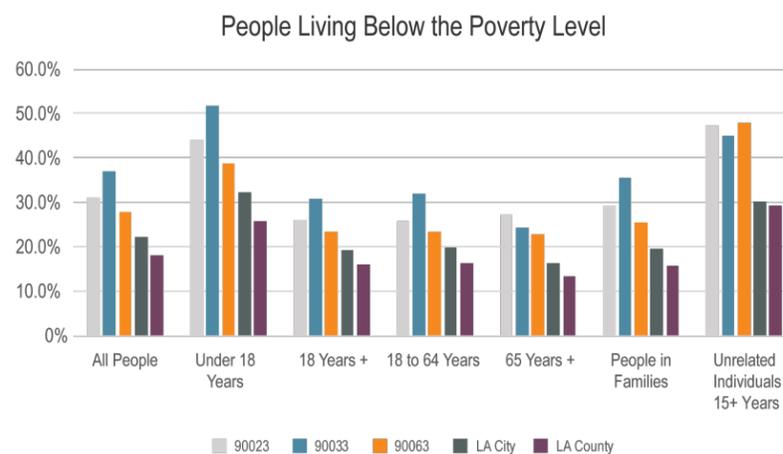
¹⁵ <http://www.scp.org/news/2016/09/15/64657/census-los-angeles-still-has-more-people-in-povert/>

	2011	2012	2013	2014	2015
90063	\$922	\$964	\$1,012	\$1,014	\$1,028
90033	\$870	\$889	\$891	\$908	\$911
90023	\$942	\$972	\$978	\$960	\$982
LA City	\$1,127	\$1,156	\$1,175	\$1,194	\$1,209
LA County	\$1,161	\$1,187	\$1,204	\$1,221	\$1,231

In comparison to LA City and LA County, the median gross monthly rent for Boyle Heights was nearly \$200 less in all its zip codes. This number is the median for all housing units that are renting, despite the number of bedrooms/rooms in the dwelling unit. The houses are smaller, with less bedrooms, in Boyle Heights than in the City or the County (see Appendix A Section 6). Nearly twice as much of the housing stock is five or more bedrooms in the City and County than in Boyle Heights. Meanwhile the number of two-bedroom homes is about one third more in the 90023 zip code than it is in LA City or County. Tying this with the fact that household sizes are larger in Boyle Heights begins to show the housing conditions that the individuals in the neighborhood are living under.



Not only are the houses in Boyle Heights smaller with lower income and more people per residence, but they are also burdened much more with rent than the average Angeleno or County resident (see Appendix A Section 7 for a full breakdown). Similar to the housing tenure, 90063 most closely mirrors the statistics of LA City regarding residents who pay more than 35% of their income in rent. However, both 90023 and 90033 are more than a few percentage points above the numbers of both the city and the county. Here is another indicator that the people living in these areas bear a larger burden of income cost than those across the city. There was an increase in people paying more than 35% of their income on rent across the board from 2012 through 2014, with the exception of the 90023 zip code where the trend



continued through 2015. Meanwhile, 90063 switches with LA City and has less people paying more of their income towards rent for the years of 2013 through 2015. With information about the increase in rent burden, the larger household residence size, smaller housing units, and comparatively low income, Boyle Heights becomes a place where heavy-handed displacement seems inevitable.

The increase in median rent over time could account for some of the rise in rent burden across the county, though this cannot explain the whole story because between 2014 and 2015, the rent burden decreased slightly while the rent prices continued to rise.

Median Value of Owner-Occupied Units

	2011	2012	2013	2014	2015
90063	\$330,000	\$292,500	\$273,400	\$280,400	\$299,100
90033	\$351,600	\$326,500	\$291,100	\$296,200	\$306,900
90023	\$339,400	\$307,300	\$287,500	\$294,900	\$299,500
LA City	\$513,600	\$470,000	\$446,100	\$453,800	\$471,000
LA County	\$478,300	\$443,300	\$420,200	\$425,100	\$441,900

Renters are not the only ones bearing a burden when it comes to monthly costs. Looking at the "Selected monthly owner costs" from the 2011 through 2015 Census, it is shown how much per month people pay to live - both as a direct number and as a percentage of income (for full detail, refer to Appendix A Section 8). The numbers are calculated from the sum of payment for mortgages, real estate taxes, various insurances, utilities, fuels, mobile home costs, and condominium fees.

Median Selected Monthly Owner Costs with Mortgage

	2011	2012	2013	2014	2015
90063	\$1,762	\$1,804	\$1,713	\$1,678	\$1,602
90033	\$1,872	\$1,975	\$1,999	\$2,010	\$1,986
90023	\$1,854	\$1,821	\$1,740	\$1,819	\$1,834
LA City	\$2,672	\$2,633	\$2,569	\$2,502	\$2,454
LA County	\$2,470	\$2,445	\$2,385	\$2,330	\$2,279

In the three Boyle Heights zip codes, mortgage owners spend nearly 20% more of their income on mortgages and housing costs than the average LA City and County dweller.

As shown earlier, the median earnings for those living in Boyle Heights is significantly lower than those of the City and County. Similarly, the median earnings for those living in these three zip codes are well below that of the city's median earnings.

	90023	90023	90063	LA City	LA County
Median household income (dollars)	\$35,736	\$27,622	\$40,006	\$50,205	\$56,196

Looking at these issues collectively, in conjunction with the many challenges that future home-owners face in a market like California's, gives information to show that Boyle Heights is in a moment that can change the course of its future permanently. Those living in the predominantly immigrant and working class neighborhoods are at the highest risk of being displaced for many reasons, and the information above supports this claim for Boyle Heights. Next we go into further detail within Boyle Heights as its own entity and with the different forces at play mapped out.

A Deeper Dive into Boyle Heights

As formerly discussed, Boyle Heights is home to mostly low-income residents and proportionally far more immigrants than the rest of the city. Taking into consideration the many aspects previously mentioned that are contributing to the housing crisis and general well being of individuals in Los Angeles and especially Boyle Heights, diving further into the specifics of the neighborhood provides analyzed information on how it is truly at the cusp of an onslaught of displacement.

Understanding the Area Median Income (AMI) for Los Angeles and the surrounding area is key because many numbers are based off this calculation. The Area Median Income defines what “affordable” housing is for an area. Considering that many city and state incentives only go as low as 80% of the AMI, it is clear that even the affordable housing being built is still not substantial enough to reach the vast majority of residents in Boyle Heights.

	Renter Median Inc. (adjusted for Family of 4)	% of AMI (Family of 4)	Owner Median Inc. (Adjusted for Family of 4)	% of AMI (Family of 4)
90063	\$39,708.19	47.84%	\$40,308.31	48.56%
90033	\$31,388.64	37.82%	\$28,113.99	33.87%
90023	\$34,779.56	41.90%	\$33,633.88	40.52%
LA City	\$74,103.32	89.28%	\$65,627.45	79.07%
LA County	\$78,321.95	94.36%	\$70,245.00	84.63%

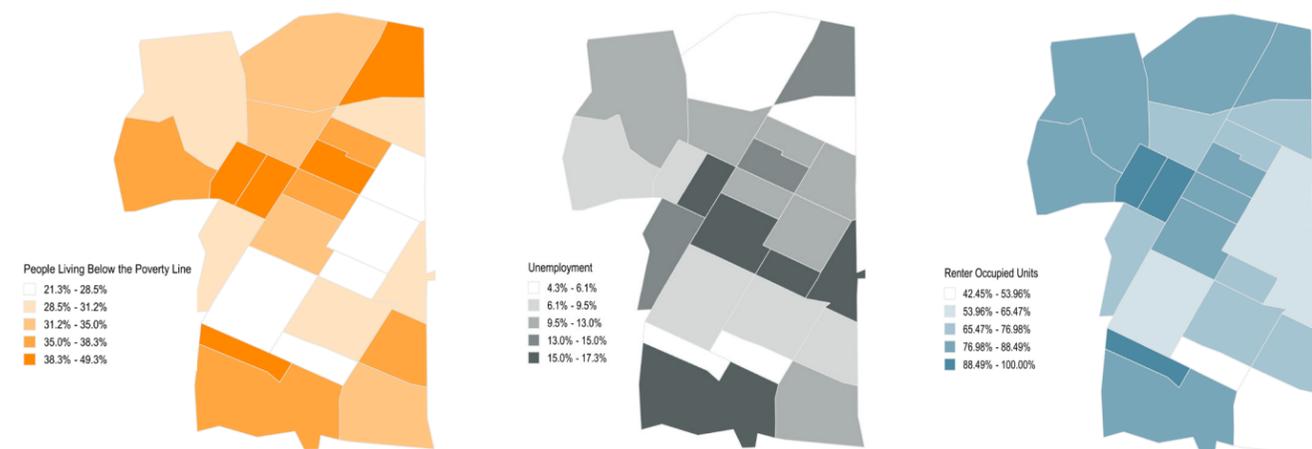
	100%	80%	50%	30%
LA County AMI (Family of 4)	\$83,000	\$66,400	\$41,500	\$24,900

The numbers above adjust the median income for each household by what it would equate to if the household were to have a family of four (in order to accurately compare to AMI for family of four). First the average household size is attained for both renters and owners in each geographic area, then that number is divided by four (for four people in the household). Then the median household income is divided by the adjusted percentage found in the first step in order to account for four people in the household. Lastly, that adjusted median income is divided by the AMI for LA County to find the true percentage of AMI the household income is for a family of four.

Looking at the average household size for each of the geographies examined, adjusting for 4 people living in a household is necessary in understanding how smaller amounts of resources (money) are spread out among more people in Boyle Heights and the immediate surrounding areas. By seeing what percentage of four people lived in the average household, and then dividing the median household income by the resulting number provides the amount of median household income for an adjusted household of four. Above shows the table of median income per geographic area, separated by owner vs. renter, as comparison to the AMI set by the Department of Housing and Urban Development. As shown, the three zip codes in Boyle Heights are severely below the AMI, while the City and County are below the AMI, but only barely. In Boyle Heights, the average household, according to these AMI figures, are considered somewhere between “extremely low” income and “very low” income.

For reference, here are a few maps that show the poverty levels, unemployment rates, and occurrence of renters in 24 census tracts that make up Boyle Heights (please note the changing legends):

There are many factors that contribute to the whole picture of affordable housing in the neighborhood. After looking at the AMI as a way of



gauging the feasibility of Boyle Heights residents to own a home, the first item relevant to families success is the amount of affordable public housing in the neighborhood. There are only six locations of public housing in Boyle Heights, amounting to 255 units in total (see Appendix I for the detailed locations). This infers that there are not enough affordable housing sites to keep up with the amount of people who need them in the neighborhood. This does not take into account the buildings that have affordable units in them but are privately owned. Because most individuals and families in Boyle Heights would qualify for subsidized housing, it is clear that the development of affordable housing sites will be beneficial to the neighborhood.

With the need for affordable housing, we looked at the permits that have been filed in LA City since 2013 to see if there will be an increase in housing in Boyle Heights. Over the course of the last four years, about 850,000 square feet of residential space additions have been permitted, 770,000 square feet of commercial space additions and 397,000 square feet of manufacturing space demolition. For the full breakdown of square feet of construction and demolition per month, please see Appendix B. These numbers came from LA City’s Open Data Portal on new building permits filed. The information speaks to some of the development that is going on in Boyle Heights and what direction the neighborhood could be moving in when it comes to new construction. Because there was much manufacturing space demolished, it could mean a shift in use of the industrial spaces that make up much of the neighborhood.

While much construction and renovation is happening in Boyle Heights, there is also a lot of vacant land with the potential to be used by community members in constructive ways.

There are 329 vacant lots in Boyle Heights. Of those lots, there are 185 that are already residentially zoned. This means that there is significant potential for a robust network of houses or buildings that can provide more affordable housing, or other needed amenities in the neighborhood. The following page (15) shows the location of each of the vacant lots (marked parcels). Those in orange are lots that are zoned as residential, making it easier to utilize these lands for housing. The purple locations are all other vacant lots, including industrial and commercial. Combined, these show an impressive network of possibilities to provide affordable asset/property/land ownership for the people of Boyle Heights.

Aside from the vacant lots that make up much of the landscape in Boyle Heights, there are also a number of new housing units that have come into existence since 2013. Many of them are single family homes, while a couple are different apartment complexes that have both market rate and affordable units in them. While the affordable units will be helpful for the individuals living in Boyle Heights, the market rate units are concerning because of the people with higher incomes who will be moving in and potentially causing an uptick in property values in the areas surrounding the new housing developments. This rise in property values comes with the looming possibility that rents will also rise, causing displacement of the overwhelming renter population that makes up the neighborhood.

According to a report produced by Enrico Marcelli and Manuel Pastor, there are about 15,000 unauthorized immigrants - making up about 17% of the total population - in Boyle Heights¹⁶. Those who are living as unauthorized immigrants in Boyle Heights have a much harder time acquiring land and ensuring a stable life that is not plagued by the threat of displacement. Also with living in Boyle Heights as an unauthorized immigrant is the inability to acquire a social security number, making the home and property owning process that much harder to overcome. If, as in the case of Boyle Heights, there is a lack of credit scores or low credit scores, it is a circular system because those with lower credit scores get higher interest rates, making more principal money owed in the long run and ultimately more payments with the lower incomes that individuals in Boyle Heights tend to have.

Challenges to Property Ownership and the Effects of Displacement on Low-Income Residents

At the root of displacement is the ability to own land. If property values rise in such a way that rent rises for renters, tenants who were just getting by are now in danger of being displaced. In Boyle Heights, there are certain areas that are upwards of 80% renter-occupied. The average for the neighborhood is 78% renter-occupied. Comparing this to the City (63%) and the County (54%), it is clear that Boyle Heights

¹⁶ https://dornsife.usc.edu/assets/sites/731/docs/Unauthorized_Uninsured_Feb2015_PressRelease_CSII.pdf

residents are much more at risk of being displaced. Ultimately, what the individuals need in order to ensure a stable life not plagued by displacement, is equity. So why is it so difficult to own land in Boyle Heights? There are multiple factors preventing land ownership in the neighborhood. One of the most prominent is the access to money. Many of these families make only 40% or less of the Area Median Income and are, on average, feeding more people per household than in the City or County. This means their smaller sums of money are being spread far thinner than that of the average household in LA City and LA County. Ultimately, producing any amount of extra money to pay for the down-payment for a house is hard to come by.

Despite Boyle Heights being at increasing odds of gentrification, displacement and land speculation, this is not a unique situation. Cities and neighborhoods across the country are facing these same issues. Looking at the housing market specifically in California, it is clear that these burdens are hard hitting to Boyle Heights. Below details out the many challenges that are faced by prospective home owners.

First, the inventory of single-family units in the U.S. is lower than it was a year ago (while prices have increased) causing a demand in housing that will likely continue to make it difficult for those who want to buy a home. Even with a push to develop more housing, this does not cover the amount of housing that is needed currently, nor does it take into consideration the amount of affordability that is needed to accommodate all income levels of residents who are in need of housing, as well as those moving to California.

Although it is possible for market rate housing to become more affordable housing a few decades later,¹⁷ this does not account for the situation many cities across California, and especially Los Angeles, face.¹⁸ The development of market rate housing in low-income areas will quickly displace many of the individuals who are most vulnerable to displacement - the renters. Because Boyle Heights is a high-renting tenure neighborhood, many of those who live there are at risk of being displaced by market rate housing, and further increasing the potential for those who do not own property to stay renters of the area because of increased housing costs.

Because rents have continued to go up in the last few years while wages have stagnated and not grown nearly as much as the rental prices, we can infer that saving significant amounts of money has become very difficult. In Boyle Heights, wages are low while households are full, meaning less disposable income for households, and less savings for purchasing homes. Providing more opportunities for home loans such as FHA loans that only require 3.5% down is an absolute necessity in order to create more opportunities for upward mobility in low-income neighborhoods like Boyle Heights.

In addition to the lack of opportunity for upward mobility, there are two major issues that are faced by the community in Boyle Heights: 28% of residents feel as though their credit-worthiness is either non-existent or not up to par, and 17% of the population is undocumented and therefore cannot participate in the credit industry.¹⁹ Ultimately these two major issues are holding back people in Boyle Heights from being able to own property. Credit scores for those who are receiving housing loans are much higher than that of those receiving them before the housing crash. In 2016, 58% of home loans were given to people with a credit score of 760 or more.²⁰ One way to mitigate a portion of this would be to employ the use of Individual Tax Identification Numbers and other means of financial feasibility instead of primarily focusing on credit scores as the entryway to homeownership loans.

Student debt, a peripheral issue that possibly negatively impacts the economic prosperity of the many Boyle Heights residents²¹, has grown over the years since the housing crash in 2008. In 2008, only 5% of household debt was attributed to student debt, while in 2017, this number has more than doubled to 10.6%. Meanwhile, the amount of housing debt has decreased in that same period of time. In 2008 it took up 73.1% of household debt, while in 2017 it was down to 67.8%.²² The rise in student debt over the years contributes to the already burdened renters by making it even more difficult to save up money for personal use and for the down-payment of a house. That said, the average educational attainment in Boyle Heights is lower than that of the City and County. Of course this loops back because the population in Boyle Heights is very young, however, it does not have quite the educational attainment as the City; therefore, the wages are much lower for individuals in Boyle Heights, creating a further divide in the amount of money that is able to be saved for the down-payment of a house.

¹⁷ <https://nextcity.org/daily/entry/subsidized-housing-development-reducing-displacement-san-francisco>

¹⁸ There are no signs of the demand going down in California or Los Angeles. Therefore, it is not fair to assume the simply building more housing is a complete strategy in order to achieve greater levels of affordability.

¹⁹ https://dornsife.usc.edu/assets/sites/731/docs/Unauthorized_Uninsured_Feb2015_PressRelease_CSII.pdf

²⁰ <http://escholarship.org/uc/item/51w4x9gr>

²¹ A large portion of survey respondents between the ages of 18 - 25 associated school with existing, personal financial barriers

²² <http://escholarship.org/uc/item/51w4x9gr>

Post Foreclosure Stress Disorder, coined by Rosen Consulting Group,²³ refers to people being nervous of buying a house because it may not actually guarantee equity. Those who remember and experienced the housing crash of 2008 recall the enormous amount of unsettlement and chaos that it caused for families across the U.S. Nearly 9 million houses went into foreclosure across the country and almost the same amount of individuals lost their jobs. People have emotional responses to events like this, and having the memory of losing a home and equity in what was supposed to be one grounding aspect of a livelihood has lasting effects. This kind of event on top of the student debt that is amassing, the low wages, perceived lack of credit, and lack of savings and assets creates the perfect storm for those living in places like Boyle Heights to be afraid of buying property - particularly in a market that is the highest on record.

Over the course of the last 5 years, housing has also become more unaffordable for minority groups of people. In Los Angeles specifically, according to Redfin, for Hispanic homeowners, housing affordability has dropped by about 12% since 2012.²⁴ This means that there were 12% less listings available to Hispanic homeowners in 2016 than there were in 2012. This information is topped with the fact that less houses have become affordable to median income holders over that same period of time. This indicates that housing is becoming increasing less affordable, especially to minority owners living below the median income level.

Because of the housing crash in 2008, policies were put in place to ensure that another housing crash does not occur. These policies include much more stringent requirements for credit worthiness and other factors going into home loan lending. These requirements include high credit scores and require that lenders list out all of the reasons someone might not be able to repay their loan - even small items that ultimately do not truly affect an individual's ability to pay back a loan. In Boyle Heights, many of the individuals who live there are worried about their creditworthiness if they do have credit, or worried about their lack of credit if they do not. Because a (very high) credit score is one of the initial steps to owning a home, it serves as a strong barrier against those who have low to no credit. The availability of mortgages for those who do not have credit or have poor credit is low, and therefore poses a threat to the ability to apply for a home loan.

Finally, Boyle Heights is predominantly Latino and low income. According to a report on credit "invisibility" by the Consumer Financial Protection Bureau, it is estimated that 45 million individuals in the US have no credit scores. This report also finds that "[30%] of consumers in low-income neighborhoods are credit invisible and an additional [15%] have unscored records." Furthermore, "Blacks and Hispanics are more likely than Whites or Asians to be credit invisible (compared to [9%] of Whites and Asians) and an additional [13%] of Blacks and [12%] of Hispanics have unscored records."²⁵

The list of factors amounting to why people in California, and specifically Boyle Heights, do not own property is continuing to grow. With the analysis of the area as a backdrop to the barriers found in owning a home, Boyle Heights is in dire need of an intervention to prevent the mass displacement that will occur if business continues as usual.

Property Value Trends in Boyle Heights and Los Angeles

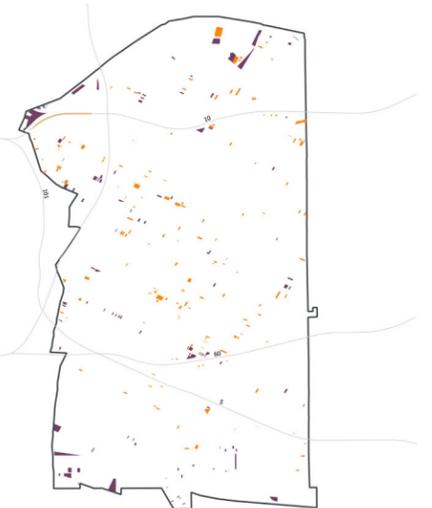
As we stress the challenges above, we know that property values are rising throughout Los Angeles at alarming rates and that wages are stagnant. This is heavily reported and covered

²³ <http://escholarship.org/uc/item/51w4x9gr>

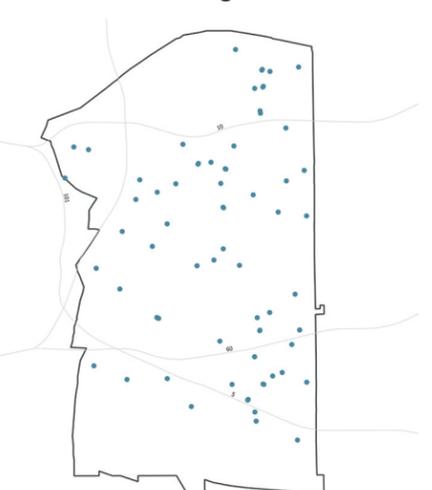
²⁴ <https://www.redfin.com/blog/2017/05/priced-out-the-housing-affordability-gap-in-americas-largest-metros.html>

²⁵ http://files.consumerfinance.gov/f/201505_cfpb_data-point-credit-invisibles.pdf

Vacant Lots in Boyle Heights



New Housing Units since 2013



exhaustively by the likes of the Los Angeles Times²⁶, KCET²⁷, Curbed Los Angeles²⁸ and many other credible news outlets. Most of these sources, however, examine Los Angeles as a region and usually only take into consideration housing related prices (rent or home values). As we convey earlier in this report, property values through the lens of housing market dynamics is one of, if not the most important factors to consider when studying anything related to gentrification. However, the objectives of this report are more specific. We want to understand the dynamics of all property values in Boyle Heights because we want to consider and build recommendations that extend beyond housing, if necessary. Housing, again, in the context of gentrification and displacement is important - we want the residents of Boyle Heights to have access to affordable housing, but that is just one component of the equation. Above we discuss the various income and poverty related barriers that also play an important role in gentrification. Thus, the balance between income and displacement is delicate. We still believe that property ownership is important, but we also question if housing is the only opportunity. Later in this report we discuss various strategies that may help curb the displacement of Boyle Heights residents, but we believe that the most appropriate responses to gentrification are those that are comprehensive and help address poverty and the lack of significant assets owned within the Boyle Heights community. Hence our interest in real estate property - any real estate property. We want to explore the possibilities of connecting current residents, physically, with the physical space that is Boyle Heights in meaningful ways so that they have more say and control over what happens to their neighborhood.

In this section we aggregate various property data to understand the overall trends specific to Boyle Heights and Los Angeles City. Finding, organizing and comparing property data is a difficult process and one with numerous limitations. First, there are few data sources with sufficient information that can be applied to local geographies. In this case, our local geography of interest is the neighborhood of Boyle Heights. Several data sources exist for larger geographic regions, such as Metropolitan Statistical Areas, with aggregate values (averages, medians) for indicators that can serve as proxies for overall property values (e.g. home prices) but their level of detail leave neighborhood-level questions unanswered. Second, most accessible data sources focus solely on home values. Home values, without a doubt, are important indicators for a number of economic and social issues. But, because we chose to incorporate residential and commercial property values, relying entirely on popular, housing-focused datasets was not an option. Third, popular data sources often utilize proprietary formulas and methods for determining home/property values. For example, house prices are determined by a wide range of subjective factors - size, location, age, number of physical improvements, etc. Zillow, one of our data sources, uses their own, proprietary index for estimating home prices. The Federal Housing Finance Agency uses a similar index for assessing and measuring house prices, simply called the "House Price Index" (HPI). There are no fixed/universal methods for assessing the values of homes or properties. Because there is no uniformity in how values are ultimately assessed, major differences exist between market values and publicly assessed values. Lastly, there are private data sources that collect local-level, property market data but we opted not to use these data sources because of costs. Private real estate data is very expensive, especially if the data covers entire neighborhoods and/or cities. Such data is designed more for individual properties (i.e. for buyers interested in specific, individual properties). After deliberating over the costs and benefits of acquiring and using such data, we decided that it was not absolutely necessary. Publicly available data is more than enough to accomplish our goal of exploring and analyzing property value trends over a ten year period within Los Angeles City and Boyle Heights.

To overcome the limitations outlined above, we aggregated a wide range of data that cover Los Angeles City and Boyle Heights, and take into account residential and commercial property values. Here are the descriptions of the datasets we collected and used for this report:

Zillow Median Home Values²⁹: Zillow is a private real estate platform that connects potential home buyers and real estate agents with information about house prices and real estate market conditions. Zillow also cultivates and makes certain real estate data publicly accessible and free of charge. Zillow determines median home values through a proprietary method for calculating and predicting sales estimates called "Zestimates" (a full description of their methodology can be found in the link provided in the footnote in this section). Zillow offers data that reaches zip code-level detail.

Los Angeles County Office of the Assessor Parcel Data: The Los Angeles County Office of the Assessor carries the "primary responsibility of [discovering] and [enrolling] all taxable real and business property."³⁰ Data constructed by this office incorporates "all taxable property within Los Angeles County" and assigns values to different components of all assessed property.

²⁶ <http://www.latimes.com/local/california/la-me-lopez-equity-wealth-20171126-story.html>

²⁷ <https://www.kcet.org/shows/city-rising/rising-rent-burden-in-los-angeles>

²⁸ <https://la.curbed.com/2017/11/13/16635946/rent-cost-los-angeles-income-percent>

²⁹ <https://www.zillow.com/research/zhi-methodology-6032/>

³⁰ https://assessor.lacounty.gov/wp-content/uploads/2017/10/LACountyAssessor_AnnualReport_Digital.pdf

For all collected data, we controlled for a specific time range and geographic areas:

Time: We chose a ten year period for two, principal reasons. First, neighborhood-level property value data is not very consistent or thorough beyond ten years. LA County Assessor data, in particular, begins to demonstrate quality/integrity issues in the years before 2006. Zillow housing data retains a higher level of integrity going further back than LA County Assessor data, but also begins to demonstrate significant gaps around 1996, particularly in our desired geographic regions. Second, ten years is more than enough time for our exploratory purposes. Afterall, the purpose of this report is to deal with present solutions - not understand the detailed history of property values in LA City or Boyle Heights. Thus, our data extends from 2006 through 2016.

Geographic areas: We restricted all information to Los Angeles City and the neighborhood of Boyle Heights. To isolate the information for Boyle Heights, we selected zip codes 90033 and 90063 within the data (for this analysis). We recognize that these zip codes encompass more than the neighborhood of Boyle Heights, but the demographics of both of these zip codes are sufficient for the purposes of this report. Extracting Los Angeles City data, within both datasets, was very straightforward as both datasets contained "City" variables. This level of detail adds to the reasons why we chose these sources of data. Not many other, publicly accessible data sources offer information that reach neighborhood-level detail.

In addition to time and geographic restrictions, we also took into account important limitations in the definition of "property" within our data and constructed variables according to these limitations (Appendix B, Section 5):

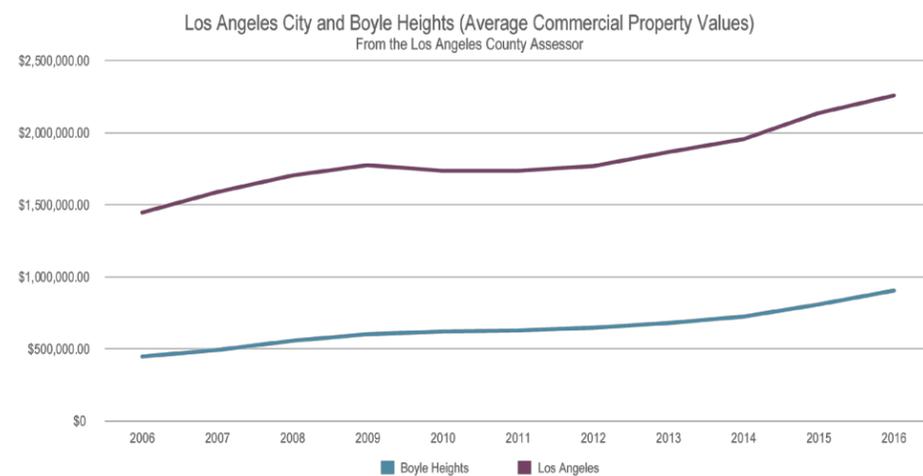
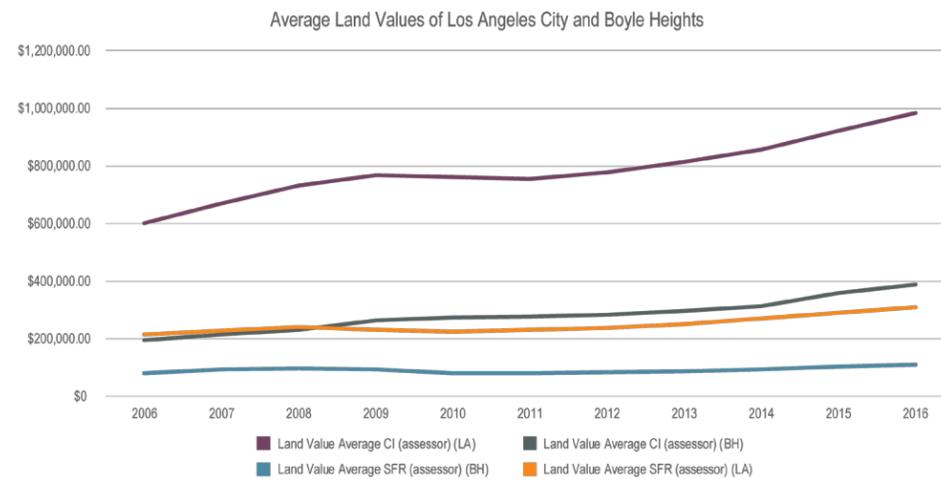
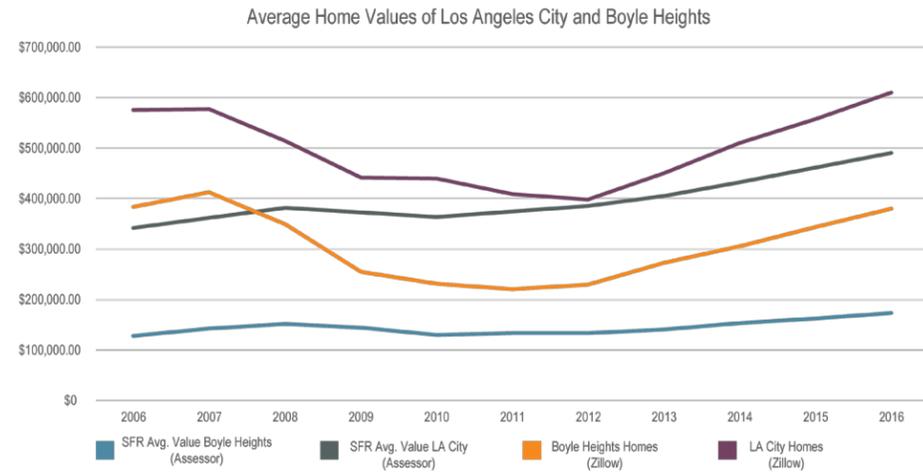
Houses vs. Commercial vs. Land Values: As we mention earlier in this section, our interests for this report lie in understanding overall trends within property values over a ten year period. "Property" encompasses more than houses. Thus, for this analysis, we distinguish between three types of property values that constitute the idea of "property" and constructed different variables representative of these property types through our chosen datasets:

LA County parcel datasets offer an extensive list of variables, many of which capture multiple facets of property values. For example, parcel records contain variables that measure the direct value of the land contained within that parcel, any improvements made to that specific land, and the value of the personal property located on that specific land. All of these individual variables may be collapsed within one or two singular variables that calculate the total value for land and/or property. LA County parcel data offers the highest level of detail when it comes to property values. Not only is this data available for specific zip codes (thus allowing for neighborhood-level analysis) but it is also raw data - it is not filtered or processed through any valuation models (unlike Zillow index data). From this parcel data, we constructed the following variables to help us analyze non-market trends for the following types of property values:

- Commercial Property Total Value - Sum of land values, improvement values, fixture values and personal property values for assessed commercial properties.
- Single Family Residence Total Value - Sum of land values, improvement values, fixture values and personal property values for assessed single family residence properties
- Commercial Property Land Value - assessed land values for commercial property.
- Single Family Residence Land Value - assessed land values for single family residence properties.

Zillow data consisted of Zillow's "Home Value Index All Homes (SFR, Condo/Co-op) Time Series" data. This dataset provides median house values for every month of every year, at the State, Metro, County, City or Zip Code level. As we mention in this section, we chose the Zip Code level data. Although this data is processed through Zillow's value index, it is still valuable in exploring housing market trends. It may not offer the level of detail one gets from parcel data, but because Zillow provides market rate values, it is useful to compare the residential total values assessed by the LA County Assessor and analyze how market rates compare to publicly assessed rates. One limitation in this data is that it does not offer commercial property values. Therefore, we can only examine commercial property values through our County Assessor data.

For our analysis, we first compare all related variables across our different data sets:

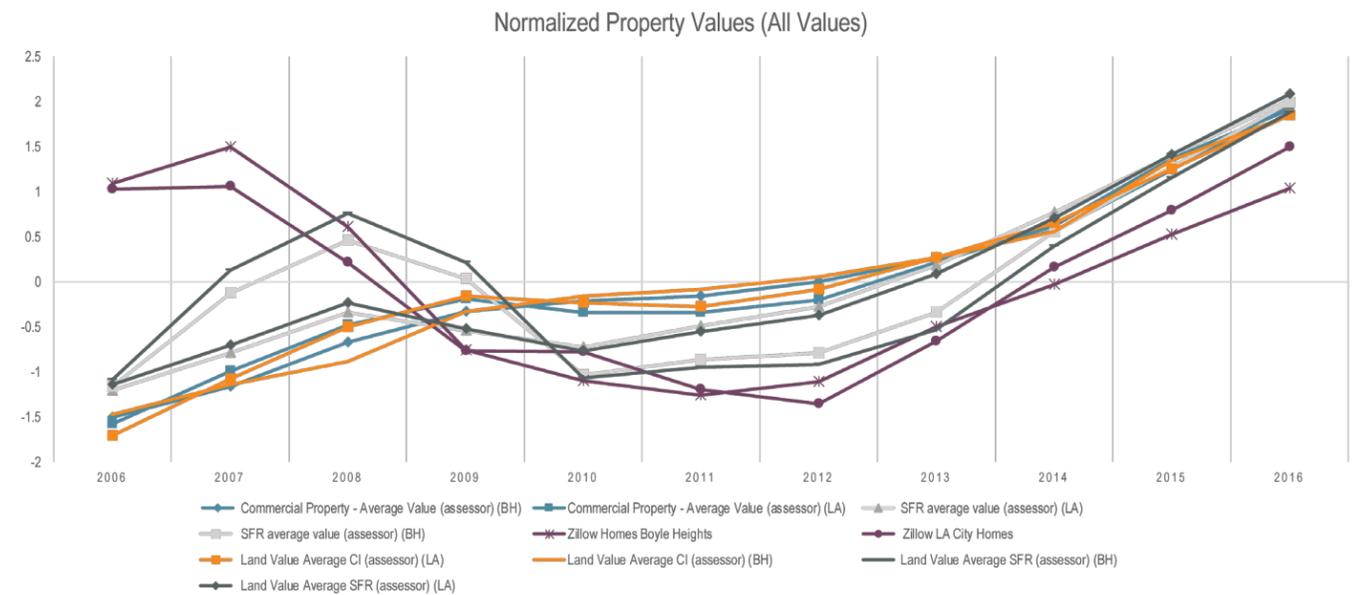


Nothing out of the ordinary emerges from these comparisons. Our “House Values” graph demonstrates easy-to-predict results: averages for Los Angeles City house values tend to be higher than those in Boyle Heights; market rate values (represented by Zillow data) tend to be higher than the averages yielded from our LA County Assessor data; and property values tend to increase over time for both LA City

and Boyle Heights (LA County Assessor house averages for Boyle Heights do appear somewhat flat, but there is a positive, increasing slope). The same trends apply to the rest of our graphs (all remaining variables - commercial property and land). In our “Land Values” chart, we see that average land values, designated for commercial use, in LA City, are significantly higher than all other averages. The fact that these averages are higher is not surprising, but what is interesting is that such a large discrepancy exists between average commercial land values in LA City versus those in Boyle Heights - LA City values are roughly three times greater. Similarly, in our “Commercial Property Values” chart, we see a similar trend. There is a major difference between LA City-wide averages and averages specifically pertaining to Boyle Heights.

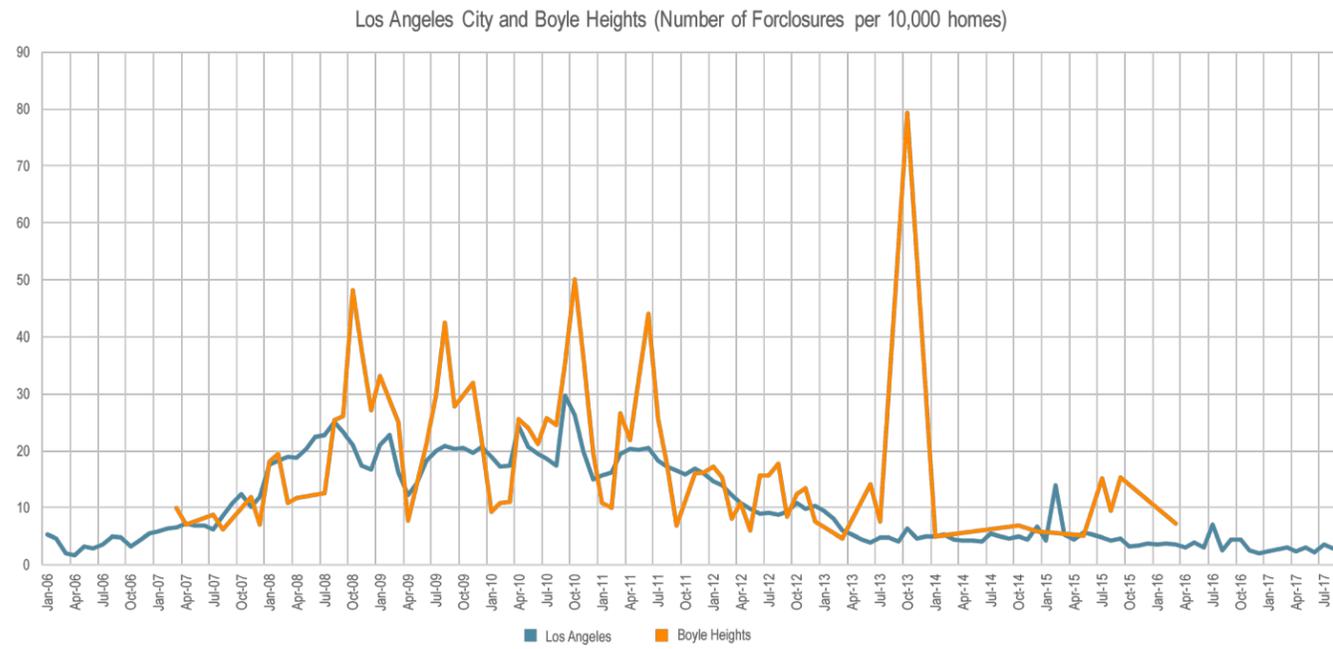
A simple correlation analysis of these data (Appendix C Table 1A) bring to light a few interesting bits of information. For example, averages of house values for LA City are highly correlated with average LA City commercial property values, while the same cannot be said for Boyle Heights - average house values are only loosely correlated with average commercial property values in Boyle Heights. Also, there are no correlations between LA County Assessor average values and Zillow median averages. This helps enforce the notion that market rate values and publicly assessed values follow their own sets of standards. Additionally, this adds more context to the discrepancies between market rate values and publicly assessed values - the market tends to produce higher and more volatile average values because of speculative forces.

To further understand the overlapping trends of our time series data, we also normalized our data (Appendix B, Section 5) through z-scores.³¹ This normalization provides relative values to each data point which exist on a common scale: -1 through 1. Here is what our overlapping comparison looks like graphically:



This “Normalized Property Values” chart further affirms a few trends our other charts have highlighted, and also highlights something a little more interesting. First, this chart affirms that all property values - commercial, land, houses, are steadily increasing. All of the lines in this chart coalesce around 2014 and share common, positive (upward) trajectories. A more interesting narrative exists between 2006 and 2009. In between these years we see that market rate property values are not only significantly higher, but the average market rate house values are the highest (relatively) in Boyle Heights. As a result of this position, Boyle Heights house averages take the biggest fall around the time of the financial crash, and fail to recover as quickly as city-wide averages over time. This suggests that Boyle Heights home values were much more inflated before the financial crisis of 2007 - 2008. Because Boyle Heights has always been home to a high percentage of low-income individuals, this information is extra concerning. Additional data offered by Zillow, specific to foreclosures, further affirms this finding:

³¹ Typically, with samples with fewer than 30 values, t-scores are the appropriate values to use for normalization/standardization. However, we opted for z-scores due to limitations in being able to calculate standard deviations for the voluminous data that makes up LA County Assessor parcel data.



We aggregated the number of foreclosures per 10,000 homes for both Los Angeles and Boyle Heights over the same period as our other data, except we also include information available for 2017 in this particular chart. These are very rough estimates, for both Boyle Heights and Los Angeles City, but they also point in the same direction as our overall property data - Boyle Heights suffered more from the financial crash of 2007-2008 and has not recovered as well as the rest of Los Angeles City.

More research is necessary to further examine the extent of the damage caused by the national, economic downturn of 2007-2008 on Boyle Heights. As of now, the data indicate that property values were possibly over-inflated in Boyle Heights leading up to the crash. Also, it is entirely possible that the residents of Boyle Heights were more susceptible to the predatory property schemes that helped fuel the financial crash of 2007-2008. For now, this information assists in understanding that Boyle Heights is a precarious place when it comes to property and its community. A neighborhood with the demographics of Boyle Heights is likely more significantly changed by volatile market forces and speculation and, as our data indicate, property values are quickly rising to levels equal to or greater than those before the financial crash of 2007-2008. Ultimately, these data serve as a “yellow flag,” pointing to a direction in current market trends that we need to not only be weary of, but also prepare for, by developing property related solutions that help remove the influence of speculation and lower the impact of market forces on overall property values. With a better understanding of the property values trends specific to Boyle Heights, our next section explores how prepared or interested the residents of Boyle Heights are when it comes to owning property in Boyle Heights.

Boyle Heights Property Survey

To understand the needs of the community, LURN surveyed residents in Boyle Heights to gain their insights on property ownership barriers, and to substantiate and humanize the statistics and challenges that were discussed earlier in this report. We surveyed a total of 431 residents in Boyle Heights.

Survey Methodology

The sample size (431) is larger than what is required for a statistically significant sample size (383) for a population the size of Boyle Heights’ (~100,000) with a confidence level of 95% and a margin of error of 5%. The survey is stratified according to gender and age populations, and was implemented randomly by community promotoras.³²

³² Community members trained in promoting health/wellness in their communities and trained in outreach and engagement tactics/methods.

Survey Questions:³³

- | | |
|---|---|
| 3. Age Group | 3. Age Group |
| 4. Gender | 4. Gender |
| 5. Residence Length | 5. Residence Length |
| 6. How long do you expect to live in Boyle Heights (BH)? | 6. How long do you expect to live in Boyle Heights (BH)? |
| 7. Do you own any real estate in BH? | 7. Do you own any real estate in BH? |
| 8. If not (to 7), have you ever owned real estate? | 8. If not (to 7), have you ever owned real estate? |
| 9. If you answered yes to any of the options in the previous question, why do you no longer own that piece of property? | 9. If you answered yes to any of the options in the previous question, why do you no longer own that piece of property? |
| 10. Have you ever applied for a loan to purchase any form real estate in BH? | 10. Have you ever applied for a loan to purchase any form real estate in BH? |

Age Group	Total
18-24	119
25-34	80
35-44	74
45-54	59
55-64	57
65-74	34
75 or older	8
Total	431

Gender	Total
Female	228
Male	203
Total	431

Residence Length (Months)	
Mean	224.9065421
Median	240
Mode	240
Standard Deviation	155.6421033
Sample Variance	24224.46431
Sum	96260
Count	428

Tables 1 – 3 (above) provide general demographic info for the survey. Table 3 indicates the characteristics regarding how long the surveyed residents have lived in Boyle Heights. As the table shows, the average length of residency for those surveyed is 224 months – about 18 years.

How long do you expect to live in Boyle Heights?		
>1	13	3%
1-5 years	51	13%
6-10 years	49	13%
11+	166	42%
Uncertain	112	29%

Do you own any real estate in Boyle Heights?		
No	370	86.0%
Yes-house/condo	51	11.9%
Yes-commercial property	6	1.4%
Yes-other	1	0.2%
Yes-vacant land	2	0.5%

Tables 4-5 (above) depict information related to residence expectancy and whether or not the surveyed residents currently own any real estate in Boyle Heights. As the data indicates, Boyle Heights residents seem confident that they will remain in Boyle Heights for a long period of time (table 4), however, the majority of residents in Boyle Heights do not own any form of property in their neighborhood. 86% of survey respondents do not own property, indicating that the census numbers showing renter occupied units has risen in the past two years.

The contrast between these two tables is peculiar because table 5 infers that residents may not have as much control over their living

³³ Question 13 does not currently have a table due to variety of responses. We are going to highlight those responses through quotes and a narrative as it was an open-ended question that would not benefit from codified answers.

conditions as their confidence indicates in table 4. Perhaps the confidence in table 4 is more of an indication of desire to live in Boyle Heights than it is control over their long-term living prospects.

Table 6
If no, have you ever owned real estate?

No	360	83.5%
Yes-house/condo	26	6.0%
Yes-commercial property	2	0.5%
Yes-other	2	0.5%
Yes-vacant land	0	0.0%
NA	41	9.5%

Table 7
If you answered yes to any of the options in the previous question, why do you no longer own that piece of property?

Sold it (voluntary)	4	21.1%
Sold it (involuntary)	2	10.5%
Lost it (could no longer afford it/ foreclosure)	13	68.4%

Table 8
Have you ever applied for a loan to purchase any form real estate in BH?

No	365	84.9%
Yes-house/condo	55	12.8%
Yes-commercial property	7	1.6%
Yes-other	0	0.0%
Yes-vacant land	3	0.7%

Table 9
If you answered no the previous question: Why?

Not Interested	66	15.3%
Not enough knowledge about the process	24	5.6%
Poor Credit/Not enough money/ financial barrier	121	28.1%
Lack of trust in the system	7	1.6%
Other barrier	72	16.7%
N/A	141	32.7%

Tables 8-9 summarize intent, in relationship to ownership, and the perceptions related to that intent. Considering the low rates of ownership demonstrated in table 5, the responses in table 8 are no surprise – 85% of residents in Boyle Heights have never taken a formal step to own property in Boyle Heights. What is surprising, however, are the responses that help explain the figures in table 8. Table 9 indicates that a large number of residents are simply not interested in engaging in the processes involved in property ownership (15%). A larger portion feel that their efforts would be futile due to financial barriers; in particular, survey participants highlighted credit as the single largest financial barrier, when it comes to property ownership (28%).

Table 10
If you were to apply for a loan to purchase real estate (of any kind) in BH, do you feel that you would get approved?

Yes	172	40%
No	216	51%
Unsure	38	9%

Table 11
Why (in relation to the previous question)?

Yes - Good Credit	68	27.2%
Yes - Overall Financial Health	10	4.0%
Yes - Have been approved	9	3.6%
Yes - Other personal factors	18	7.2%
No - Poor Credit/No Credit	62	24.8%
No - Overall Financial Health	25	10.0%
No - Other personal factors	58	23.2%

Tables 10-11 follow a similar path as tables 9-10 in asking the survey respondents about their perception regarding their likeliness to be

approved for property ownership. Table 9 indicates that although a majority of residents believe that they would not be approved for property ownership, a large portion of them feel that they would. Considering the larger socioeconomic conditions of the Boyle Heights population, this finding is surprising. When asked “Why?” those that answered “yes” indicated that their positive credit scores carried the most weight in their assessment. Alternatively, credit was the biggest component for individuals that answered “no” in table 9. These particular tables create more questions than answers – How familiar are residents with the processes/steps involved in attaining property? How familiar are residents with their credit scores? How well do residents understand how credit scores work? These questions are important because our respondents seem to place a lot of weight on credit. And, although credit is an important component in the property ownership process, there are other factors that can be just as important.

Table 12
Is real estate ownership one of your top three priorities in life?

Yes	214	51.2%
No	160	38.3%
N/A- I already own real estate	38	9.1%
Not sure	6	1.4%

Digging deeper into the sentiments and perceptions related to property ownership, table 12 seeks to place property ownership within the context of life priorities for those surveyed. Much like tables 10 and 11, table 12 yielded interesting results. Although the majority of those surveyed indicated that property ownership is a top priority in their lives, almost 40% of respondents indicated that ownership is not a high priority. Further research is needed to examine the causes behind these responses. Some of the questions that need to be researched are as follows: are Boyle Heights residents really not interested in owning property? Or are they simply jaded and feel that the process is too difficult or entirely unattainable for tangible reasons? Do these sentiments line up with national trends regarding ownership?

Table 13
If an opportunity arose to collectively purchase real estate and share equal ownership over that property, would you participate?

Yes	133	31%
No	284	66%
Maybe	11	3%

Table 14
Why (in relation to the previous question)?

No - Lack of trust in people	52	13.5%
No - Lack of trust in concept	23	6.0%
No - Sounds too complicated/too burdensome	74	19.2%
No - Lack of money/financial reasons	9	2.3%
No - Not interested for other reasons	96	24.9%
Yes - economic prosperity	35	9.1%
Yes - building community/social prosperity	52	13.5%
Yes - Other	33	8.6%
Unsure - positive	10	2.6%
Unsure negative	1	0.3%

Lastly, an additional goal for this survey (and study) is to determine how prepared/comfortable/ready Boyle Heights residents are for participating in alternative ownership models (CLTs, shared equity real estate, etc.). Thus, the final question asked – if an opportunity arose to collectively purchase real estate, would you participate? A majority of respondents answered “no” to this question. Although we did receive a large number of “yes” responses, our survey indicates that the majority of residents are not prepared or are not willing to participate in property ownership systems that would result in cooperative ownership over real estate. When asked why, for either “yes” or

“no” responses to this final question, respondents largely indicated that they either do not trust random people enough in order to participate, feel that too many issues and points of conflict would arise through shared ownership, or that they’re not interested in sharing ownership over property because they would rather undertake such a task on their own. For those that answered “yes” in table 13, a majority of these individuals cited the community benefits and social good components of cooperative ownership as the biggest drivers for their positive response (table 14, row 7).

This final question indicates that in order to move community opinions forward and in favor of shared/cooperative real estate property ownership models, more education around these alternatives is necessary as well as trust building exercises among Boyle Heights residents.

It seems that the residents of Boyle Heights understand, though might overvalue, the importance of credit or the role it plays in the process of owning property. Many of the respondents feel that because they have good or okay credit* they may qualify for a loan. Although that is a large component of property ownership, it is not necessarily everything. Granted, credit may be a reflection of financial health and financial responsibility, but it is difficult to come to a specific conclusion. More research would be necessary to determine if individuals in Boyle Heights understand what a “good” credit score is. Additionally, more research would be necessary to determine if Boyle Heights residents understand what is necessary to repair or improve their credit scores.

Testing for Significant Differences

To gain a better understanding of our collected data, we decided to explore some of our variables further by testing for significant differences. More specifically, we were curious to see if age or gender were significant factors in some of our survey responses. To do this, we isolated our gender and age variables and compared each one against a select group of questions through the use of contingency tables and “goodness of fit” tests as well as a modified form of Fisher’s Exact Test. It is important to note that several of the contingency tables contained structural zeroes. Incomplete contingency tables, or tables with structural zeros, are discussed at great length by Fienberg³⁴; Wickens³⁵; Chen & Fienberg³⁶; and various other statistics resources found online. To handle our incomplete tables, we implemented a method developed by Luke J. West and Robin K.S. Hankin³⁷, which is a generalized form of Fisher’s exact test and is implemented in the form of an R package called “aylmer.” The following are the questions we compared against our individual gender and age variables:

- Q. 7:** Do you own any real estate in Boyle Heights?
- Q. 10:** Have you ever applied for a loan to purchase any form of real estate in Boyle Heights?
- Q. 11:** If you answered no to number 10, why?
- Q. 12:** If you were to apply for a loan to purchase real estate (of any kind) in BH, do you feel that you would get approved?
- Q. 13:** Is real estate ownership one of your top three priorities in life?
- Q. 15:** If an opportunity arose to collectively purchase real estate and share equal ownership over that property, would you participate?
- Q. 16:** Why? (follow-up to Q. 15)

Tables for each of the completed tests will be added as appendices to this report. For the purpose of this analysis, in this section we will only report the p-values of the results for each of the chi-square tests and “aylmer” tests:

	Survey Questions	Age	Gender
Q. 7	Do you own any real estate in Boyle Heights?	*0.0004998 (a)	0.5167 (a)
Q. 10	Have you ever applied for a loan to purchase any form of real estate in Boyle Heights?	*0.0004998 (a)	0.367209
Q. 11	If you answered no to number 10, why?	0.05847 (a)	0.856019359

³⁴ Fienberg, S. E. (1972). The analysis of incomplete multi-way contingency tables. *Biometrics*, 177-202.

³⁵ Wickens, T. D. (2014). *Multway contingency tables analysis for the social sciences*. Psychology Press.

³⁶ Chen, T., & Fienberg, S. E. (1976). The analysis of contingency tables with incompletely classified data. *Biometrics*, 133-144.

³⁷ West, L., & Hankin, R. (2008). Exact Tests for Two-Way Contingency Tables with Structural Zeros. *Journal of Statistical Software*, 28(11), 1 - 19.

Q. 12	If you were to apply for a loan to purchase real estate (of any kind) in BH, do you feel that you would get approved?	0.4563 (a)	*4.74967768711117E-06
Q. 13	Is real estate ownership one of your top three priorities in life?	*0.0004998 (a)	0.075768339
Q. 15	If an opportunity arose to collectively purchase real estate and share equal ownership over that property, would you participate?	*0.003498 (a)	0.367193448
Q. 16	Why? (follow-up to Q. 15)	*0.04298 (a)	0.09195

*=denotes statistically significant result
(a)= denotes use of Aylmer test

We chose to only test these questions for two reasons. First, some of the questions in our survey are follow-up questions that yielded too few responses for these tests to provide any real value. Second, some (mostly question 14) yielded responses with too much variance to be codified. Responses for question 14 are more suitable for qualitative analysis.

In addition to these contingency tables, we also tested our gender and age variables against the results of “Question 5: How long have you lived in Boyle Heights?” We did this to explore if any significant differences exist between gender or age, when it comes to length of residence in Boyle Heights. For the gender variable, we used a standard T Test for Two Independent Samples. For our age variable, we implemented a Single Factor ANOVA test. (For the full analysis of Question 5 Significance with both Age and Gender, please see Appendix C).

Starting with Question 5, our tests indicate that the differences in length of residence, according to gender, are not statistically significant. Thus, it is safe to assume that gender is not a determining factor when it comes to length of residence. Based on our descriptive statistics, we know that men tend to live longer in Boyle Heights than women, by an average of 26 months (roughly 2 years). Even though this difference is not statistically significant, it is still valid to wonder why this is and to conclude that more information is necessary to draw specific conclusions in relation to this finding. Perhaps one factor is income. Women in Boyle Heights make less money than men. Therefore, one possibility is that they may not have the amount of financial security or independence necessary to remain in this neighborhood. Or, because Boyle Heights is largely composed of immigrants, it is also possible that the cooperative networks immigrant men build in low-income communities, often sharing living spaces in an effort to establish a foothold in this country, contribute to this finding.

Age, according to our ANOVA results (Table 2B in Appendix C), yielded statistically significant results, meaning that age is a determining factor when it comes to length of residence. This (mostly) makes sense when looking at the averages (in months) for each age group. For example, our youngest age groups (18-24 and 24-34) hold the lowest averages for length of residence. Where these data do not align with expectations are within the age ranges of 45-54 and 75 or older. Both of these age groups hold averages lower than the age groups before them. For example, the average number of months, in terms of residence within Boyle Heights, for our age group of 35-44 is about 18 months greater than the average for age group 45-54. It is unclear about why these differences exist. More research would be necessary to determine likely causes and contributing factors, such as corresponding migration patterns.

According to the significance values for each response, age is a more significant factor in explaining differences between the responses provided for each of the selected questions. Here’s how each question breaks down according to our analysis based on gender and age:

Q7: Do you own any real estate in Boyle Heights - In terms of gender, responses for this question are essentially split evenly. 370 men and women reported not owning any form of property in Boyle Heights (201 Women, 169 men). 51 men and women reported that they own homes (23 Women, 28 Men). Four men and two women answered “yes” to owning commercial property and one man and one woman answered “yes” to owning vacant property in Boyle Heights. Responses, according to age, vary more, but for reasons one would reasonably expect - the younger the individual, the less likely they were to answer “yes” when asked if they own property in Boyle Heights. Still, all of the age groups are sharply divided in their responses, with the vast majority answering “no” when asked if they own property in Boyle Heights. The age group with the smallest difference between “yes” and “no” is that of 65-74 (23 no, 10 yes).

Q10: Have you ever applied for a loan to purchase any form of real estate in Boyle Heights? - Similar to the responses for question 7, the differences in responses are not significant according to gender. Responses are distributed fairly evenly, with a majority of

respondents answering “no” when asked if they have ever applied for a loan to purchase property in Boyle Heights. Significant differences are present when age is considered, but much like question 5, the results are not surprising - the younger the participant, the less likely they were to answer “yes” when asked if they had ever applied for a loan to purchase property in Boyle Heights (and vice versa). What is interesting about the responses to this question is that such a large percentage of adults, beyond our youngest group of 18-24, have never applied for a loan to purchase a home or any other type of property. For example, 18% of individuals that responded “no” to this question, are between the ages of 35-44; 14% are between the ages of 45-54.

Q11: If you answered no to number 10, why? - This question, a follow-up to question 10, yielded a wide range of responses. So wide, that no statistically significant results emerged from our goodness of fit tests. As this was an open response question, details in the responses provide context to help make sense of our results. For example, many of the responses in our primary age group (18-24) attribute their lack of loan applications (“not interested”) to them having other commitments/priorities, such as school, that are more important than worrying about home ownership. Responses that fall into the “other barrier” category, included such barriers as immigration issues, time restrictions and not feeling ready for the responsibility of owning property. Still, the majority of responses for all groups are economic in nature. This indicates that at the very least Boyle Heights residents have assessed their individual situations and considered property ownership to some extent, but have no realistic avenues to manifest these ideas.

Q12: If you were to apply for a loan to purchase real estate (of any kind) in BH, do you feel that you would get approved? - This is the only response in which gender played a more significant role than age. Although a majority of respondents feel that they would not be approved for a loan to purchase real estate in Boyle Heights, women are more confident in their chances. We also asked “why” in a follow-up question, but the responses contain too much variance. Many of the “yes” responses cite “good credit” as a major factor. From this there are several questions that follow-up research could help answer, such as: Do women assume greater responsibility over financial management in their households than men? Or, do women understand less about credit scores than men? Or, perhaps this has more to do with optimism - perhaps women are more optimistic/enthusiastic about their possibilities.

Q13: Is real estate ownership one of your top three priorities in life? - Age, again, is the most significant factor in understanding the responses to this question. Responses to this particular question perfectly highlight one of the most serious findings of this report: older generations are not prioritizing home or property ownership. In these responses, we see that “yes” answers prevail within the age groups of 18-24, 25-34, and 35-44. But, that dynamic shifts with age group 45-54, where “no” answers become the majority. In the age group 55-64, “yes” answers regain the majority, but only by a single response and then then “no” answers prevail in the remaining age groups. We explore this finding in more detail through our focus group data in the following section of this report.

Q15: If an opportunity arose to collectively purchase real estate and share equal ownership over that property, would you participate? - This question was designed to gain initial insights on how informed residents are about alternative housing and property ownership strategies (cooperatives, land trusts, shared equity, etc.) and their willingness to participate in alternative³⁸ ownership strategies. Age is the most significant factor for this question. Although all groups responded “no,” more than that did “yes,” only two age groups were close to even: groups 35-44 and 45-54. All other groups overwhelmingly responded with “no.”

Q16: Why? (follow-up to Q15) - The aggregate results fail to tell the full story for this question. For instance, although “No - lack of trust” received a fairly large number of responses, the vast majority of these responses come from our youngest age group, 18-24. In expressing their unwillingness to participate, most of the other age groups answered “No - not interested for other reasons.” Within this set of responses are interesting answers that are difficult to categorize. For example, at least one participant indicated that they are not interested because they were uncertain about who would inherit their earnings/property. Other responses alluded to the fact that they would simply like to own property on their own. One other finding that sticks out pertains to the response “Yes - for economic prosperity.” This response was heavily favored by women, and individuals in the age group of 35-44. This finding runs somewhat parallel with our finding that women are more confident than men about their chances of getting approved for home/property loans. One other interesting and uplifting result is that a large percentage of “yes” answers fall into the category of “Yes - building community/social prosperity.” In other words, the majority of people who answered “yes” to participating in potential, alternative property ownership strategies, did so because of a belief in the cause and a desire to build community.

In summary, our survey data several numerous, important and concerning bits of information related to the opinions and experiences of Boyle Heights residents, in the context of property ownership:

- The vast majority of Boyle Heights residents do not currently own property and do not believe that they possess the financial security/health to do so.
- The vast majority of Boyle Heights residents have never taken significant steps to determine if they may even qualify for essential property ownership tools, such as home loans.
- The vast majority of the few individuals who have owned property no longer do so because of significant financial burdens.
- Age is a more significant factor, than gender, in explaining the results of our survey. And, more importantly, a large percentage of older adults (above the age of 25) do not highly-prioritize property ownership and seem somewhat indifferent about their prospects.
- When presented with the concept of cooperative property ownership, the majority of participants rejected the idea. The major reasons for rejection include lack of trust (in others and institutions) and the concept being too complicated and troublesome.

Although our survey yielded plenty of important information, it only scratches the surface of many of the underlying causes for several alarming trends:

Indifference: A large percentage of older, Boyle Heights residents, appear to be indifferent about property ownership. This does not mean that they did not aspire to own property in Boyle Heights at some point. This simply means that the concept is not a major concern at this time. Survey data indicate that this indifference is related poor financial health (including poor, or complete lack of credit) but it is possible that there are other reasons that are not captured in our results.

Knowledge: A majority of residents cite “credit” as a major, individual, barrier when asked about their experiences and opinions regarding property ownership. What this survey does not capture is how much knowledge Boyle Heights residents hold when it comes to personal finance and other important financial indicators. Also not captured by this survey is how much Boyle Heights know about the processes involved in owning property. It is entirely possible that many residents may actually qualify for essential programs and tools, but are simply not sufficiently informed.

Time: Our survey indicates that interest in property ownership diminishes as age increases. This a trend that we did not expect. This leads us to wonder: as people grow older, but are unable to improve their economic conditions, do they start to lose hope and give up on the idea of owning property (homes, in particular)?

Trust: As we mention in our data analysis, lack of trust (at various levels) emerged as an important theme in the rejection of cooperative ownership. However, a more vague theme was just as, if not more, present in the rejection of cooperative ownership: the feeling that cooperative ownership is too much trouble/would lead to too many problems. We believe that this second theme can be consolidated within the larger theme of trust. For example, based on the direct, open-ended responses for this portion of our survey, people seem to feel that the risk of individual failure (in property ownership) is too high, thus leading to one or more parties (possibly themselves) breaking the contract necessary for cooperative ownership to function.

Focus Group Analysis

Our survey data opened the door to many important, unexplored themes. Rather than leave these themes unexplored, we decided to supplement our survey with a focus group.

On November 10th, we hosted 14 Boyle Heights residents at LURN’s offices in Boyle Heights. The following is a description of the demographics of our focus group participants:

Gender: 11 women, 3 men

Ethnicity: All participants identified as Latino, Mexican or Mexican American

Language: All participants indicated that Spanish is their primary language

The central conversation questions of our focus group centered on personal barriers related to property ownership and experiences related to external social and economic forces that result in additional property-related issues. For example, we covered personal financial issues such as credit and knowledge related to the processes associated with property ownership, but we also extended the conversation to gentrification, when appropriate.

Our focus group was semi-structured with a few, planned questions but with plenty of room for moderate deviation. Participants were encouraged to engage in deep conversation and openly support or reject any ideas with which they did, or did not, agree. Lastly, the focus group was conducted in Spanish and lasted about one and a half hours.

Our analysis consists of three sections: common themes, disagreement, and group dynamics.

Common Themes

This section consists of the experiences, themes, issues or sentiments with which all members identified or that reached a high level of consensus. As with any focus group, some of the strongest pieces of information come from common, shared experiences or issues, between participants. Based on our topic of conversation, the themes that emerged helped confirm much of what we learned from our resident survey and also sparked new ideas and issues to explore. The following is a summary of our common findings:

Community Involvement: All of our participants expressed volunteering for, or interacting with (to a high degree), a local community organization. In and of itself, this finding is not particularly surprising. To attract participants, we promoted our focus group through the networks of local community organizations with whom we collaborate. Yet, this is important to highlight because such an occurrence, in any scenario, proposes an identifiable bias. In our case, we immediately knew to expect a deeper level of knowledge about the topics of discussion. Some of the organizations that were mentioned were Proyecto Pastoral and the Building Healthy Communities Collaborative (BHC).

Rent Increases: We controlled for individuals who rent their homes because, as we learned through our survey data, renters make up the majority of residents in Boyle Heights and experience significant socioeconomic barriers, which make them highly susceptible to displacement. A majority of participants expressed that their rents have increased in the past three years and are heavily concerned over future, potential increases. One participant in particular expressed that in order to cover her rent, she has had to share her home with other adult family members (more than one would expect in her space) so that collectively they can afford to remain in their home.

Age and Ownership: One of the reasons for primarily selecting participants between the ages of 35-55 was to further explore an interesting trend in our survey data: a large portion of middle-aged respondents expressed low interest in owning property. Because of the limitations of our multiple choice options, we were not certain if this was genuine disinterest or if interest was actually a form of futility disguised as lack of interest. Our focus group helped answer this question. A majority of our participants shared horror stories about older people, in Boyle Heights, losing homes they could no longer afford. Our participants grounded their sentiments in these stories and shared their fear of finding themselves in similar situations. Thus our participants were very aware of their age and viewed it as an additional barrier to ownership. Many also believed that passing down their potential homes, for which they would still owe money, would be burdens and not potential assets for their families.

Low Access to Key Information: This theme extends to multiple issues. For instance, our focus group participants expressed not having enough access to personal financial information, such as their credit scores. Also, although all of our participants expressed having some connection to, or knowledge of, one or more community organizations, they knew very little about specific, future development projects taking place in Boyle Heights. This theme only pertained to the specifics of certain topics and not general knowledge of these topics. For example, when asked about housing issues in Boyle Heights, several residents were capable of describing the major trends and experiences of Boyle Heights residents, as well as including terms like “displacement” and “gentrification” in their comments. However, when asked about knowledge regarding the specific processes involved in acquiring property or purchasing a home, fewer participants (if any) were able to contribute accurate information.

Knowledge of Complex Issues: As we mention in the point above, our participants demonstrated a solid grasp of systemic issues related to housing and poverty. This, we believe, is related to the fact that all of our participants are connected to local, community organizations. Organizations such as Proyecto Pastoral, organize community members and educate them on a large variety of economic and social issues. This theme was evident when terms like “gentrification” emerged as well as knowledge about specific income-to-rent thresholds (e.g., no more than 30% of income going to rent).

Misconceptions: Possibly related to information access, all of our participants held significant misconceptions about the requirements associated with property ownership. Many expressed concerns over the possibility of Government taking their property if they participated certain social welfare programs. They also held misconceptions about the role their states of residency play in the process of property ownership. This finding indicates that Boyle Heights residents are not only having trouble accessing information in general, but that the quality of their sources is low. We see this happen in other neighborhoods, as well - it is not uncommon for predatory businesses (payday services, unqualified legal services) to take footholds in low-income communities and propagate false information and charge individuals for services that are supposed to be free of charge.

Trust: Our participants expressed having very little trust in government institutions. When we discussed the idea of shared property ownership, as an opportunity to collectively pool resources and build assets, trust levels started low, but increased (in unison) as we dove into the details and discussed the benefits. Therefore, trust (present and lacking) was a common theme between our participants. This particular finding runs in parallel with our survey findings.

Personal Uncertainty: Our participants all expressed a high degree of uncertainty regarding their housing and economic conditions. None felt very confident in their abilities to build assets and secure permanency in Boyle Heights. Immigration status, for many, contributed heavily to this factor. Sub themes within this theme were: job security, financial savings, and unaffordable housing.

Disagreement

There was little, to no disagreement between our focus group participants. We believe this was most likely due to the homogeneity of our group. There was one moment where a slight amount of disagreement emerged, but it was very brief. When we asked participants about their willingness to work cooperatively with other community members, as a strategy to build assets, one participant stated that such strategy would not work because of the inherent distrust in institutions that exists within the Latino community. One participant was not content with the generalization, but this was quickly resolved as more participants agreed to a certain extent with his comment, but clarified that lack of trust stemmed from deceitful programs that often take advantage of Latino communities.

Group Dynamics

The dynamics and energy of our focus group were fairly consistent. At the beginning, participants were somewhat hesitant to voice their opinions in front of the group, but that changed as our moderator slowly introduced participants individually into the conversation. Nonverbal communication was common in understanding the overall feelings of the group (head nodding being the most prominent form of nonverbal communication). At times, one particular participant dominated the conversation. This person also interjected their opinions into the majority of topics discussed. It was apparent that this individual knew a significant amount (in comparison) about some of the more complex issues discussed and they also frequently mentioned their organization affiliations.

Understandably, the mood was mostly somber as most of our topics dealt with sensitive topics. However, there was one uplifting moment in the conversation that resulted from our discussion of cooperative, property ownership strategies. When the idea of pooling resources within the community of Boyle Heights was introduced, hesitation, at first, was high. However, that hesitation quickly dissolved once we worked out some of the details with our group. Certain conditions, such as making sure that they know all of the individuals participating in a potential cooperative, and having a good and trusted intermediary/facilitator, helped increase the favorability of the idea. This malleability is encouraging. It is easy to infer that community members may simply not want to deal with the complexity of cooperative strategies based on our survey findings (exposing community members to all of the details may not be the best strategy, either). But, our focus group conversation indicates that there is a certain level of trust and transparency that needs to exist in any strategy designed to assist the residents of Boyle Heights.

Focus Group Conclusion

We believe that the biggest lesson from our focus group is the malleability of opinions and the role community organizations play in shaping ideas. In terms of malleability, it was highly encouraging to witness opinions transform, considering the fact that not much information was necessary to initiate that change. What did appear to be more important was the level of individual participation in the formulation of new ideas. When our participants participated in the exchange of ideas and helped set the criteria for cooperative strategy, moods and opinions changed quickly. Community organizations, we believe, are key in transforming opinions for such interventions. It is not lost on us that all of our participants are connected to (in some way) community organizations in Boyle Heights. We believe that because most of our participants entered the focus group with some knowledge of broader, more complex issues, and some amount of trust in a community organization (or multiple organizations), their opinions toward some of the discussed strategies changed quickly.

Interviews With Experts

To understand existing capacity for solutions and programs that may help community residents in low-income communities, such as Boyle Heights, achieve property ownership, we interviewed six subject matter experts that represent a mix of private and public decision makers in fields related to land-based property development and acquisition. Their levels of involvement and interaction, with respect to property-based land development and acquisition, differ in terms of input and scale. For example, some of individuals that we interviewed currently work directly in the fields of affordable housing development. Others work for public agencies or elected officials and are responsible for policies and projects that result in the physical development of communities. Others represent the private side of these interactions and help piece together different forms of finance that help projects come to life. The following are general descriptions of the participants.

Participant 1: Identifies with the private sector and helps fund major development and land acquisition projects throughout Los Angeles.

Participant 2: Identifies with the private sector and advocates for policies and programs that help produce major affordable housing developments throughout Southern California.

Participant 3: Identifies with the public sector and handles transportation and housing issues for the office of an elected official in Los Angeles.

Participant 4: Identifies with the public sector and helps manage a major public agency related to housing and community development in Los Angeles.

Participant 5: Identifies with the private sector and works for a mission-driven affordable housing developer in Southern California.

Participant 6: Identifies with the private sector and worked for a mission-driven affordable housing developer in Los Angeles.

To best accommodate this group of participants, we interviewed them using a semi-structured format and asked the following questions:

In your experience, what's missing in terms of resources that might help residents in low-income communities achieve property ownership? What are some very tangible things you think we can do to help community residents own property? What are your thoughts on cooperative land ownership? What do you think is the most important factor in terms of making it a reality in a community like Boyle Heights?

Additionally, we also prefaced the questions by explaining that by "property," we were referring to land-based property and that their responses could include information based on commercial or residential forms of land-based property. Also, we explained that the three base questions were only posed to guide our conversations and that probing questions could come up throughout the course of our conversations.

Question 1: In your experience, what's missing in terms of resources that might help residents in low-income communities achieve property ownership?

Responses to this first question largely focused on themes that identify with capital, finance and affordability gaps. In reference to capital, respondents indicated that residents in low-income communities rarely maintain or have access to the amount of money that is necessary to initiate the process of owning property. Responses to this first question can also be layered according to levels of complexity. For example, some of the respondents provided a very clear and direct response of community residents not having enough money stored, personally, to enter the property ownership process. Other respondents indicated that there is some kind of misalignment between the the capital that exists through programs designed to support residents in low-income communities and their ability to obtain said capital. In other words, loans for property ownership exist, but community residents do not meet the necessary criteria to compete in the real estate market. A final, more disconnected and complex layer includes a variable of time. Two respondents answered that not only do the finance tools necessary to integrate low-income residents into the property ownership process not exist, but because Los Angeles' real estate market moves so quickly, few people (even those with enough liquid equity to consider entering the market) can mobilize fast enough to purchase the properties that they can afford. Respondents also indicated that sometimes properties do not enter the market and that the connections between real estate brokers, major real estate consumers and finance institutions are so tight, that much of the activity (especially when it comes to commercial real estate) occurs "behind the scenes."

Other resources identified as "missing" by our respondents include technical expertise, supply of affordable property options, and thoughtful government interventions. With respect to technical expertise, respondents stated that knowledge about the various components involved in property ownership is missing from all stakeholders - from those who purchase, to those who administer the tools used by those who purchase. Some of our respondents feel that few, comprehensive experts exist. Lack of affordable supply is something that was echoed by all participants. As our demographic data demonstrate, this is an issue that deserves significant attention and is a major component in this area of study. Lastly, most of our respondents also expressed that government can play a more effective role in connecting disadvantaged residents with affordable properties to own, but that the few interventions that do exist fail to actually reach a large number of residents. One participant mentioned a fund within Los Angeles City that is designed to support community residents with homeownership, but that the fund has only reached about 30 people. A different respondent expressed that government can play a role in mitigating risk for debt capital that goes to low-income borrowers, but that government moves too slowly for the pace of the private market.

Question 2: What are some tangible things you think we can do to help community residents own property?

Responses to this question mostly centered around two major themes: 1) building scalable solutions; and 2) developing tools that fill equity gaps. The first major theme (building scalable solutions) refers to a number of recommendations that involve system-level changes in housing and other forms of property. One respondent referenced Los Angeles' overall lack of housing supply as something that needs to be resolved immediately if low-income communities stand a chance at achieving property ownership in Los Angeles. Another respondent commented that the concept of ownership may need to be redefined, for practical and psychological reasons. Their logic was based on the idea the conventional perceptions associated with property ownership are no longer conventional and that it may be to everyone's benefit to reconsider what the new norms can and should be. One respondent commented that large institutions need to organize and figure out how to "bank" land. In doing this, they explained, large institutions (such as non-profit organizations with the proper capacity) can help control fluctuations in land prices in very targeted areas of Los Angeles. In terms of the second major theme, more related to equity gaps, respondents expressed that low-income residents may not have the resources necessary to deal with the finance gaps involved in the process of owning property. For example, one respondent explained that in purchasing property, there are significant upfront and closing costs involved in the process. They warned that many low-income residents, such as those who live in Boyle Heights, do not have enough money saved to easily pay these costs.

A third theme that naturally emerged through attempts at providing tangible examples, by most participants, can be described as cooperative ownership. It is important to note that we did not provide the questions to the participants before conducting our interviews and they were not exposed to any of the questions before they were actually asked said questions during our interviews. Our respondents naturally gravitated toward the some kind of cooperative concept in providing responses to this second question. A majority of our participants (5 out of 6) referenced the use of a cooperative ownership model, in some way, as a potential tool for helping residents own property. One respondent expressed that organizing community residents, and preparing them the implementation for such a concept would be critical to its success.

Another respondent expressed that the concept of cooperative ownership does not have to simply apply to individual community residents. They explained that this concept can also apply to community organizations. They explained that the values of cooperative ownership are distribution of risk and the pooling of resources. Another respondent expressed that they are working with faith leaders in a specific area of Los Angeles to help them gain the knowledge and capacity to drive a cooperative land ownership effort in their community.

Question 3: What are your thoughts on cooperative land ownership? What do you think is the most important factor in terms of making it a reality in a community like Boyle Heights?

The major themes that emerged in asking this question we categorized as time, complexity and skepticism. In reference to time, most of the responses referred to the fact that organizing and building cooperatives takes a significant amount of time. Because there are so many pieces to organize and keep track of, our respondents expressed concerns over this variable. A majority of our participants feel that in the amount of time that it takes to organize a cooperative ownership model, many other projects can advance significantly faster and still have a positive impact in terms of property ownership in low-income communities.

Complexity is a theme that emerged, and was interlaced, with many of the other sub-themes that emerged in our conversations related to cooperative ownership models. Most of the participants, although significantly experienced in the fields of property development, were not too familiar with cooperatives. Questions about the originations of necessary finance were raised, as well as the paradoxical relationship between people wanting to share, but also advance on their own.

Skepticism emerged as a theme that appears to be closely tied to complexity. By this we mean that our respondents associated the complexity of cooperative models with their scarcity. In turn, they explained that their scarcity is the cause of their lack of knowledge regarding how they operate. Although this does seem somewhat circular, most of our respondents were able to provide specific examples of potential pitfalls involved in developing cooperative ownership models. For example, three of our respondents explained that because cooperatives require significant community organizing resources, they are “slow” models in comparison to more traditional property ownership models. This, they explained, is the most significant barrier that prevents institutions from investing in them. One participant, who also expressed skepticism, offered a conceptual framework for materializing cooperative ownership models in a community like Boyle Heights. They explained that by phasing the various components involved in materializing a cooperative model, especially by focusing on shared ownership that first occurs at the level of community organizations and then phasing in community residents, you address the time lag that is inherent in building cooperative ownership models.

Conclusions

Our expert interviews yielded fascinating information about potential solutions for increased property ownership rates in Boyle Heights. Most of the responses align with the gaps that we identified through surveys and through our demographic data analyses - before we can fully think about the implementation of various ownership models, there are significant, personal, financial barriers that need to be addressed. We also found it interesting that most of our respondents gravitated toward some type of cooperative ownership concept, even though most held some amount of skepticism toward such models. Based on the responses, we believe that most of our respondents view these models as carrying significant potential, but because of factors related to time and capital, they (realistically) seem out of reach. The very specific recommendations regarding “phasing,” by one of our participants, appear to address many of the barriers currently associated with property ownership, and create space to introduce cooperative models in layers that eventually reach community residents once they are ready. This concept is one that we believe covers a lot of bases at once and that helped inform the recommendations outlined later in this report.

Boyle Heights Data - The Full Picture

Our findings are largely concerning, but also full of promising results. Our data indicate that there are a lot of potential quick fixes for issues related to financial literacy. For example, in our focus group, we uncovered several homeownership misconceptions. We believe that much of the organizing and education capacity already in Boyle Heights, can easily address some of these misconceptions. This would simply require augmenting the engagement efforts of a few community organizations and fine-tuning the information that is disseminated to residents. Also, we learned that although significant levels of distrust exist (residents not trusting each other significantly, and also not

trusting government institutions) we learned that the foundation of this distrust is not so deeply rooted that it cannot be changed. We learned about the specific nuances that define this trust. For example, community residents care a lot about not being the problem in a shared ownership scenario. In other words, community residents do not want to pose trouble for other members of their community. Some of this may be rooted in the largely immigrant and undocumented identities of the Boyle Heights community.

Lastly, we learned that age is a major factor in how people perceive property ownership. Older individuals view their prospects of owning property less favorably than some of the younger groups in Boyle Heights. This is concerning and also point to the fact that community interventions focused on property ownership and personal finance need to target younger people in a more rapid fashion.

In summary, to answer our central research questions:

- Barriers to property ownership are mostly financial, but also largely defined by misinformation and framed by the political and social identities of community residents
- Improving ownership rates in Boyle Heights can involve cooperative strategies, but only after community residents are engaged sufficiently and can trust the organization/institution in charge.
- Most of the residents in Boyle Heights are not fully prepared (financially or mentally) for property ownership. This is not to say that they cannot handle owning property - in fact, quite the opposite is true for very specific demographics within this community. For example, women in their 30s and 40s appear to have a better handle of their financial standings than men and also demonstrate higher levels of confidence in being approved for homeownership. However, our data indicate that with property rates reaching pre-crash (2007-2008) levels, this market may not work for the majority of residents of Boyle Heights, potentially resulting in more instances of foreclosure.

Boyle Heights: Multi-level Strategies

Sometimes the issues of homeownership and affordability are not at the forefront of residents’ minds because they are more worried about immediate bills that need to be paid, or more pressing issues that are facing their families. Because this can sometimes be the case, there is a strong need for intervention at the hyper-local, local, regional and state level utilizing both the local knowledge of the people, and expertise of organizations on the ground and close to the government.

Given the information discussed above, there are multiple levels at which intervention can happen. In the short term, there are ways in which organizations such as LURN can work with residents and within the system to alleviate some of the pressures residents face. There are also easier policy or program updates that can be established to help the creation of both financial stability for residents and production of affordable housing. In the long-term, there are many updates to current policies in place that can be made in Los Angeles, as well as at the State level. Expanding on these already established systems will pave the way for real change in the long-term. First, the short-term intervention strategies will be discussed in order to ground the research done on the real impacts of the housing shortage.

IMMEDIATE INTERVENTION STRATEGIES

Subsidized and Affordable Housing and Homeownership Models

Land access and property acquisition is among one of the top issues residents face in gaining land ownership. Organizations, however, can intervene here at a hyper-local level by developing systems of cooperative land ownership and creating a process within the private market to help low-income residents, like those of Boyle Heights, to buy into homeownership in an affordable and sustainable way. There are many ways in which these models can be established, but only four will be further dissected: Community Land Trusts, regular Land Trusts, Shared Equity Models, and Real Estate Investment Trusts.

A Community Land Trust (CLT) is a not-for-profit entity that acts on behalf of the community to acquire, distribute and develop land for low

and moderate income individuals. This style of ownership and distribution can help build equity for individuals and households who are at risk of displacement. There are a number of CLTs in the Southern California area, including South LA, that can be used as models for development of this system in Boyle Heights. A CLT can be established by organizations such as LURN to help with the administrative barriers that can come with the development of a new non-profit. Also, because this can be set up by an organization, the organization can acquire capital far more easily than any individual can.

With the use of a CLT, the non-profit that owns the land and properties only sells the individual properties to the new homeowners, taking out the cost of the land in the property prices. Because land is what heavily dictates the market, and not the brick and mortar property itself, this subsidy for property ownership creates a place for more low-income individuals to buy into the homeownership market.

A Land Trust is similar to a CLT in that it acts as an entity to hold land for a beneficiary. In the context of this research, it will be the establishment of a non-profit entity to acquire and hold land for the benefit of local community members. Although Land Trusts are typically used by corporations to buy up and reserve large portions of land, this model can be used for the good of the people and to maintain affordability for the users and residents.

Shared Equity Homeownership is a broader term that refers to the resale of a property and the divvying up of the profit with both the owner, and the entity that subsidized the asset to begin with. In a shared equity model, an entity such as a non-profit organization or a government subsidizes the property by means of either direct monetary support keeping the cost of purchase low, or by an incentive to develop affordable or inclusionary housing. Once the resale of a property happens in a shared equity model, the profit from appreciation gets divided among the different entities involved, including the former homeowner and the non-profit that is governing the system.

Lastly, a Real Estate Investment Trust (REIT) in this context could act as a hybrid between a non-profit governing a set of properties and a for-profit that seeks return on the investments made on their land. Traditionally, REITs use the power of investors to pool money - typically from private sources such as banks - in order to fund the development of land and properties. The benefit of this for the investors is a large return with the high appreciation of land. Within the context of Boyle Heights, non-profit organizations such as LURN can use their power as an organization to pool money from its private investors to develop land at a more affordable price. The catch is that for the investors, the return will be more modest because the development will be less profitable for the benefit of the community members living on it.

These four different models share one core concept, the development of affordable housing meant specifically for homeownership geared towards low-income residents. The benefits and impact of these models are plentiful, in that they provide an option for low income individuals to participate in the home owning market, and ultimately take control over their housing situation and slowing down the rate of displacement that is highly likely to occur in Boyle Heights. There is, however, one potential issue with the Community Land Trust and Shared Equity model and their levels of sustainability. If they are run by a non-profit, there is the real fear that not enough money will flow, creating the possibility for the non-profit entity itself to fail. The business model for the CLT or other establishment would need to be tightly kept and closely monitored to ensure that property and land does not fall victim to lack of funds. However, there are many models that have been successful for decades and can be used as a baseline for establishing rules for the governing entity.

Taking land off the market by acquiring it through a non-profit such as LURN or a coalition of non-profits, is the first step to ensuring that housing is to remain affordable and not be subject to the volatility of market rate housing dynamics. Having a CLT or REIT to give a small amount of profit to the investors and then keeping what is leftover to maintain the land and property will ensure that costs of the properties remain affordable for new members to join. While the portfolio of these non-profits grows, it can also continue to attain land and expand the affordable housing development that is so sorely needed not only in Boyle Heights, but also in many other metropolitan areas across the country.

This process of providing permanent affordable housing not by means of individual acquisition, but through the use of an organization proves to alleviate two major barriers. The access that individuals have to land is bridged by means of the organization(s) running the land acquisition process, and the amount of money needed to buy into one of these properties is substantially lower because the land value is heavily or completely subsidized by the entity providing the land. These intervention tactics are a tangible and successful way of ensuring that the people within a community are in control of their own land.

Financial Stability and Monetary Tactics

Another among the barriers of getting into the homeownership system is the access to capital. Coming up with the initial money of the down payment of a house, plus ensuring fair loan resources is a difficult task for many of the people in low-income neighborhoods. There are a few immediate ways in which organizations can intervene, and that can ultimately lead to policy changes after the establishment of a few recommendations. Looking at Alternative Credit Bureaus and Community Banking Models can become a way for low-income individuals to come up with the money needed for the acquisition and maintenance of an affordable home.

Because the current credit system is not available to many of the individuals in the U.S., and even more frequently in a place like Boyle Heights where 17% of the residents are undocumented, credit scores are low or non-existent. Creating a model for an Alternative Credit Bureau or scoring system can be the answer that allows for individuals who typically do not have access to home loans to qualify for monies to pay for buying a home. Creating a strategy that looks at how often and on time individuals pay their other bills, instead of relying solely on credit, provides a greater look into the feasibility for an individual to pay back their loan. Utilizing a more holistic approach in assessing an individual's loan worthiness can be a tool that is expanded as the model is successful for individuals who are able to utilize it.

Providing background information on a person who is seeking a home loan like their payment histories, income tax reports, and receipts to show that they are capable of paying their loans on time, without the use of a traditional credit score. There is one example of this through one of the major credit bureaus, Transunion, that utilizes "alternative data" to understand more holistically the ability for an individual to pay back a loan.³⁹ They call it the CreditVision[™] Link Score. Using information such as payday lending payback timeliness, subscription activity and payment, and checking account history, an alternative credit risk score is provided to help get people who do not have the ability to be part of the traditional credit system into the loan market.

There is also the case of the Semi'a Fund that LURN has established for people to gain access to capital without utilizing a credit score. These low-interest loans use similar data as the assessment Transunion is using to provide capital at a low interest rate to people who are otherwise left out of the credit system. The average credit score of users of this loan have a score of 621, if they have one at all. They also have a 100% payback rate.

Similarly to providing capital to those who want homeownership but are traditionally left out, is a means for banking that can exist outside - or alongside - the formalized structure. Utilizing more community banks as a means for capital to the local homeowners, can be a tactical intervention point to help people gain home loans. This can be done through actual community banks such as small credit unions that serve the immediate area of Boyle Heights, or it could potentially be done through means such as a lending circle. A lending circle can act as capital that is low to zero interest because it pools the money of many individuals who are in need of a loan but cannot access the traditional means of money lending. By pooling the liquid assets of individuals, small loans can be given out to those in need. A formalized lending circle can then also be reported to the credit bureaus, providing the opportunity to raise one's credit score through a non-traditional means. One non-profit organization that has done substantial work to provide capital to many individuals through a formalized lending circle is the Mission Asset Fund based in San Francisco.⁴⁰ Through this organization and its partners across the country, 7,000 people have participated in 800 Lending Circles, amounting to nearly \$7.5 million loaned since 2008.⁴¹

Finally, based on the information from the focus group that individuals either lacked information or had misinformation about the homeownership system, credit system, and what is needed to buy a house, an educational component should be added to any one of these other recommended systems. Providing correct information to individuals about the many systems that come together in order to own a home or lend money is necessary in order to promote long-term effects that truly transform the community to its own benefit. Organizations such as East Los Angeles Community Corporation (ELACC) are already providing educational workshops on topics such as Community Land Trusts, Homeownership and Credit. Assessing the already established programs for community education and expanding on the most successful of them could be an addition that will help the locals understand the situation they are sitting in.

³⁹ <https://www.transunion.com/resources/transunion/doc/products/resources/product-creditvision-link-as.pdf>

⁴⁰ <https://missionassetfund.org/lending-circles/>

⁴¹ <http://www.freep.com/story/money/personal-finance/susan-tompas/2017/08/31/raising-credit-score-lending-circle/556922001/>

Ultimately, an expansion of the current traditional credit system to utilize non-traditional means of assessing credit worthiness will be needed in order to provide the people in the Boyle Heights community with the type of capital it needs to own the land they live on. Utilizing already existing structures that people are familiar with, such as a lending circle - something many people in the focus group had participated in and found to be a positive experience - can be the key to providing the means needed for residents in the community to be seen as true contenders for property and home ownership in Boyle Heights.

Amplifying the Voice and Need of the People

Community development often happens in silos that rarely reach the most important part, the community. Providing means for community members to not only be heard, but also genuinely participate in the ideation and design of interventions to alleviate such issues as affordable housing shortages, in neighborhoods like Boyle Heights, is possible and immensely important. Such collaborative efforts would also ensure that people are at the center of the development process, and not money and profit for developers. Such a shift in development and planning can mean the difference of a more equitable future versus a less equitable future.

The process of establishing a voice for the community can be done through a combination of policy changes, but also practice changes for the different agencies and companies involved in creating, disseminating and legitimizing documents such as Community Benefits Agreements, Community Plans and People's Plans. In this section we examine these three documents because of their proven effects on the establishment of regulations around development that benefit communities.

A Community Benefits Agreement (CBA) is a contract signed between an agency or land holder and the developer that ensures the hire of local individuals for construction of the designated project. Many times the signatory groups will also attempt to procure money/incentives for the developer as well. This process and agreement can have pieces to it that are negotiated by the community groups that are signed on to it. The entity, agency or government who provides the money or subsidized land is who requires the CBA to be developed and adhered to. Creating a local hire requirement with strong requirements that include penalties for not meeting them can be a tool used by the community to hit two pieces of the issue faced by residents: high-paying job prospects, and encouragement for affordable housing development. Having penalties associated with not meeting the requirements of the CBA ensures that the developer who is its signatory to it will meet its goals.

Though because there is public money through subsidy, or subsidized land involved, CBAs are subject to prevailing wage law. This is good for local community members who are hired on, but can make it difficult for small local contractors to be used because of the high cost of labor for the job. In Residential buildings that are for stories or less, the prevailing wage is lowered to a residential rate, which can ultimately cut the cost of labor all around. Similarly to the labor costs of the CBA, there is the possibility for administrative costs to be high for small contractors due to the paperwork and training that many times is associated with a public works project. These impacts need to be taken into consideration when a CBA is being negotiated, and measures to mitigate some of these effects will be necessary.

Community plans, or Neighborhood Plans, are components of comprehensive/general city plans. General plans are plans cities develop to guide and manage resources, programs, and future development in the long-term. These comprehensive plans, and other similar plans, are common practice throughout the United States and are typically developed in intervals that are determined at the state, regional or local levels. Community plans are designed to address the specific growth-related needs of neighborhoods. These documents carry significant weight as they dictate such things as permitted uses of land and neighborhood aesthetics. Los Angeles City is currently in the process of updating the Boyle Heights Community Plan, which was last updated in 1998. LA City defines this update as an effort to "(1) Reflect preferred future growth patterns in the area, (2) encourage wise growth, (3) identify appropriate locations for new development, (4) address prevailing neighborhood and community issues, (5) protect residential neighborhoods from development that is out of character and scale."⁴² In its current, draft form, this document (from our perspective) makes very positive and considerate recommendations for Boyle Heights. In terms of housing, it proposes affordable housing bonuses that allow developers to build more than what zoning permits, if affordable housing is included in large quantities. This plan also supports and recommends economic development strategies that mesh well with important cultural aspects of Boyle Heights, such as support for street vending policies and the preservation of industrial land.⁴³

CBAs can complement Community Plans that are developed by the city, through community engagement efforts. Historically, community

⁴² <http://www.bhplan.org/>

⁴³ Preservation of industrial land helps promote industries in Boyle Heights that provide access to low-barrier-to-entry jobs.

plans have been made without the use of participatory planning. If done without participatory planning, a community plan is considered to be a top-down approach of community development, ultimately leaving out many of the needs of the community. The current Boyle Heights Community Plan was developed in a participatory manner, with City planners coordinating several community meetings in order to understand the specific needs of residents and to reflect those needs within the plan. Still, as hard as the individuals who assembled this draft plan worked, there is room for improvement. For example, one of the most highly-collaborative community planning efforts to exist in the United States was Seattle's (Washington) early 90s Neighborhood Planning Program (NPP). Seattle's NPP was initiated by city officials as a response to the reactions of upset citizens over their lack of participation in city planning efforts in the early 90s.⁴⁴ In more context, the State of Washington, in 1990, passed a piece of legislation called the "Growth Management Act" (GMA). This legislation was passed as an effort to "guide planning for growth and development in Washington State. GMA requires local governments in fast-growing and densely populated counties to develop and adopt comprehensive plans."⁴⁵ Friction between community stakeholders and city officials emerged when Seattle County adopted a comprehensive plan, in 1994, without stakeholder input. According to interviews collected by researcher Carmen Sirianni, this was done purposefully so as to avoid dealing with NIMBYists who successfully obstructed the implementation of a plan for downtown Seattle in 1985. The City of Seattle allocated a total of \$4.75 million for this endeavor. Planning groups, groups organized by neighborhoods tasked with executing planning activities, were the primary recipients of direct service costs associated with the NPP. Planning activities were broken down into two major phases – Phase 1 and Phase 2. However, prior to carrying out the necessary work for each of these phases, planning groups had to organize; neighborhood planning groups were expected to execute legal contracts that outlined expectations for both parties (city and planning groups), for Phases 1 and 2. Non-profit organizations played an important role in this process, as many stepped in as fiscal sponsors for planning groups and helped bodies of residents gain access to the planning process. Once formalized, planning groups were eligible to receive funding (\$10,000) to carry out Phase 1 activities. During this phase, planning groups were expected to conduct outreach within their defined communities/neighborhoods and collect ideas that would inform the future development of their neighborhoods. Additionally, planning groups were expected to develop committees responsible for the activities in Phase 2. Phase 1 also required planning groups to create scopes of work informed by major themes identified through neighborhood engagement. In Phase 2, planning groups were responsible for actually creating their neighborhood plans. This was done through committees developed in Phase 1, who were assisted by consultants and subject matter experts throughout the plan development processes. It is important to note that residents/planning groups were provided with high levels of technical assistance throughout this process because these neighborhood plans were actually submitted to proper city authorities for review and adoption into the City's comprehensive plan. Thus, planning groups were legally obligated to execute the actions required by each phase.

There are similarities between LA City's current neighborhood planning efforts and those of Seattle's NPP. Los Angeles City, like Seattle in the 90s, has launched a comprehensive planning effort with the goal of updating all neighborhood plans. However, the level of participation, and the dedication of resources, time and energy, are all on a higher level in Seattle's case. We feel that this comes down to resources. Seattle demonstrated that it was serious about investing in the idea of comprehensive participatory planning. Los Angeles is not quite there. Thus, as talented and hardworking as LA's planners may be (those working in Boyle Heights in particular), the community involvement and ownership is still lacking.

One step further would be to produce a People's Plan. Utilizing the knowledge and power of the people, a People's Plan formalizes the information that local residents have and turns it into a technical document. Having a People's Plan for a neighborhood can be a great tool for identifying where the most need is and addressing it from the community's point of view. In this context, it can be a tool to show the desperate housing and economic needs in the community at low and extremely low income brackets. Unlike Community/Neighborhood Plans, People's Plans are not necessarily initiated by government officials. They operate under higher levels of community involvement and autonomy. People's Plans are like independent Community Plans, built from the ground up, and used to advocate for specific land use and economic needs within a neighborhood.

Providing the city and other officials with the context to understand how dire the needs of the neighborhood are, People's Plans can then also be used as an outline for future development. Providing the power to the community to direct where development goes can ensure that housing needs, among other items needed, are actually met in an equitable way assuming the process of developing the People's Plan was itself equitable. They are usually put together by a coalition of local organizations with a vested interest in community itself and the people who live there. Through multiple visioning sessions, focus groups and workshops, information is collected from the residents and put

⁴⁴ Sirianni, C. (2007). Neighborhood planning as collaborative democratic design: The case of Seattle. *Journal of the American Planning Association*, 73(4), 373-387.

⁴⁵ Seattle Planning Commission. (2001b, November). Seattle's neighborhood planning program, 1995–1999: Documenting the process. Seattle, WA: Author.

together by the organizations developing the plan.

Usually, People's Plans are not necessarily taken with strong consideration by the city. However, in the case of a couple community plans that have recently been okayed by LA City Council, the South LA and Southeast LA communities had the help of a local organization - the United Neighbors in Defense Against Displacement (UNIDAD) - to put together a People's Plan that was heavily reflected in the new plans that were just adopted.⁴⁶ The newly adopted city plan, however, did not bring in the contents of the People's Plan that helped to fend off displacement of the current residents in the neighborhood.

Around 2012, the East Los Angeles Community Corporation (ELACC) raised resources to create a People's Plan for Boyle Heights in response to failed community planning efforts by the City of Los Angeles. ELACC engaged 400 community members and developed a plan that focuses on equitable development along major corridors (especially those with great potential for Transit Oriented Development) as well as policies that support economic development, such as street vending. There is a decent amount of overlap between ELACC's plan and the most recent iteration of Boyle Heights' Community Plan, in terms of land use and community development recommendations. Still, although both are strong planning documents, one (Community Plan) lacks the community-grounded efforts that define the People's plan; the other (People's Plan) lacks the integrated authority that comes inherent with an official Community Plan.

If there was a hybrid that allowed for the development of a formal Community Plan that had requirements for a CBA, and was developed in a fashion similar to a People's Plan and included all of the recommendations that help the community members to thrive, the benefits of all three can be had. Such a comprehensive effort would only materialize as a result of full, political support by City leaders. For example, in the case of Seattle's NPP, it took a significant amount of one Mayor's political and social capital to raise the money necessary to actually fund the projects recommended by community residents. As is demonstrated by UNIDAD's and ELACC's planning efforts, engaging community members in thoughtful dialogue and working with them to develop highly-technical recommendations is not an issue. Community organizations are poised to work with community residents and develop comprehensive planning documents. Additionally, community residents care about their neighborhoods and are willing to participate. What is missing is the uncompromised dedication to prioritize such efforts and to commit the funds necessary to execute such initiatives at the City's leadership levels.

Quick Regulatory Fixes to Establish Financial Feasibility of Affordable Housing

Although the previous recommendations are centered around people and the needs of the residents, there are options that look to the developers and the taxpayers that could fund more affordable housing. There are many incentives that developers can utilize to build more affordable housing while increasing the housing stock with market rate housing to subsidize the lower income units. A forced fee or tax area is one set of solutions that can produce real results.

Linkage fees are fees that are tied to development for specific purposes, especially purposes such as affordable housing development. The money that is created goes into a trust and is held for the construction of said affordable housing. Currently there is an affordable housing linkage fee set to go past City Council of LA that will tie up to \$15/sqft of new construction into an affordable housing fund called the City of Los Angeles Housing Impact Trust Fund.^{47, 48} This trust will act as a pool of money to be dispersed by the city for the use of affordable housing development. It can incur revenue from other sources other than the linkage fee, but will receive its main funding from the linkage fee. It will be required that any constructions with this money utilize a Project Labor Agreement. It is estimated that it could bring in \$75 to \$92 million per year to the city for Affordable Housing. This is part of the Measure HHH that was passed in November of 2016. Though like with any other fee that is associated with development, there is concern that the linkage fee will ultimately trickle down to the residents of the development, creating a higher rent burden for those who move in.

One possibility for the linkage fee is to have a small portion of it be designated for a trust fund meant accrued specifically for shared equity models such as Community Land Trusts. This could ultimately fix a piece of the financing problem that some CLTs face and ensure a flow of money to maintain and expand permanent, low-income affordable housing for residents in many areas of the city, including Boyle Heights. However, it would take some effort to ensure that the city, local organizations and residents are all on board with the idea of financing

⁴⁶ <https://la.streetsblog.org/2017/11/22/peoples-plan-helps-shape-south-and-southeast-l-a-community-plans/>

⁴⁷ http://clkrep.lacity.org/online/docs/2017/17-0274_ord_draft_1_10-06-2017.pdf

⁴⁸ <https://la.curbed.com/2017/10/11/16448208/linkage-fee-plum-ordinance-approved-plum>

permanent affordable housing in the form of subsidized homeownership.

With a linkage fee as one way of providing money for the development of a project, Tax Increment Financing (TIF) is capturing the value of property taxes that are raised over a locked limit and puts them into a separate fund. This separate fund is then dedicated to paying off the project that the TIF was implemented for. It relies on revenue bonds to be paid back to the lending entity with interest. The TIF district has very loose laws around how it can be drawn. It relies on the idea that property values and increased revenue from businesses will rise due to the building of a particular amenity - in this case it would be affordable housing or cooperatively owned land and businesses.

Enhanced Infrastructure Finance Districts (EIFD) are a value capture system that is localized to cities and counties in California. Similar to Tax Increment Financing, the EIFD creates a special district in which the rise in property value is captured above a certain amount to pay back the bond the city or county issued for the specified project.

There are positives and negatives around these topics (TIF and EIFD). The positive is that an EIFD has a longer extended life than a TIF district. It can last up to 45 years while a TIF is typically 30, meaning a higher chance of the bond being paid back to the city and can assure the development of the EIFD. Some of the negatives include the worry that the rise in property taxes will trickle down to the renters. Because Boyle Heights is 86% renters, it is feasible that something like an EIFD will ultimately displace the same people it was trying to help. It also has been noted in multiple cases that when a TIF district is drawn, it cannot always make up the amount of money borrowed, and so the leftover amounts owed must be made up by the municipality and ultimately the taxpayers. This issue could potentially be mitigated by the length of an EIFD because it is one and a half times the length of the TIF. Lastly, a TIF can be harmful to the development of a municipality because once the TIF district is drawn, it keeps the amount of property taxes allocated to other municipal services such as schools, police departments at the same level as when the TIF district was drawn.

Although there are many ways in which the city is attempting to combat the affordable housing crisis, the linkage fee seems to be the most promising and tangible way in which money can be used to develop more housing that meets the needs of the residents. Creating a TIF or EIFD that addresses the many critiques of it could be another solution if what is built is a cooperatively owned commercial corridor that bolsters local business and keeps the rent for the small business owners low. There are options that the city has to alleviate some of the pressures that can easily be passed by the city council, but it will take information and sway to ensure that the city agrees with the direction in which affordable housing is being developed.

LONG TERM POLICY UPDATES AND RECOMMENDATIONS

Although there are multiple short-term strategies that can be used to mitigate the effects of displacement the individuals in Boyle Heights and other neighborhoods are facing, there needs to be a reform at higher levels that protect the residents and ensure their future in a more equitably planned city. There are intervention points in the process of development both before it starts and in the strategic planning stage, requiring that more regulation and consideration be taken around the needs of the community. Providing a people first approach will be the best way for policy and regulations to be equitable in the long run.

With the city, region and state implicated in the housing crisis, it is only fair to assess multiple levels at which policies and procedures can be changed. Starting from the local level, discussion begins with different protections that can be utilized for the benefit of the residents. Then discussing procedures that will aid in the long-term development of equitable planning in the city is a necessary step to creating lasting impacts

Planning and Zoning with Equity Measures

Urban planning has been a contentious topic in recent years, particularly in regards to environmental justice⁴⁹ and access to infrastructure.⁵⁰ There are specifics about technical planning and zoning, however, that actively contribute to the growing inequality within cities. In a place

⁴⁹ <http://www.latimes.com/local/california/la-me-lopez-exide-annoyance-20160207-column.html>

⁵⁰ <https://www.brookings.edu/blog/techtank/2016/07/18/rural-and-urban-america-divided-by-broadband-access/>

like Boyle Heights, physically surrounded by three freeways and the cement ravine that is the LA River, it has a tumultuous history of zoning measures that keep it segregated away from more affluent areas. Considering that it is a heavily industrially zoned area adjacent to Downtown LA, the stark contrast between the two areas is hard to miss. There are ways to mitigate the effects of the poor planning and zoning of the past in order to build a more equitable future.

The first and foremost of these recommendations when it comes to planning is the minimization of density restrictions.⁵¹ This is the best strategy for housing more people and allowing a mixed group of residents to coexist in a neighborhood. By utilizing density as a means for bringing in more mixed income housing, it will address two of the major problems: building for an equitable future, and relieving some of the pressure around affordable housing. This, however, is in direct contrast with the desire of the residents for the neighborhood to retain its aesthetic. Many times, density and character are equated. With the idea that building up instead of out is a sustainable form of growth, there needs to be a change in mentality around the “preservation” of character and how character is not necessarily tied to the height of a building.

Ultimately, it should be the residents themselves who are able to make this decision about their own neighborhood through an informed channel. This is where comprehensive community planning efforts come into play in the planning and zoning sector, as discussed earlier in the report.

While cutting back on density restrictions addresses one side of the affordable housing issue, enforcing inclusionary housing in new development undertakes the other side of the issue - required affordable housing development. By allowing density bonuses in neighborhoods like Boyle Heights, both developers and residents will benefit from the outcome of affordable housing. Of course, the building of market rate units in a low-income neighborhood such as this will also play a role in further displacing the current residents. Though, enforcing the building of affordable housing will simultaneously provide more options for the current residents. In November of 2016, LA City residents passed with a 64% vote Measure JJJ. This measure had both an affordable housing and a labor component. Under Measure JJJ, the building of a new development that requires special city approval or a zoning change will need to have pieces of it dedicated to affordable housing.

Encouraging and enforcing density bonuses and inclusionary housing are possible ways to combat gentrification. Ensuring that the allowance of gentrification is not used as a tactic to create mixed income housing is very important in maintaining the integrity of the neighborhood and making certain that existing residents are heard and respected. Gentrification, as discussed earlier, is a process of displacement that will ultimately lead to changing the neighborhood and utilizing the work of the residents to benefit new people in the changing landscape. Because the need for affordable housing continues to grow, adjusting the process for changing zoning for a development and creating a less bureaucratic path for approval can lead to more equitable expansion of planning and zoning in Los Angeles. There were 15 affordable housing measures passed in California by Governor Brown in September of 2017 attempting to tackle some of these issues by loosening restrictions on development and ensuring that affordable housing development can happen with less of the bureaucracy that typically creates longer wait times to build and develop.

Further, with loosening bureaucratic processes and expanding the inclusionary housing program, providing the space for new pilots to be tested is imperative for a more just development of the city. The current way in which we are planning is not working and has led to areas of exclusion and disinvestment, such as in Boyle Heights. Harboring equitable new initiatives is needed to move the future planning of our City in the right direction. Because the needs of certain people are routinely left out, namely young, low-income women of color, the best way to pilot programs would be to build them to this demographic's benefit. Examples include expansion of pre-kindergarten public school programs or affordable day-care options for working mothers. In the next section is detailed a pilot initiative that could combat many of the issues that Boyle Heights, as well as many other low-income communities in Los Angeles, are facing.

Updates to the Regional Housing Needs Assessments

The Regional Housing Needs Assessment (RHNA) is an assessment of the amount of housing needed in the Southern California region, put on by the California Department of Housing and Community Development (HCD). Every eight years the assessment is done, and every four years it is updated to adjust for changes in the region. It is based on population growth and projects the amount of housing that needs

to be built based on the population and coordinated with new transportation developments in the Southern California Area (Institute for Local Government, 2016).

Because the assessment is based on population growth, it is inherently flawed and produces potentially inaccurate results. The projection for population growth is likely to be off from what it should be and therefore the projection of what housing is needed to accommodate the growth in the area will also be misguided. Aside from this issue, California - and the City of Los Angeles - is not keeping up with the amount of housing it needs to be building anyways. This is emphasize the point that the RHNA does not have weight it should in order to be a force in the future of development. Creating a piece of the RHNA that identifies the penalties for not meeting its requirements could be a better use of the assessment. Using it as a gauge for where the city stands in regards to housing is only useful if it has regulatory requirements for the municipalities to meet. Otherwise, it acts as another plan that is being written about the area without the means for it to affect real and tangible change.

Broader Policy Reform

There are a number of different regulations and legislations in the state that heavily affect the how development happens and disturbs the housing market. Two of the most prominent are the Costa-Hawkins Act and the Ellis Act. Both of these two look to limit rent control and many times end up helping the developer gain more money while leaving the residents behind. This quandary leads to a broader conversation about renter protections in a currently rental-dominated market. Addressing the issues that surface with these two acts will not only promote more equitable development, but also protect the rights of the tenants in an otherwise market-driven system.

The Costa Hawkins Rental Housing Act in its current form limits the ability for a complex or unit to be rent controlled. Only buildings built before 1978 are able to have rent-controlled apartments under this act.⁵² However, very recently there has been a strong push against this act. In late October 2017, a group of tenants' unions and advocates filed a proposed ballot initiative to expand on the rent control laws in California.

Within the regulations of the Costa Hawkins Act, single-family dwellings are not eligible for rent control. It also allows for previously rent-controlled units to be brought to market rate if a tenant voluntarily moves out. These two caveats are arguably the most harmful because the housing stock is heavily inundated with single family homes, and people being priced out of their homes because of the changes in the surrounding neighborhood is the exact issue we are trying to address. Creating more market rate apartments, as discussed previously, will not help the local residents in neighborhoods that are battling displacement. Repealing, or heavily reforming, the Costa Hawkins Act is a necessity when it comes to the reform of housing policy in California.

Similarly to the Costa Hawkins Act, the Ellis Act has also wreaked havoc on the housing market in recent years, with low-income residents taking the brunt of the issue. Last year there were 1,400 evictions through the Ellis Act in the City of LA. This clause in California Government Code Chapter 12.75, was originally intended for landlords who no longer wanted to be in the rental market anymore, and intended to sell their property. According to an article by LA Weekly “City Housing records show that, starting in 2016, the majority of the rent-controlled units that landlords requested be removed from the housing market under the Ellis Act were already vacant (36 percent of apartments that lost Ellis Act protection in 2015 were vacant - and 59% are in 2017 so far)” meaning that people are potentially filing for Ellis Act evictions and giving a “cash for keys” style of eviction to speed up the process. Residents are entitled to 90 days notice to vacate the premise and but can extend that to 120 days. Providing proper education around housing rights for tenants could help combat many of the evictions that are going on under the Ellis Act.

There have been cases in Los Angeles where landlords/property owners have evicted tenants under the Ellis Act and then rented out the rooms for short-term rentals, for example, with AirBnB. In order to combat these types of violations of the Ellis Act and discourage the misuse of the clause, Los Angeles City Council has voted to write policy to halt demolition permits filed for properties that have known violations against the Ellis Act.

Producing further policy around this to ensure that flipping of properties to get market rate housing is curbed is a solution that can tackle a

⁵¹ <https://www.citylab.com/equity/2016/01/how-zoning-restrictions-make-segregation-worse/422352/>

⁵² <https://la.curbed.com/2017/10/23/16526384/costa-hawkins-rent-control-ballot-measure-initiative>

piece of the problem from the policy side that affects the predatory landlords and the developers they use. Considering the abuse of the Ellis Act is not only a problem in Los Angeles, having this kind of policy reform at the State level would be useful across California.

Policy Expansion

For the Costa Hawkins Act and the Ellis Act, deep reform is needed in order to benefit tenants, and particularly low-income residents. On the opposing side, there are policies that could stand to be expanded in order to benefit the many. The California Earned Income Tax Credit is a system that could potentially be expanded to act as a Universal Basic Income for low-income wage earners. The largest pitfall of this possibility is that it caters only to those who are actively working.

The California Earned Income Tax Credit is a low-income credit that is given to individuals who work and earn below \$22,300 as a household supporting children or \$15,000 without supporting children.⁵³ Expanding this program in a meaningful way is a potential solution to ensure low-income individuals are able to make ends meet while still being able to work. There is a stigma around social subsidy so ensuring that a universal basic income is open to all individuals despite their income earnings is key in implementing this potential expansion. Providing a universal basic income (UBI) to low-income individuals could be a tangible fix to an issue that many low-income residents face - paying the bills. Creating the UBI in place of other social services, such as the SNAP program or MediCal, will open up capital for it to be paid. However, many people depend on those social services and the UBI may not cover the costs that the social services were previously providing. Strong social services paired with a UBI could result in low-income residents attaining disposable income. This income could then be used toward efforts related to property ownership.

This particular solution can address the issue of widening wage inequality and provide people with a basic income to live and alleviate the growing burden of rent. Further research into the policy is recommended for the future in order to help the people who are falling behind in this fast paced market.

Existing Resources and Capacity

There are organizations that are working on issues related to property ownership in Boyle Heights. For example, the East LA Community Corporation is an organization that is working on a number of financial barriers identified in this report⁵⁴ and barriers associated with housing.⁵⁵ They have also commenced a process to work with residents in developing the concept for a Community Land Trust in Boyle Heights. Other organizations, such as New Economics for Women⁵⁶, a HUD certified homeownership counseling agency within five miles of Boyle Heights, offers many overlapping counseling services that ELACC also offers, such as mortgage delinquency and default resolution counseling. Boyle Heights is also home to several community development and organizing organizations, such as Proyecto Pastoral and the Boyle Heights Building Healthy Communities (BHCBH)⁵⁷ collaborative. Although these organizations (and collaborative) do not directly implement services related to property ownership in Boyle Heights, they work with residents on issues that exist in the periphery of matters that are associated with property ownership and displacement. For example, Proyecto Pastoral works closely with Boyle Heights residents to increase their levels of civic engagement and elevate them as community leaders through a program called Comunidad en Movimiento (CEM). CEM also organizes residents around housing rights issues. This type of awareness and education is incredibly invaluable in the context of what Boyle Heights residents are facing economically and socially. If community residents are more aware of their housing rights, and more connected to services that offer direct and indirect support related to property ownership (and other closely related issues), several barriers that we address in this report are naturally met.

Unfortunately, although these organizations do a great job of working with the residents they reach, there are many who still remain disconnected from their networks. This is not a fault of the organizations or programs who provide these services - as our data show, much of the disconnectedness between community residents and services has to do with community residents not feeling well prepared to

⁵³ <http://calbudgetcenter.org/blog/california-already-basic-income-policy-called-eitc-expanded/>

⁵⁴ <http://elacc.org/building-community/financial-services/>

⁵⁵ <http://elacc.org/home/services/housing/>

⁵⁶ <https://neweconomicsforwomen.org/>

⁵⁷ BHCBH is a collaborative consisting of several community organizations and institutions interested in improving the overall health of the Boyle Heights community.

engage in formal processes related and unrelated to property ownership. Time is also an important variable to consider. As we express in this report, Boyle Heights is a working class community. Many of the individuals in the Boyle Heights community may not simply have the time necessary to interact with various assistance programs if they have to worry about more pressing issues, such as trying to figure out where their next paycheck is going to come from. Lastly, existing community organizations may not have sufficient resources to work with larger volumes of community residents. From our own experience in working with low-income entrepreneurs in the Boyle Heights community, reaching new “clients” and integrating them into programs and services is very time consuming and requires a lot of community organizing. Although this is something we are very capable of doing, finding the necessary resources to do so can be a very laborious endeavor as well and those resources are not always very consistent.

For capacity to improve, we believe that the existing community organizations of Boyle Heights need access to more consistent resources in order to augment existing programs and reach more people. Boyle Heights has a strong foundation of well-rooted community organizations. However, these organizations can do more and would likely do so if they had sufficient resources. On top of more resources, their may be more value for the residents of Boyle Heights with greater instances of collaboration between existing community organizations. Much in the same way that BHBHC is purposefully connecting various organizations on issues related closely to health, we believe a similar collaborative model, with property ownership interventions in mind, may greatly benefit the residents of Boyle Heights. As some of our expert interviewees commented, community organizations may be in a prime position to help “phase” some of the most challenging components involved in property ownership processes, and over time, integrate community residents into these systems so that they may also own portions or shares of property in Boyle Heights. This phasing may work best if community organizations collaborate and also enter into a shared ownership model, so as to pool resources and mitigate risk by distributing these factors across all participating organizations.

Lessons and Recommendations Summarized

In our analyses of policies and programs, we cover a wide range of immediate and long-term solutions to help address the issues covered in this report. Our analysis is not 100% comprehensive, in terms of addressing the issues of gentrification and displacement - such accuracy is almost impossible. After all, gentrification and displacement are “wicked”⁵⁸ problems and, as such, we are all limited in our abilities to fully conceptualize every single cause and solution.⁵⁹ Still, in an attempt to provide the most comprehensive set of recommendations and lessons learned, the following is a summary which captures what we think is essential in helping residents in Boyle Heights own property and deal with the issues of gentrification and displacement:

Capital: This is the single most important issue in this entire report. The majority of residents of Boyle Heights do not earn enough, and do not have enough disposable income, to buy homes or other forms of property through the systems that currently exist. To solve this, we need to either connect Boyle Heights residents to more gainful forms of employment, or change what it means to own property in an effort to build assets and wealth in this community.

Credit: Credit is a major issue for most of the residents of Boyle Heights. Most do not know what their credit scores are, have bad credit, and/or do not know how to fix their credit. We need to develop more tools to help residents learn more about credit and we also need to consider alternative ways of collecting and reporting information that can count toward credit. This may be an opportunity to connect such expenses as housing payments (rent) toward credit.

Better Finance Tools: Existing finance tools (at least those that are accessible to the residents of Boyle Heights) do not meet the needs of Boyle Heights residents. These residents need access to home or property loans with low interest rates and that do not require large down payments. Additionally, because Boyle Heights is home to a large immigrant population, they need access to ITIN loans⁶⁰. These tools need to be constructed in partnership with the residents of Boyle Heights to ensure that all criteria is fair and just. This is, perhaps, something a municipal bank (or similar institution) can take on.⁶¹

⁵⁸ Rittel, H. W., & Webber, M. M. (1973). Dilemmas in a general theory of planning. *Policy sciences*, 4(2), 155-169.

⁵⁹ Simon, H. A. (1982). *Models of bounded rationality: Empirically grounded economic reason* (Vol. 3). MIT press.

⁶⁰ <https://www.marketplace.org/2017/09/08/economy/american-dream-how-undocumented-immigrants-buy-homes-us>

⁶¹ <https://www.marketplace.org/2017/11/24/business/los-angeles-dreams-nation-s-first-municipal-bank>

More Education: For much of what is outlined in this report to work, the residents of Boyle Heights need more access to learning opportunities related to a wide range of issues, such as personal finance and information about programs related to housing. This lesson, however, connects to many other lessons learned in this report. For instance, by education we also mean the kind that is connected to better employment opportunities.

Trust: Trust is an element that runs deep within every aspect of this report. For any programs or policies to succeed, the residents of Boyle Heights need to fully trust the institutions charged with implementing solutions. Community organizations (mentioned throughout this report, such as Proyecto Pastoral) are poised to engage in the bridge building that is necessary for any and all recommendations to work.

Protections for Immigrants: Boyle Heights is a community with a large immigrant population. For the entire community to feel safe, protections for immigrations are necessary. Evidence demonstrates that the permanency of immigrants is correlated with home ownership - the longer they reside in a neighborhood, the more likely they are to purchase homes in those neighborhoods.⁶² Additionally, this extends beyond immigrants themselves. Boyle Heights identifies closely with the immigrant experience and any attack on undocumented immigrants creates distrust and anger throughout the entire community.

Early Pathways: Youth and young adults make up the largest percentages of Boyle Heights residents. Therefore, many of the solutions outlined in this report need to be tailored to these groups to ensure the long-term success of the overall Boyle Heights community. For example, financial literacy education should be made available to Boyle Heights youth and young adults. These individuals would greatly benefit from learning more about credit and existing financial tools related to property or home ownership. Engagement with these groups will also help build essential levels of trust between public institutions and community members.

Affordable Housing: This is also one of the most important components in dealing with gentrification and displacement. Although this report mostly focuses on understanding the dynamics of property ownership in Boyle Heights, access to affordable housing is the difference between community residents staying or leaving their neighborhoods. As we learn through all our data, the majority of Boyle Heights residents are not yet fully ready to own property, on their own, through the existing tools and systems in place. Additionally, we (public institutions and community organizations) are not implementing solutions fast enough to keep up with tangible issues. Therefore, as much as we would like to increase ownership levels immediately, there are existing needs that need to be addressed immediately. Affordable housing is one of these immediate issues which need extra care and attention.

Alternative Ownership Models: As we demonstrate in this report, the residents of Boyle Heights are not interfacing with existing social and financial institutions as well as we would all like. However, it is not fair to simply create programs that do not address the specific needs of target communities and expect those communities to magically integrate with said programs. So, we (community organizations and public/private institutions) need to experiment more than ever. We have to explore new ways of addressing some of the issues in this report.

All of these recommendations, in our opinion, need to happen in concert and at once. The current economic and social conditions (as we exhaustively highlight throughout this report) of the Boyle Heights community are so precarious that if we waste more time, there is no telling how bad things will get. In the following section, this report concludes with a very specific idea that is designed to address a portion of the property ownership issues outlined in this report, as well as the issue of neighborhood control. It is something we (LURN) would like to test in the future. It is a concept that borrows from CLTs, Shared Equity Housing, and REITs.

Shared Ownership Concept

Many of the points and recommendations above, are assessments of current policies and procedures associated to land ownership, homeownership, gentrification and displacement in one form or another. We outline important system issues in land use, neighborhood and city planning, and factors related to personal finance and income as well as property value trends. Much of what is discussed above

requires careful coordination between community organizations, key stakeholders and government officials in order to institute the changes necessary to address gentrification and displacement in systemic and comprehensive ways. Yet, we would be remiss if all of our lessons learned and data analysis did not result in some kind of immediate strategy or recommendation.

We believe that a pilot program, designed with the lessons in this report, with the goal of connecting community residents to tangible property within Boyle Heights, is very much worth considering. More specifically, we propose the idea of a hybrid Community Land Trust + Fractured Ownership Model. The following are guiding questions to help explain why we believe this concept could work to address the needs outlined in this report:

What is a Community Land Trust? What is Fractured Ownership?: A Community Land Trust (explained in more detail earlier in this report) is land that is held in trust by a non-profit organization. The idea is that the non-profit organization owns and manages the use of the land and allows any form of development to exist on said land. Community Land Trusts (CLTs) are designed to separate the land from the structures built on top of said land, in order to allow for such development as housing to be more affordable. Fractured ownership, is as it sounds - ownership of property broken into shares that are owned by individuals. Fractured ownership is often used in ownership over shared assets such as private airplanes.

Why combine a CLT+Fractured Ownership: Combining these two concepts, we believe, would create a project that addresses all of the specific barriers and challenges community members face in Boyle Heights in relation to property ownership. Here is how we envision such a project working:

Land acquisition: Similar to a CLT process, we envision a community organization (or a hybrid organization developed between multiple community organizations) acquiring developed or undeveloped land in Boyle Heights. This can occur through several channels and options. For example, said organization (or collaborative) can explore traditional loans to purchase land or work with other institutions, such as CDFIs to leverage capital from sources such as New Market Tax Credits. Alternatively, the most ideal scenario would be for Los Angeles City or Los Angeles County to grant land to an organization at no cost, or with a substantial subsidy. Land donations or subsidies are no uncommon when the organizations receiving such benefits are committed to use such property in a way that provides service or fulfills a purpose that is needed in the surrounding community.

Fractured Ownership: Once land is secured, the organization in charge of said land can organize residents into a structure that aggregates a body of residents into one legal entity (such as an LLC) that gains ownership over a percentage of the land possessed by the community organization. This can be structured in a number of ways. For example, the nonprofit organization can hold a majority (51%) stake in the land, with the remaining 49% going to the newly developed community LLC.

LLC Shares: Immediately before the community LLC enters into an agreement with the CLT for shared property ownership, community residents can work with an independent counsel to agree on LLC terms and ownership percentages. Once these terms are set, the community LLC can enter into an agreement with the CLT to own an agreed upon percentage of whatever land is acquired by the CLT.

Tenants in Common: Once both parties (CLT and community LLC) hash out the necessary ownership distribution terms (what percentages each party owns, distribution of property revenues, etc.) the parties move forward as Tenants in Common over the shared property.

Such an agreement, or something similar, carries the following benefits:

Land Ownership: Immediately, this structure provides community residents with ownership over a legal entity that holds one of the most valuable assets in existence in Los Angeles: land (and potentially property). By entering into an agreement via an LLC, or another legal entity structure, those involved are shielded from personal liability issues that may otherwise raise additional concerns or barriers among residents.

Distribution of Costs: By owning land and or property through a separate legal entity, community residents can buy into shares of the larger piece of property owned by the legal entity. This allows residents from different income levels to participate and invest

money into property within Boyle Heights.

Land Use Decision-making: Based on the terms worked out between the CLT and community LLC, and the type of land - developed or undeveloped - that is acquired, community residents will have a say in what is developed in Boyle Heights through the governance structures they agree to within their LLC. In other words, if the community residents want to prioritize housing, they can work with the CLT to determine what type of housing. Additionally, the two CLT and the community LLC can prioritize the development of affordable homes on this land that are then made accessible to the residents who own the land-owning LLC. This would allow community residents to either rent or buy affordable housing on land that they partially own.

Revenue Distribution: Whatever gets developed on the shared land, will generate revenue that can go back into the pockets of share-owning residents. If the community LLC and the CLT decide to prioritize commercial development that provides benefits to the community, they can share in the revenue generated by the rent paid by the businesses operating on their shared land.

There are a multitude of benefits in developing a shared structure like the one proposed above. Additionally, there are infinite ways to be creative with the structures, ownership percentages and distributions of revenue. Yet, before we can explore such a hybrid ownership model (or models with similar goals), there are substantial barriers to overcome:

Community Readiness: All of our data indicate that the majority of Boyle Heights residents are not quite ready for individual home/property ownership. This report outlines an exhaustive list of reasons that range from knowledge about the procedures involved in property ownership to very basic financial barriers. Additionally, trust, between community members and institutions, is not very high (as we mention in our survey and focus group data), but as we found in our research, trust levels are remarkably malleable once more information is provided to community residents. Although this sounds dire, much of this is promising. We see in our data and through anecdotal conversations that community residents are willing to participate in community-centric programs and take risks, if they are involved in the planning of whatever materializes through collaboration with community organizations and institutions.

Access to Capital: As this report stresses over and over - land, in Los Angeles is expensive. To make this work, entities with significant resources need to participate. Foundations, Community Development Financial Institutions and government entities (cities, counties and other government agencies) need to be at the table. As our report demonstrates, community organizations are ready and willing to engage residents in such an endeavor. Resources, however, also need to be present and accessible.

Political Barriers: Some of the biggest obstacles in designing strategies and recommendations that truly benefit the most disadvantaged individuals, are political in nature. That is very evident from our analysis of policy strategies (within and outside of LA) and the current levels of engagement that exist between low-income communities and government institutions. Trust, one of the most lacking factors between low-income residents and government, is arguably entirely defined by the current political climate. As is clear in our assessment of Community Plans, government officials can play a significant role in changing entire systems in the right direction, but only if they are willing to expend significant amounts of social and political capital. One of the most ideal ways for this to work is if the City of Los Angeles or the County of Los Angeles (or another government entity that owns land, such as the Metropolitan Transit Authority) provide land at no or very low cost to the community organization (or network of community organizations) managing this potential project. Politically, however, this may be challenging. We interviewed a Program Officer for an entity that funds Community Land Trust initiatives in New York and when asked about the biggest barriers their initiatives face, they indicated that political feasibility is the biggest. They expressed that even with sufficient financial resources, without political support for alternative ownership models (such as CLTs) projects face greater chances of failure. Thus far, Los Angeles City leaders have not demonstrated the type of interest in pilot projects involving publicly owned land as we feel would be necessary to make something like this work. However, that can change with the right level of community engagement and education, which leads to our final point.

Education and Trust: No matter what recommendations or strategies we, or other organizations, develop, this will go nowhere without the people. As a City, we need to invest more into educating residents about asset development and other economic opportunities. Not only would such efforts increase levels of knowledge, but they would also build trust within our communities. There are organizations currently engaging residents on a number of asset development, economic, housing, and environmental issues. Community organizations like ELACC are holding neighborhood-wide workshops regarding Community Land Trusts; Proyecto

Pastoral is working closely with tenants of government housing to inform them about their rights as renters; LURN is working with low-income entrepreneurs to help them gain access to capital and help them learn about lending and credit. Our proposed hybrid ownership model, or any other potential model, can serve as an opportunity to strategically engage a small population of residents and test a number of community development ideas and strategies. This is why we propose a pilot program, but one with significant resources and buy-in. If this is going to work, we need to take all of the matters in this report seriously.



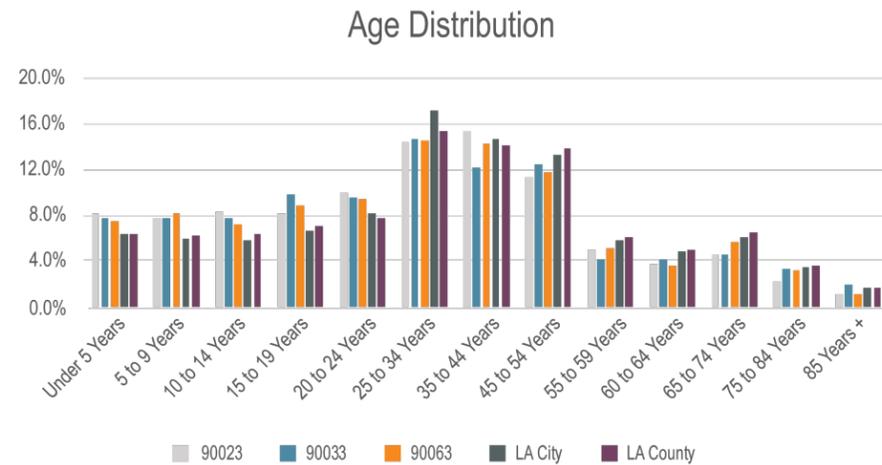
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Appendix A: Demographic, Income and Burden Tables and Charts

Section 1: Age Breakdown

	90023	90033	90063	LA City	LA County
Under 5 years	8.10%	7.80%	7.40%	6.40%	6.40%
5 to 9 years	7.70%	7.70%	8.20%	5.90%	6.20%
10 to 14 years	8.30%	7.80%	7.20%	5.80%	6.40%
15 to 19 years	8.20%	9.80%	8.90%	6.60%	7.00%
20 to 24 years	10.00%	9.50%	9.40%	8.20%	7.70%
25 to 34 years	14.40%	14.70%	14.50%	17.20%	15.40%
35 to 44 years	15.40%	12.20%	14.20%	14.70%	14.10%
45 to 54 years	11.40%	12.40%	11.70%	13.30%	13.80%
55 to 59 years	5.00%	4.10%	5.10%	5.80%	6.10%
60 to 64 years	3.70%	4.10%	3.60%	4.80%	5.00%
65 to 74 years	4.60%	4.60%	5.60%	6.10%	6.50%
75 to 84 years	2.20%	3.30%	3.10%	3.40%	3.60%
85 years and over	1.10%	1.90%	1.10%	1.60%	1.70%

Table 1A: Age Distribution



Graph 1A: Age Distribution

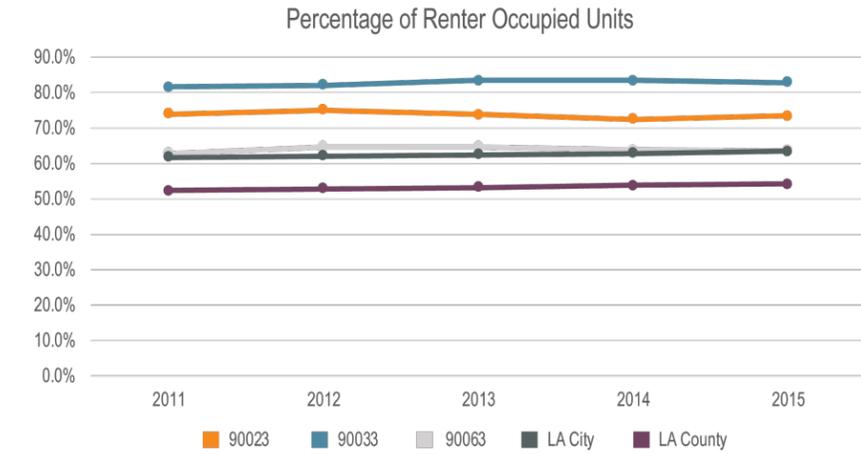
	90023	90023	90063	LA City	LA County
Median age (years)	30.5	29.4	30.8	34.9	35.6

Table 1B: Median Age in 2015

Section 2: Housing Tenure

	2011	2012	2013	2014	2015
90063	62.70%	64.50%	64.50%	63.70%	63.50%
90033	81.50%	81.90%	83.30%	83.20%	82.70%
90023	73.80%	74.90%	73.60%	72.40%	73.30%
LA City	61.60%	62.00%	62.40%	62.80%	63.20%
LA County	52.20%	52.70%	53.10%	53.60%	54.00%

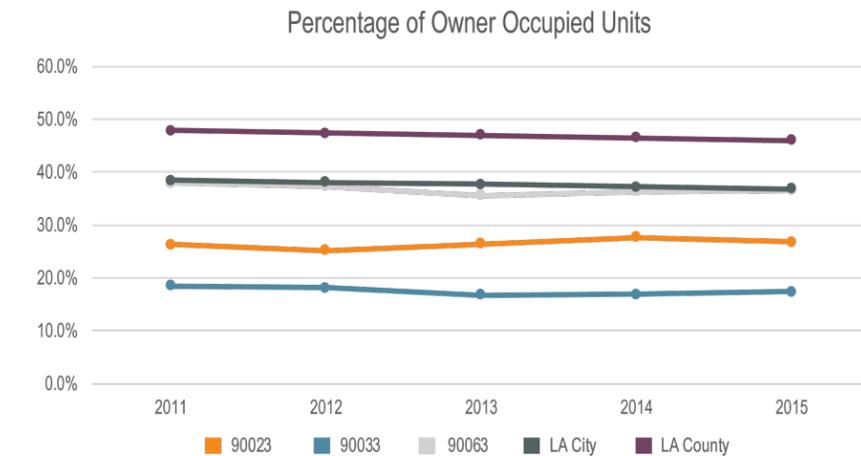
Table 2A: Renter Occupancy from 2011 to 2015



Graph 2A: Percentage of Renter Occupied Units from 2011 to 2015

	2011	2012	2013	2014	2015
90063	37.90%	37.30%	35.50%	36.30%	36.50%
90033	18.50%	18.10%	16.70%	16.80%	17.30%
90023	26.20%	25.10%	26.40%	27.60%	26.70%
LA City	38.40%	38.00%	37.60%	37.20%	36.80%
LA County	47.80%	47.30%	46.90%	46.40%	46.00%

Table 2B: Owner Occupancy from 2011 to 2015

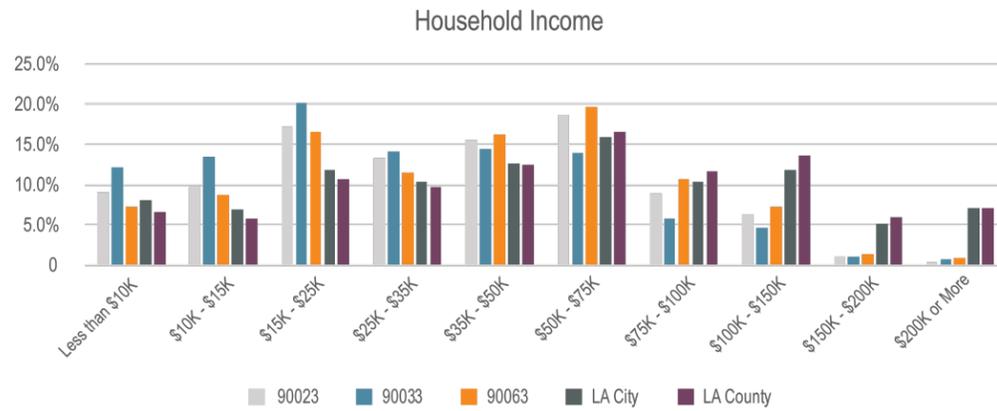


Graph 2B: Percentage of Owner Occupied Units from 2011 to 2015

Section 3: Household Income

	90023	90033	90063	LA City	LA County
Less Than \$10,000	9.10%	12.10%	7.30%	8.00%	6.60%
\$10,000 - \$14,999	9.60%	13.40%	8.70%	6.90%	5.80%
\$15,000 - \$24,999	17.20%	20.10%	16.50%	11.80%	10.60%
\$25,000 - \$34,999	13.20%	14.10%	11.50%	10.30%	9.60%
\$35,000 - \$49,999	15.60%	14.40%	16.20%	12.60%	12.50%
\$50,000 - \$74,999	18.70%	13.90%	19.60%	15.90%	16.60%
\$75,000 - \$99,999	8.90%	5.70%	10.70%	10.40%	11.60%
\$100,000 - \$149,999	6.20%	4.60%	7.30%	11.80%	13.60%
\$150,000 - \$199,999	1.10%	1.10%	1.40%	5.10%	6.00%

\$200,000 or More | 0.40% 0.70% 0.90% 7.00% 7.00%
Table 3A: Household Income



Graph 3A: Household Income Distribution

Section 4: Unemployment

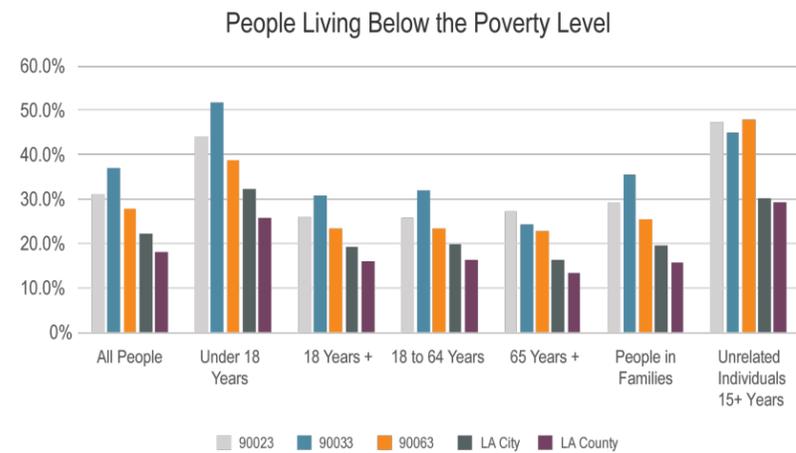
	90023	90033	90063	LA City	LA County
Unemployment Rate	11.30%	13.30%	14.90%	10.30%	10.00%

Table 4A: Unemployment

Section 5: Poverty Levels

	90023	90033	90063	LA City	LA County
All People	31.10%	36.90%	27.70%	22.10%	18.20%
Under 18 Years	44.00%	51.90%	38.90%	32.20%	25.80%
18 Years +	26.00%	30.90%	23.40%	19.30%	15.90%
18 to 64 Years	25.80%	31.90%	23.50%	19.80%	16.40%
65 Years +	27.10%	24.30%	22.90%	16.20%	13.40%
People in families	29.20%	35.50%	25.40%	19.60%	15.80%
Unrelated Individuals 15 + Years	47.40%	45.10%	47.80%	30.20%	29.20%

Table 5A: People Living Below the Poverty Level

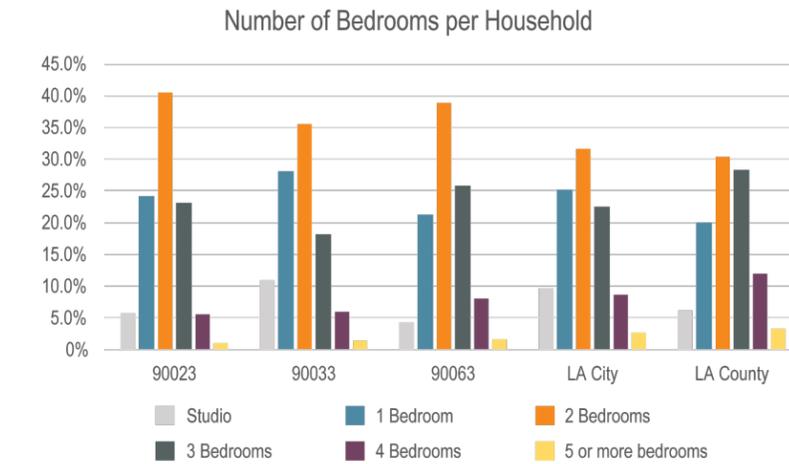


Section 6: Housing Unit Size and Value

Graph 5A: People Living Below the Poverty Level

	90023	90033	90063	LA City	LA County
Studio	5.70%	10.90%	4.30%	9.60%	6.20%
1 bedroom	24.20%	28.00%	21.20%	25.20%	20.00%
2 bedrooms	40.40%	35.50%	38.90%	31.50%	30.30%
3 bedrooms	23.20%	18.20%	25.90%	22.40%	28.20%
4 bedrooms	5.50%	5.90%	8.10%	8.60%	12.00%
5 or more bedrooms	1.00%	1.50%	1.60%	2.70%	3.30%

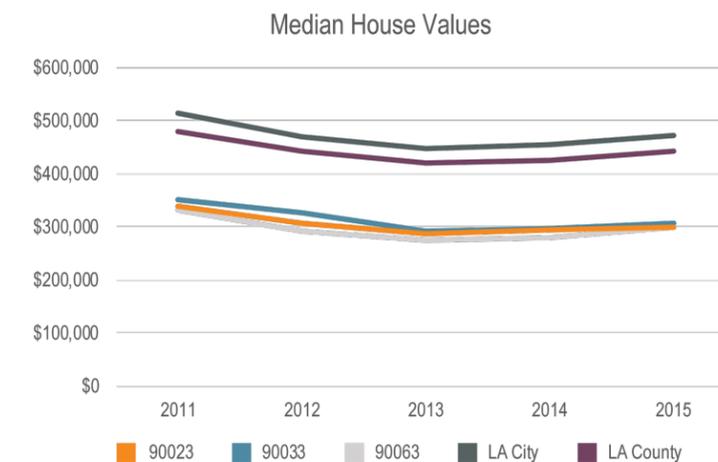
Table 6A: Number of Bedrooms Per Household



Graph 6A: Number of Bedrooms Per Household

	2011	2012	2013	2014	2015
90063	\$330,000	\$292,500	\$273,400	\$280,400	\$299,100
90033	\$351,600	\$326,500	\$291,100	\$296,200	\$306,900
90023	\$339,400	\$307,300	\$287,500	\$294,900	\$299,500
LA City	\$513,600	\$470,000	\$446,100	\$453,800	\$471,000
LA County	\$478,300	\$443,300	\$420,200	\$425,100	\$441,900

Table 6B: Median Value of Owner Occupied Units from 2011 to 2015



Graph 6B: Median Value of Owner Occupied Units from 2011 to 2015

	2012	2013	2014	2015
90063	-11.36%	-6.53%	2.56%	6.67%
90033	-7.14%	-10.84%	1.75%	3.61%
90023	-9.46%	-6.44%	2.57%	1.56%
LA City	-8.49%	-5.09%	1.73%	3.79%
LA County	-7.32%	-5.21%	1.17%	3.95%

Table 6C: Percentage Change in Owner Occupied House Values from 2011 to 2015

Section 7: Rent Burden

	2011	2012	2013	2014	2015
90063	\$922	\$964	\$1,012	\$1,014	\$1,028
90033	\$870	\$889	\$891	\$908	\$911
90023	\$942	\$972	\$978	\$960	\$982
LA City	\$1,127	\$1,156	\$1,175	\$1,194	\$1,209
LA County	\$1,161	\$1,187	\$1,204	\$1,221	\$1,231

Table 7A: Median Gross Monthly Rent from 2011 to 2015

	2011	2012	2013	2014	2015
Less than 15.0 percent	6.20%	7.50%	8.10%	8.80%	8.30%
15.0 to 19.9 percent	8.60%	6.70%	6.50%	6.40%	7.80%
20.0 to 24.9 percent	8.10%	10.30%	9.70%	11.20%	10.70%
25.0 to 29.9 percent	13.10%	12.60%	11.90%	12.10%	10.70%
30.0 to 34.9 percent	8.20%	9.00%	9.10%	9.20%	9.00%
35.0 percent or more	55.70%	53.90%	54.70%	52.40%	53.40%

Table 7B: 90023 Median Gross Monthly Rent from 2011 to 2015

	2011	2012	2013	2014	2015
Less than 15.0 percent	8.00%	7.40%	7.10%	6.50%	6.70%
15.0 to 19.9 percent	9.90%	8.90%	10.20%	9.00%	8.90%
20.0 to 24.9 percent	10.20%	10.50%	9.00%	7.90%	8.80%
25.0 to 29.9 percent	11.30%	9.20%	10.20%	10.50%	11.10%
30.0 to 34.9 percent	7.80%	7.40%	8.00%	8.80%	9.70%
35.0 percent or more	52.70%	56.60%	55.50%	57.40%	54.90%

Table 7C: 90033 Median Gross Monthly Rent from 2011 to 2015

	2011	2012	2013	2014	2015
Less than 15.0 percent	8.10%	8.20%	8.10%	7.40%	9.00%
15.0 to 19.9 percent	8.10%	9.60%	9.20%	10.20%	10.10%
20.0 to 24.9 percent	10.40%	10.50%	10.20%	10.40%	9.60%
25.0 to 29.9 percent	13.10%	11.80%	11.20%	12.30%	10.80%
30.0 to 34.9 percent	9.70%	10.00%	9.80%	9.40%	9.90%
35.0 percent or more	50.60%	49.80%	51.50%	50.30%	50.60%

Table 7D: 90063 Median Gross Monthly Rent from 2011 to 2015

	2011	2012	2013	2014	2015
Less than 15.0 percent	8.80%	8.40%	8.00%	7.70%	7.80%
15.0 to 19.9 percent	9.70%	9.50%	9.40%	9.20%	9.20%
20.0 to 24.9 percent	11.00%	10.80%	10.70%	10.50%	10.70%
25.0 to 29.9 percent	11.30%	11.10%	11.00%	11.00%	10.90%
30.0 to 34.9 percent	9.10%	8.90%	9.00%	9.00%	9.20%
35.0 percent or more	50.10%	51.20%	51.90%	52.50%	52.20%

Table 7E: LA City Median Gross Monthly Rent from 2011 to 2015

	2011	2012	2013	2014	2015
Less than 15.0 percent	9.00%	8.60%	8.30%	8.10%	8.30%
15.0 to 19.9 percent	10.20%	10.00%	9.90%	9.70%	9.70%
20.0 to 24.9 percent	11.50%	11.40%	11.20%	11.20%	11.30%
25.0 to 29.9 percent	11.70%	11.40%	11.30%	11.20%	11.00%
30.0 to 34.9 percent	9.10%	9.00%	9.10%	9.20%	9.40%
35.0 percent or more	48.50%	49.50%	50.10%	50.60%	50.30%

Table 7F: LA County Median Gross Monthly Rent from 2011 to 2015

Section 8: Selected Monthly Owner Costs

	2011	2012	2013	2014	2015
90063	\$1,762	\$1,804	\$1,713	\$1,678	\$1,602
90033	\$1,872	\$1,975	\$1,999	\$2,010	\$1,986
90023	\$1,854	\$1,821	\$1,740	\$1,819	\$1,834
LA City	\$2,672	\$2,633	\$2,569	\$2,502	\$2,454
LA County	\$2,470	\$2,445	\$2,385	\$2,330	\$2,279

Table 8A: Median Selected Monthly Owner Costs with a Mortgage from 2011 to 2015

	2011	2012	2013	2014	2015
Less than 20.0 percent	16.50%	14.90%	17.20%	18.10%	16.50%
20.0 to 24.9 percent	6.40%	10.60%	10.40%	12.70%	13.90%
25.0 to 29.9 percent	9.80%	12.80%	10.60%	12.00%	12.70%
30.0 to 34.9 percent	6.40%	5.90%	5.60%	6.80%	7.60%
35.0 percent or more	60.90%	55.70%	56.20%	50.40%	49.20%

Table 8B: 90023 Selected Monthly Owner Costs as a Percentage of Income from 2011 to 2015

	2011	2012	2013	2014	2015
Less than 20.0 percent	13.20%	13.90%	12.10%	14.30%	15.50%
20.0 to 24.9 percent	14.30%	11.70%	12.50%	8.60%	10.70%
25.0 to 29.9 percent	6.90%	6.10%	5.50%	4.70%	3.60%
30.0 to 34.9 percent	4.00%	8.40%	9.80%	15.30%	16.50%
35.0 percent or more	61.50%	59.90%	60.10%	57.10%	53.70%

Table 8C: 90033 Selected Monthly Owner Costs as a Percentage of Income from 2011 to 2015

	2011	2012	2013	2014	2015
Less than 20.0 percent	22.40%	21.70%	21.40%	21.50%	23.20%
20.0 to 24.9 percent	8.60%	9.40%	10.60%	12.60%	14.10%
25.0 to 29.9 percent	12.40%	10.90%	11.20%	9.40%	8.70%
30.0 to 34.9 percent	6.70%	6.10%	6.60%	6.30%	7.70%
35.0 percent or more	50.00%	51.90%	50.30%	50.20%	46.40%

Table 8D: 90063 Selected Monthly Owner Costs as a Percentage of Income from 2011 to 2015

	2011	2012	2013	2014	2015
Less than 20.0 percent	20.00%	20.30%	20.90%	22.30%	23.80%
20.0 to 24.9 percent	10.60%	10.60%	11.40%	12.00%	12.50%
25.0 to 29.9 percent	10.40%	10.50%	10.70%	10.90%	11.40%
30.0 to 34.9 percent	9.20%	9.30%	9.50%	9.40%	9.00%
35.0 percent or more	49.80%	49.30%	47.50%	45.30%	43.40%

Table 8E: LA City Selected Monthly Owner Costs as a Percentage of Income from 2011 to 2015

	2011	2012	2013	2014	2015
Less than 20.0 percent	21.40%	21.80%	22.80%	24.20%	25.70%
20.0 to 24.9 percent	12.20%	12.30%	12.90%	13.30%	13.80%
25.0 to 29.9 percent	11.30%	11.60%	11.80%	12.00%	12.20%
30.0 to 34.9 percent	9.80%	10.00%	10.10%	9.90%	9.60%
35.0 percent or more	45.30%	44.30%	42.50%	40.60%	38.70%

Table 8F: LA County Selected Monthly Owner Costs as a Percentage of Income from 2011 to 2015

Appendix B: Building Permit Analysis

Section 1: Building Permit Analysis

	Res. Sq. Ft. Addition (Liveable Space)	Res. Sq. Ft. Demolition	Net Sq. Ft. (Liveable)	Res. Sq. Ft. Addition (Unenclosed Space)	Com. Sq. Ft. Addition (Work Space)	Com. Sq. Ft. Demolition	Net Sq. Ft.	Com. Sq. Ft. Addition (Non Work Space)	Man. Sq. Ft. Addition (Work Space)	Man. Sq. Ft. Demolition	Net Sq. Ft.	Man. Sq. Ft. Addition (Non Work Space)
Jan-13	3,890.00	-	3,890.00	-	-	-	-	-	-	-	-	-
Feb-13	4,563.00	(640.40)	3,922.60	-	247,204.00	-	247,204.00	-	-	-	-	-
Mar-13	26,554.00	-	26,554.00	-	-	-	-	-	-	-	-	-
Apr-13	206,124.71	(4,992.00)	201,132.71	620.00	-	(12,242.00)	(12,242.00)	-	-	-	-	-
May-13	3,744.00	(2,280.00)	1,464.00	675.50	-	-	-	-	-	-	-	-
Jun-13	1,432.00	-	1,432.00	-	-	(1,521.00)	(1,521.00)	-	-	-	-	-
Jul-13	656.00	-	656.00	-	-	-	-	-	-	-	-	-
Aug-13	1,065.00	-	1,065.00	-	-	(16,680.00)	(16,680.00)	-	-	-	-	-
Sep-13	666.00	(800.00)	(134.00)	26.00	-	-	-	-	-	-	-	-
Oct-13	857.64	(612.00)	245.64	-	-	-	-	-	-	-	-	-
Nov-13	7,063.00	-	7,063.00	407.00	-	-	-	-	-	-	-	-
Dec-13	502.00	(384.00)	118.00	-	735.00	-	735.00	-	-	-	-	-
Jan-14	7,194.00	(1,200.00)	5,994.00	-	-	(35,600.00)	(35,600.00)	-	2,696.00	-	2,696.00	-
Feb-14	3,508.00	-	3,508.00	-	-	-	-	-	-	-	-	-
Mar-14	1,419.00	-	1,419.00	154.00	-	-	-	-	-	-	-	-
Apr-14	8,774.00	(1,343.00)	7,431.00	338.00	-	-	-	-	-	-	-	-
May-14	1,032.00	-	1,032.00	-	92.00	(128.00)	(36.00)	-	-	-	-	-
Jun-14	8,400.00	(219.00)	8,181.00	388.00	-	(904.00)	(904.00)	-	-	-	-	-
Jul-14	1,746.00	-	1,746.00	607.00	-	-	-	-	-	-	-	-
Aug-14	493.00	-	493.00	682.00	-	-	-	-	-	-	-	-
Sep-14	-	-	-	1,488.80	-	-	-	-	-	-	-	-
Oct-14	1,277.00	-	1,277.00	1,300.00	-	-	-	-	1,602.00	-	1,602.00	-
Nov-14	-	-	-	-	363,659.00	-	363,659.00	-	-	-	-	-
Dec-14	3,400.00	-	3,400.00	-	-	-	-	-	-	-	-	-
Jan-15	875.10	-	875.10	59,878.00	4,748.00	-	4,748.00	-	-	-	-	-
Feb-15	419,901.00	-	419,901.00	-	-	(14,917.00)	(14,917.00)	-	-	-	-	-
Mar-15	-	-	-	648.00	18,037.50	-	18,037.50	-	-	-	-	-
Apr-15	284.80	-	284.80	537.00	120,155.00	-	120,155.00	-	-	-	-	-
May-15	482.00	-	482.00	-	10,971.50	-	10,971.50	-	-	-	-	-
Jun-15	1,614.20	-	1,614.20	168.00	-	-	-	-	-	-	-	-
Jul-15	3,148.00	(3,175.00)	(27.00)	258.00	-	-	-	-	-	-	-	-
Aug-15	2,332.00	-	2,332.00	304.00	213.00	-	213.00	-	-	(3,200.00)	(3,200.00)	-
Sep-15	875.00	336.00	1,211.00	-	588.00	-	588.00	-	-	-	-	-
Oct-15	3,455.00	-	3,455.00	836.00	-	-	-	-	672.00	-	672.00	-
Nov-15	1,444.50	(1,088.00)	356.50	-	-	-	-	-	-	-	-	-
Dec-15	917.00	(2,398.00)	(1,481.00)	-	1,322.00	-	1,322.00	-	-	-	-	-
Jan-16	3,473.00	(1,511.00)	1,962.00	400.00	-	-	-	-	-	-	-	-
Feb-16	708.00	-	708.00	-	-	-	-	-	-	-	-	-
Mar-16	3,155.00	(500.00)	2,655.00	306.00	94,275.00	-	94,275.00	-	-	-	-	-
Apr-16	183.20	(3,708.00)	(3,524.80)	-	-	(13,196.00)	(13,196.00)	-	-	142.00	142.00	-
May-16	95,728.00	(241.50)	95,486.50	21.00	-	-	-	-	-	-	-	-
Jun-16	13,099.80	(8,341.00)	4,758.80	306.00	-	-	-	-	-	-	-	-
Jul-16	4,845.00	(400.00)	4,445.00	-	2,400.00	-	2,400.00	-	550.00	-	550.00	-
Aug-16	498.00	(2,256.00)	(1,758.00)	-	-	-	-	-	-	-	-	-

	Res. Sq. Ft. Addition (Liveable Space)	Res. Sq. Ft. Demolition	Net Sq. Ft. (Liveable)	Res. Sq. Ft. Addition (Unenclosed Space)	Com. Sq. Ft. Addition (Work Space)	Com. Sq. Ft. Demolition	Net Sq. Ft.	Com. Sq. Ft. Addition (Non Work Space)	Man. Sq. Ft. Addition (Work Space)	Man. Sq. Ft. Demolition	Net Sq. Ft.	Man. Sq. Ft. Addition (Non Work Space)
Aug-16	498.00	(2,256.00)	(1,758.00)	-	-	-	-	-	-	-	-	-
Sep-16	2,771.00	(1,031.00)	1,740.00	-	812.00	-	812.00	-	300.00	-	300.00	-
Oct-16	188.00	-	188.00	-	2,017.00	(1,724.00)	293.00	-	-	-	-	-
Nov-16	7,363.00	(1,284.00)	6,079.00	-	-	-	-	-	-	-	-	-
Dec-16	1,748.11	(976.00)	772.11	-	-	-	-	-	-	-	-	-
Jan-17	4,048.00	-	4,048.00	158.00	-	-	-	-	-	-	-	-
Feb-17	10,492.70	(1,434.00)	9,058.70	-	-	-	-	-	-	(5,696.00)	(5,696.00)	-
Mar-17	440.00	(112.00)	328.00	585.00	-	-	-	-	-	-	-	-
Apr-17	12,366.00	(2,297.00)	10,069.00	-	-	-	-	-	-	(394,000.00)	(394,000.00)	-
May-17	4,625.00	(904.00)	3,721.00	-	887.00	-	887.00	-	-	-	-	-
Jun-17	806.00	-	806.00	-	-	-	-	-	-	-	-	-
Totals	896,226.76	(43,790.90)	852,435.86	71,091.30	868,116.00	(96,912.00)	771,204.00	-	5,820.00	(402,754.00)	(396,934.00)	-

Table 1A: Building Permit Analysis for Permits Submitted to Los Angeles City from January 2013 through June 2017*

* Please note that this table's information came from the Los Angeles open data portal and any information is what has been submitted to the City for permitting. Liveable and workable spaces are considered to be structures with walls on all sides and a ceiling, not including garages for liveable residential calculations.

Section 1: Property Data Correlation Table

	Commercial Property - Average Value (assessor) (BH)	Commercial Property - Average Value (assessor) (LA)	SFR average value (assessor) (BH)	SFR average value (assessor) (LA)	Zillow Homes Boyle Heights	Zillow LA City Homes	Land Value Average CI (assessor) (LA)	Land Value Average CI (assessor) (BH)	Land Value Average SFR (assessor) (BH)	Land Value Average SFR (assessor) (LA)
Commercial Property - Average Value (assessor) (BH)	1									
Commercial Property - Average Value (assessor) (LA)	0.989437828	1								
SFR average value (assessor) (BH)	0.761769824	0.836028968	1							
SFR average value (assessor) (LA)	0.954344202	0.972778326	0.887938448	1						
Zillow Homes Boyle Heights	-0.057472781	0.025394269	0.478457964	0.216196848	1					
Zillow LA City Homes	0.153594515	0.224536646	0.59627578	0.396880324	0.956771659	1				
Land Value Average CI (assessor) (LA)	0.992635938	0.996132257	0.797472056	0.954506259	-0.05380876	0.145495301	1			
Land Value Average CI (assessor) (BH)	0.99606221	0.980413605	0.723984022	0.939835867	-0.088806565	0.127522724	0.984394442	1		
Land Value Average SFR (assessor) (BH)	0.645687542	0.7360363	0.984302784	0.793483618	0.550383936	0.637688594	0.692092074	0.600773	1	
Land Value Average SFR (assessor) (LA)	0.936544488	0.961997202	0.915254469	0.99734392	0.274946869	0.451126386	0.938842409	0.91852058	0.830949136	1

Table 1A: Property Data Correlation Analysis

Section 2: ANOVA - Gender and Age

Appendix C: Statistical Analysis on Property Values and Survey Questions

SUMMARY					Hyp Mean Diff	0
Groups	Count	Mean	Variance	Cohen d		
Female	206	233.2135922	21147.11513			
Male	192	251.1354167	22748.14911			
Pooled					21919.33101	0.121051053

T TEST					Alpha
	std err	t-stat	df	p-value	
One Tail	14.8515219	1.206733195	396	0.11412764	
Two Tail	14.8515219	1.206733195	396	0.228255279	

Table 2A: Gender Analysis for Survey Question 5

Groups	Count	Mean	SS	Std Err	Alpha 0.05		
					Lower	Upper	
1 (18-24)	119	164.08	1322483.16	13.38	137.58	190.59	
2 (25-34)	80	190.24	1470752.49	16.32	157.74	222.73	
3 (35-44)	74	233.34	1702246.55	16.97	199.51	267.17	
4 (45-54)	59	215.54	1481266.64	19.01	177.49	253.59	
5 (55-64)	57	301.21	1748481.47	19.34	262.47	339.95	
6 (65-74)	34	345.47	1025288.47	25.04	294.53	396.42	
7 (75 or older)	8	327	288792	51.62	204.93	449.07	

ANOVA						
Sources	SS	df	MS	F	P value	F crit
Between Groups	1455228.074	6	242538	11.37654403	8.38E-12	2.11996166
Within Groups	9039310.79	424	21319.1			
Total	10494538.86	430	24405.9			

Table 2B: Age Analysis for Survey Question 5

Section 3: Goodness of Fit Contingency Tables - Age

7. Do you own any real estate in Boyle Heights?

Age Groups	No	Yes - house	Yes - Commercial Property	Yes - Other	Yes - Vacant Land	Total
18-24	111	6	1	0	1	119
25-34	69	8	3	0	N/A	80
35-44	66	6	N/A	1	1	74
45-54	54	4	N/A	N/A	N/A	58
55-64	42	15	N/A	N/A	N/A	57
65-74	23	10	1	N/A	N/A	34
75 or older	5	2	1	N/A	N/A	8
	370	51	6	1	2	430

11. If you answered no to number 10: why not?

Age Group	Not Interested	Not enough knowledge	Poor Credit/financial barrier	Lack of trust in the system	Other barrier	Total
18-24	17	6	32	N/A	37	92
25-34	16	4	18	2	12	52
35-44	8	7	27	N/A	11	53
45-54	14	5	16	2	4	41
55-64	5	2	19	2	4	32
65-74	5	N/A	9	1	4	19
75 or older	1	N/A	N/A	N/A	N/A	1
	66	24	121	7	72	290

13. Is real estate ownership one of your top three priorities in life?

Age Group	Yes	No	N/A - Already Own	Not Sure	Total
18-24	76	35	3	1	115
25-34	38	28	8	2	76
35-44	41	29	2	1	73
45-54	22	29	5	N/A	56
55-64	24	23	9	1	57
65-74	11	13	8	1	33
75 or older	2	3	3	N/A	8
Total	214	160	38	6	418

10. Have you ever applied for a loan to purchase any form real estate in Boyle Heights?

Age Group	No	Yes - house/condo	Yes -	Yes - Vacant Land	Total
18-24	109	8	N/A	2	119
25-34	68	7	4	N/A	79
35-44	66	6	1	1	74
45-54	51	8	N/A	N/A	59
55-64	44	12	1	N/A	57
65-74	23	11	N/A	N/A	34
75 or older	4	3	1	N/A	8
	365	55	7	3	430

12. If you were to apply for a loan to purchase real estate (of any kind) in BH, do you feel that you would get approved?

Age Group	Yes	No	Unsure	Total
18-24	43	61	14	118
25-34	34	35	11	80
35-44	33	34	5	72
45-54	19	36	2	57
55-64	23	31	3	57
65-74	16	15	3	34
75 or older	4	4	N/A	8
	172	216	38	426

15. If you had the opportunity to collectively purchase real estate and share equal ownership over that property, would you participate?

Age Group	Yes	No	Maybe	Total
18-24	24	86	8	118
25-34	25	54	N/A	79
35-44	32	40	2	74
45-54	25	33	N/A	58
55-64	17	39	1	57
65-74	9	25	N/A	34
75 or older	1	7	N/A	8
	133	284	11	428

Section 3: Goodness of Fit Contingency Tables - Age (Continued)

16. Why? (In response to 15)

Age Group	No - Lack of trust in people	No - Lack of trust in concept	No - Sounds too complicated/too burdensome	No - Lack of money/financial reasons	No - Not interested for other reasons	Yes - economic prosperity	Yes - building community/social prosperity	Yes - Other	Unsure - positive	Unsure - negative	Total
18-24	22	9	12	3	32	6	7	8	7	N/A	106
25-34	7	7	15	3	16	6	12	6	N/A	N/A	72
35-44	4	2	12		16	13	7	8	1	1	64
45-54	3	2	11	1	11	5	12	6	1	N/A	52
55-64	10	2	13	2	9	2	9	4	1	N/A	52
65-74	6	N/A	8	N/A	9	2	5	1	N/A	N/A	31
75 or older	N/A	1	3	N/A	3	1	N/A	N/A	N/A	N/A	8
	52	23	74	9	96	35	52	33	10	1	385

Section 4: Goodness of Fit Contingency Tables - Gender

7. Do you own any real estate in Boyle Heights?

Gender	No	Yes - house	Yes - Commercial Property	Yes - Other	Yes - Vacant Land	Total
Female	201	23	2	N/A	1	227
Male	169	28	4	1	1	203
	370	51	6	1	2	430

11. If you answered no to number 10: Why Not?

Gender	1	2	3	4	5	Total
Female	37	11	65	4	35	152
Male	29	13	56	3	37	138
	66	24	121	7	72	290

See Table 9 on p. 22 for response codes for this table.

10. Have you ever applied for a loan to purchase any form real estate in Boyle Heights?

Gender	No	Yes - house/condo	Yes - commercial property	Yes - Vacant Land	Total
Female	200	24	3	1	228
Male	165	31	4	2	202
	365	55	7	3	430

12. If you were to apply for a loan to purchase real estate (of any kind) in BH, do you feel that you would get approved?

Gender	Yes	No	Unsure	Total
Female	103	117	6	226
Male	69	99	32	200
	172	216	38	426

Section 4: Goodness of Fit Contingency Tables - Gender (Continued)

13. Is real estate ownership one of your top three priorities in life?

Gender	Yes	No	N/A - Already Own	Not Sure	Total
Female	114	86	21	N/A	221
Male	100	74	17	6	197
	214	160	38	6	418

15. If you had the opportunity to collectively purchase real estate and share equal ownership over that property, would you participate?

Gender	Yes	No	Maybe	Total
Female	75	147	4	226
Male	58	137	7	202
	133	284	11	428

16. Why? (In response to 15)

Gender	No - Lack of trust in people	No - Lack of trust in concept	No - Sounds too complicated/too burdensome	No - Lack of money/financial reasons	No - Not interested for other reasons	Yes - economic prosperity	Yes - building community/social prosperity	Yes - Other	Unsure - positive	Unsure negative	Total
Female	30	10	29	6	52	24	31	15	4	NA	201
Male	22	13	45	3	44	11	21	18	6	1	184
	52	23	74	9	96	35	52	33	10	1	385

Section 5: Property Timeseries Data (Aggregate and Normalized Data)

Property Values (Averages and Median Averages)

Year	Commercial Property - Average Value (assessor) (BH)	Commercial Property - Average Value (assessor) (LA)	SFR average value (assessor) (LA)	SFR average value (assessor) (BH)	Zillow Homes Boyle Heights	Zillow LA City Homes	Land Value Average CI (assessor) (LA)	Land Value Average CI (assessor) (BH)
2006	\$449,958.07	\$1,449,629.07	\$341,948.23	\$157,863.75	\$383,700.00	\$575,000.00	\$600,900.57	\$195,413.33
2007	\$495,422.22	\$1,587,830.01	\$361,097.97	\$162,850.47	\$412,400.00	\$577,400.00	\$669,117.91	\$214,934.52
2008	\$559,956.12	\$1,705,234.48	\$381,579.88	\$217,943.19	\$349,900.00	\$514,500.00	\$731,075.06	\$229,827.43
2009	\$604,719.27	\$1,773,395.91	\$372,260.75	\$216,544.79	\$254,300.00	\$441,200.00	\$767,759.11	\$261,893.02
2010	\$620,884.84	\$1,738,040.71	\$364,135.69	\$183,023.80	\$230,500.00	\$440,400.00	\$759,724.44	\$271,883.37
2011	\$627,472.56	\$1,736,997.87	\$374,709.22	\$163,789.21	\$219,500.00	\$409,300.00	\$755,419.48	\$276,225.67
2012	\$648,970.27	\$1,769,301.57	\$384,495.49	\$174,218.71	\$229,600.00	\$397,700.00	\$776,000.68	\$284,409.80
2013	\$683,166.50	\$1,867,153.94	\$405,720.35	\$183,538.36	\$272,300.00	\$449,650.00	\$814,401.46	\$297,361.72
2014	\$724,005.31	\$1,959,683.33	\$432,898.64	\$215,402.66	\$305,500.00	\$510,250.00	\$855,572.14	\$313,908.78
2015	\$811,913.08	\$2,134,648.00	\$462,239.18	\$243,146.00	\$344,300.00	\$557,950.00	\$919,962.80	\$359,818.00
2016	\$907,030.64	\$2,260,357.58	\$490,996.53	\$254,296.97	\$379,900.00	\$610,550.00	\$984,647.47	\$389,526.18

Normalized Property Values

Year	Commercial Property - Average Value (assessor) (BH)	Commercial Property - Average Value (assessor) (LA)	SFR average value (assessor) (LA)	SFR average value (assessor) (BH)	Zillow Homes Boyle Heights	Zillow LA City Homes	Land Value Average CI (assessor) (LA)	Land Value Average CI (assessor) (BH)
2006	-1.504	-1.583	-1.201	-1.181	1.089	1.024	-1.709	-1.472
2007	-1.160	-0.987	-0.787	-1.033	1.499	1.056	-1.075	-1.137
2008	-0.671	-0.480	-0.344	0.609	0.606	0.214	-0.500	-0.882
2009	-0.332	-0.186	-0.545	0.567	-0.759	-0.768	-0.160	-0.334
2010	-0.209	-0.339	-0.721	-0.432	-1.099	-0.779	-0.234	-0.163
2011	-0.159	-0.343	-0.492	-1.005	-1.256	-1.195	-0.274	-0.088
2012	0.004	-0.204	-0.281	-0.694	-1.112	-1.351	-0.083	0.052
2013	0.263	0.218	0.179	-0.416	-0.502	-0.655	0.273	0.274
2014	0.572	0.618	0.767	0.533	-0.028	0.157	0.655	0.557
2015	1.238	1.372	1.402	1.360	0.526	0.796	1.253	1.343
2016	1.958	1.915	2.024	1.692	1.035	1.501	1.854	1.851

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