



An Overview of 42 Months of Los Angeles Data

Who needs help financing ADU's?



We build ADUs in Los Angeles

**3% of all 2020
ADU Permits**

in LA applied for by
United Dwelling

500

new ADUs to be built
in 2022. ½ are already
contracted

Data Driven

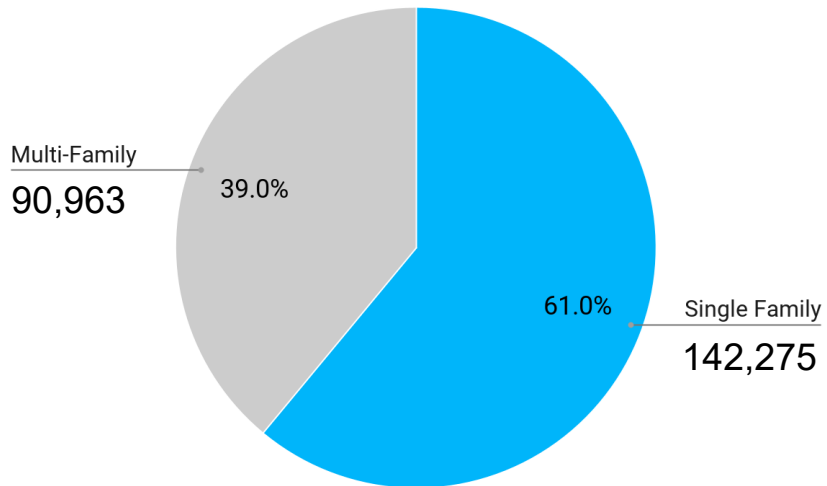
Only market to parcels
where units will fit and
owners can finance them



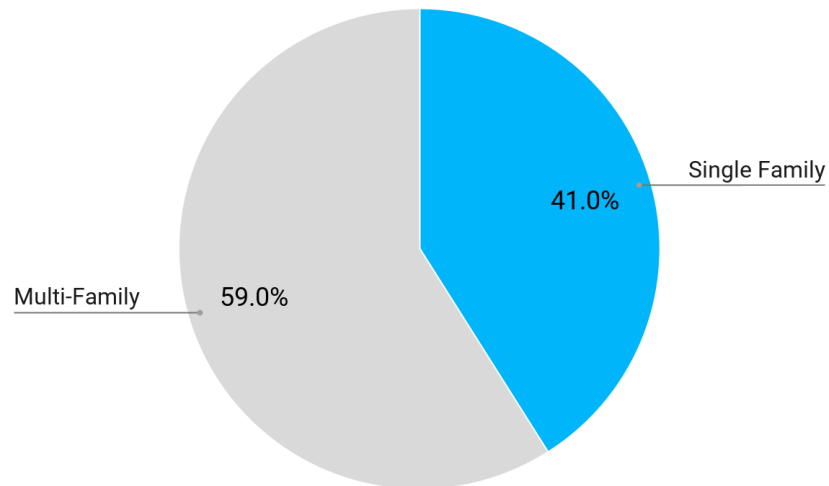


ADUs can fit on **233,239** City of LA Parcels

ADU Eligible Parcels

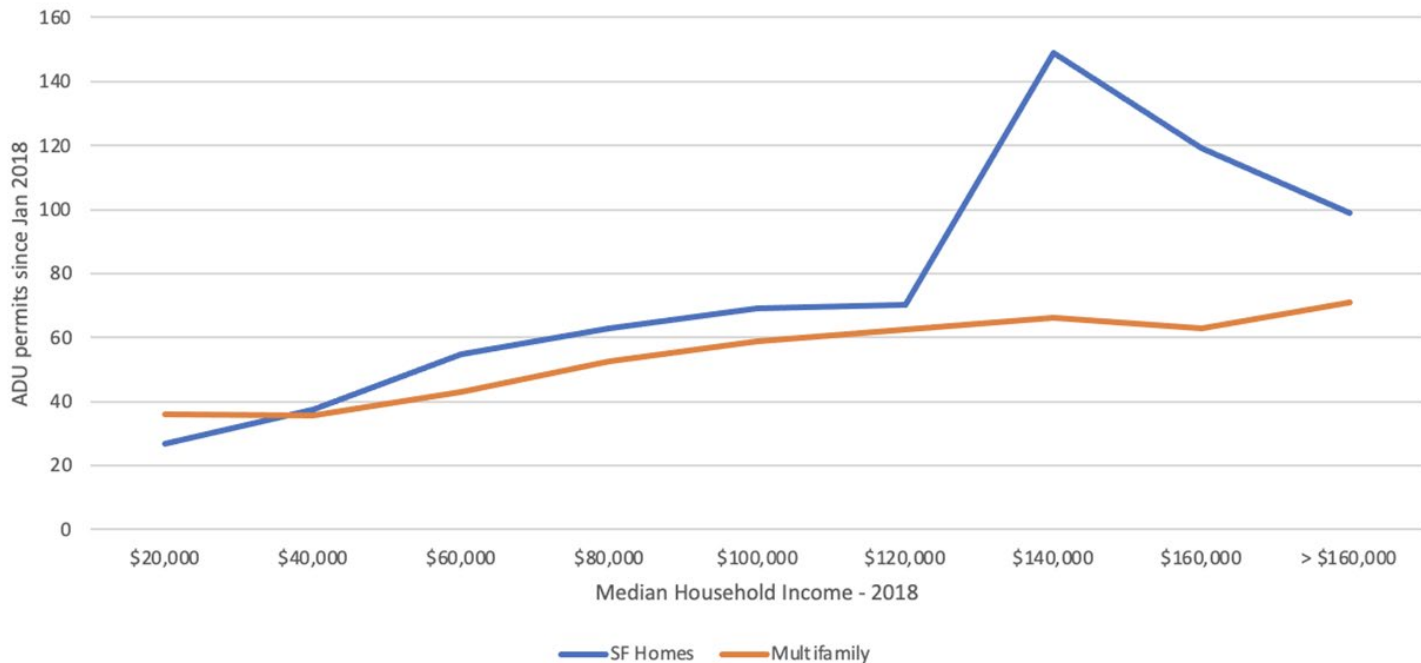


ADU Building Permits



Wealthy people are building ADUs

Los Angeles ADU permits / 1,000 Eligible Parcels by Median Household Income
2018 - August 2021





Who is building?

Single Family parcels
overrepresented by **2x** if they:

- Own parcel >10 years
- Age skews 12 years older than median
- LTV < 70%

Multi-Family parcels
overrepresented by **3x** if they own:

- 4-5 units
- parcel >15 years



Who is unable to build?

Single Family parcels
underrepresented by 75% if they:

- Are new to property, LTV >70%
- Have DTI > 43%

Multi-Family parcels
underrepresented if they are:

- Duplex parcels (mostly owner occupied)



Who is unable to build?

<i>Stats for Homeowners denied financing</i>	
LTV	46%
LTV w ADU	69%
Mortgage UPB	\$331,500
Home Value	\$555,300
FICO	725
Sample Size = 139	

62% are currently over 43% DTI as their income has declined in retirement

87% would drop below 43% DTI with 75% of rental income included

Current policy is impairing the credit quality of the existing book.



Permanent financing needed for mid income households

Including contracted rental income
in the DTI calculation should **double penetration
in low & middle income communities**

- Entitlement is *inexpensive*
- ADU demolition to Completion (prefab)
can be **25 to 35 days.**
- Very short construction means some
**contractors & prefab vendors can
carry the project if** they had certainty
of payment at final inspection