

Los Angeles Needs a Development Revolution — Not Just Reform

Fifteen policy recommendations for transforming housing production in Los Angeles and California.

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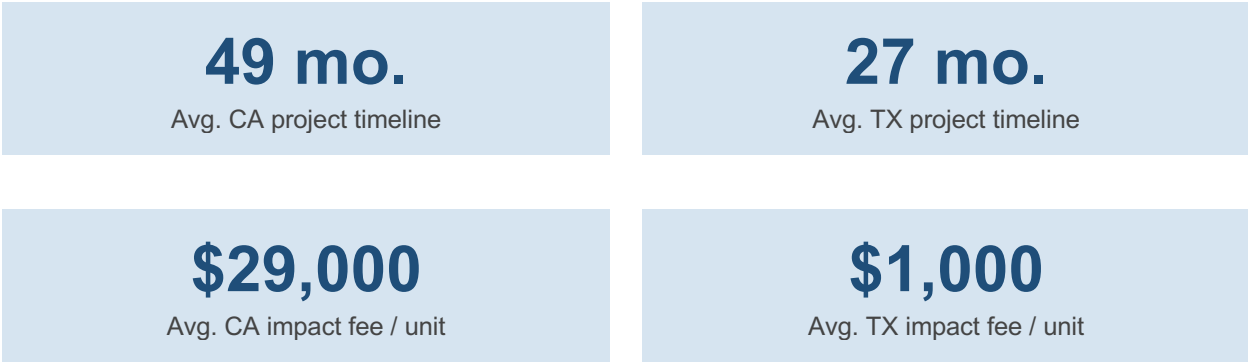
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EXECUTIVE SUMMARY

California must build 2.5 million homes by 2030. It is producing fewer than half that number. The state ranks second-to-last in the country in housing units per capita — 358 per 1,000 residents, compared to a national average of 419. Hard construction costs here are 2.3 times higher than in Texas. Completing a development project takes an average of 49 months in California versus 27 in Texas. Municipal impact fees average \$29,000 per unit statewide versus \$1,000 in Texas.

These are not market forces. They are policy choices — and they can be changed.

This brief presents fifteen concrete, research-grounded proposals organized around four strategic priorities. Each proposal has a precedent in another jurisdiction, a research basis in the peer literature, or a proof of concept already operating inside Los Angeles. Together they constitute a legislative and policy agenda to transform the city’s development system from a sequential queue into a coordinated delivery machine.



The Four Strategic Priorities

- **Rewire the Machine:** Eliminate sequential review through a Development Services Concierge, AI-enabled digital permitting, and codified Charter reform.
- **Reset the Rules:** Establish a uniform statewide building code baseline, a functional appeals process, expanded Residential Code coverage, condominium liability reform, and a uniform labor standard.
- **Build Differently:** Unlock adaptive reuse at scale, maximize SB 79 transit-oriented density, eliminate impact fees for missing middle housing, and treat factory-built industrialized construction as a strategic state priority.
- **Fix the Money:** Precision-reform Measure ULA to stop suppressing production, establish a well-governed gap financing fund, mandate concurrent infrastructure review, and complete the digital transformation of permitting.

The 2028 Olympic and Paralympic Games have forced Los Angeles to prototype a faster, more coordinated development system. This brief argues that the prototype must become permanent — and extended.

THE CRISIS IN CONTEXT

Los Angeles — and California as a whole — is trapped in a mathematical paradox. The state must produce and preserve between 1 million and 1.2 million affordable homes by 2030, as part of a larger mandate requiring 2.5 million total new housing units statewide. California is currently producing approximately 20,000 affordable homes annually — less than one-fifth the required pace. For extremely low-income households, the shortage is acute: there are only 24 available affordable rental units for every 100 households that need them.

The crisis is not simply a shortage of funding. Capital and political will are often present. The deeper problem is regulatory blight, bureaucratic fragmentation, and prohibitive construction costs that prevent even the most well-funded projects from taking root. Hard construction costs — materials and labor — make up more than 60 percent of total development costs. According to the Turner Center for Housing Innovation's [March 2026 report](#) on scaling innovative construction in California, hard costs here are 2.3 times higher than in Texas; total multifamily development costs routinely exceed \$400,000 to \$500,000 per unit; and since the 2009–2011 cycle, hard costs per square foot have risen by \$68, with wood, plastics, and composites up 110 percent after inflation.

In the City of Los Angeles, twelve siloed city departments — LADBS, LACP, LADWP, LAFD, BOE, LADOT, and others — operate in sequential isolation. Affordable housing projects in the Project Homekey program have taken 20 to 25 months just to receive a permit, due to sequential reviews where a delay in one department halts all overall progress. Elevated tariffs on imported materials and federal immigration enforcement policies are now further constraining the labor pool, accelerating the removal of experienced construction workers and limiting the inflow of new labor.

None of this is inevitable. Every figure in this brief corresponds to a policy lever that can be pulled. The proposals that follow address that system at every layer: governance, regulation, financing, infrastructure, and the physical technology of construction itself.

I. REWIRE THE MACHINE: STRUCTURAL REFORMS

The permitting problem is fundamentally a coordination problem. Every reform in this brief depends on the city's ability to review, approve, and deliver projects with speed and consistency. The following three proposals address that prerequisite directly.

Proposal 1: The Development Services Concierge Model

The single most disorienting feature of development in Los Angeles is that no one is in charge. A project requiring permits from LADBS, plan check from LAFD, clearance from LADWP, and review from LADOT has no single point of accountability — only a sequence of independent queues. The solution is structural: one department designated as the concierge and intermediary for all permits, applications, and reviews across the entire development lifecycle.

This means reinstating a Deputy Mayor for Development Services — a Development Services Czar with direct executive authority to compel inter-departmental coordination — and embedding beneath that office a permanent, standing Expedited Review Unit (ERU) modeled on the Olympic coordination pilot. Los Angeles has historical precedent: a similar inter-departmental task force with Mayoral authority was used successfully under Mayor James Hahn to implement the original 1999 Adaptive Reuse Ordinance.

ERU Operating Requirements

- **Single Point of Contact:** A dedicated case manager shepherds each qualifying project from submission to permit issuance across all city departments.
- **Joint Review Committee:** Senior staff from all twelve departments meet weekly with binding authority to resolve inter-departmental conflicts.
- **Concurrent Review:** LADBS, LAFD, and Disabled Access Services review simultaneously on a shared digital platform — not sequentially.
- **Review Lock-In:** Once a project reaches its second correction cycle, departments are prohibited from introducing new comments unless a critical life-safety issue arises.
- **Automatic Escalation:** Any project missing a statutory deadline is flagged for supervisor resolution within 48 hours.

Proposal 2: Codify Zoning Certainty and Expand Architect Self-Certification

The city must implement a Zoning Certainty program confirming development rights in writing as an expedited preliminary step for every project. Pair this with a fully overhauled architect self-certification program for low-risk tenant improvements — modeled on New York City and LA County's successful versions. A genuine self-certification program must: eliminate the burdensome ICC testing requirement; rely instead on professional licensure and an affidavit of responsibility; and grant qualifying projects a green lane that bypasses the full departmental clearance slate. The program should extend to single-family homes under 4,000 square feet and accessory dwelling units. This is not deregulation — it is a rational reallocation of staff time toward complex, higher-risk reviews.

Proposal 3: Charter Reform — Chief Design Officer and a Mandatory Five-Year Capital Plan

Los Angeles is the only major U.S. city without a comprehensive, multi-year Capital Infrastructure Plan (CIP). The ongoing [City Charter Reform process](#) is a once-in-a-generation opportunity to mandate one. The Charter should legally require a five-year CIP. The U.S. Supreme Court's decision in [Sheetz v. County of El Dorado](#) has created new constitutional scrutiny for development impact fee programs; a formalized CIP provides the documented nexus such programs require.

The Charter should also permanently codify the role of Chief Design Officer — required to be a licensed California architect — with executive authority to synthesize a holistic vision across Public Works, City Planning, and LADWP. Consolidating LADOT into Public Works would guarantee Unified Project Delivery, ensuring streets, transit infrastructure, bike lanes, and tree canopy are upgraded simultaneously rather than in disjointed phases managed by disconnected agencies.

II. RESET THE RULES: REGULATORY REFORMS

Regulatory fragmentation is not merely a Los Angeles problem — it is a California problem at scale. The following six proposals address the statewide rules that govern what can be built, how it is reviewed, and who bears the cost of defects. Each represents a structural change with documented precedent in peer jurisdictions.

Proposal 4: One Baseline Resilient Building Code for California

With over 540 local jurisdictions each exercising independent building code enforcement authority, a developer operating across Los Angeles, Long Beach, Santa Monica, Culver City, Glendale, San Diego, San Francisco, San Jose, and Sacramento navigates a different interpretive matrix in every market. Researchers estimate that mid-stream regulatory shifts alone add approximately \$75,000 per unit in carrying costs and redesign fees.

The consequences are most acute for industrialized construction. As the Turner Center’s March 2026 research documents, local code variation prevents factory-built manufacturers from using a standardized product across multiple markets — directly eroding the efficiencies that factory-built construction is designed to deliver. The state must establish one baseline building code that every California jurisdiction adopts without local modification for standard project types, incorporating Vested Rights Stability so code requirements are locked in at the time of project approval.

Proposal 5: Create a Functioning State-Level Building Code Appeals Process

California’s code appeals framework is effectively nonfunctional. The California Building Standards Commission estimates the process has been used perhaps once or twice in the past 15 years. The Turner Center’s 2026 research describes the current process as “fraught and opaque.”

The state already has working models: the State Fire Marshal’s office publishes code interpretations providing consistency across hundreds of local fire districts; the California Historic Building Code offers three levels of appeal; Oregon conducts state-level plan review that allows innovative design approaches to scale statewide. These models should be synthesized into a functional California Building Standards appeals framework that benefits both innovative and conventional construction.

Proposal 6: Expand the California Residential Code to Cover Missing Middle Typologies

The California Residential Code (CRC) currently applies to single-family homes, two-family homes, and townhouses. Triplexes and fourplexes are forced into the commercial code. When a recent project switched from condominium to apartment designation during permitting, a jurisdictional determination required full commercial code compliance — adding significant delays and approximately one million dollars in construction costs. Extending the CRC to cover triplexes, fourplexes, and townhouses regardless of tenure type would unlock missing middle production by the small developers and individual property owners best positioned to deliver it.

Proposal 7: Reform Condominium Liability to Unlock Homeownership Production

California's homeownership rate stands at approximately 55 percent — more than ten percentage points below the national average of 66 percent, and among the lowest in the country. Between 2011 and 2021, only 3 percent of the nearly one million multifamily units built in California were offered for sale, compared to 38 percent in Canada. The primary cause is liability law: California's 10-year defect liability period has made for-sale condominium development essentially uninsurable at rational cost. On one \$85 million condominium project in Downtown Los Angeles, architects were required to secure a \$25 million insurance policy solely for defect claims.

Reform options include: reducing the statute of limitations for non-structural defects to four years with optional owner-purchased extended warranties; mandating mediation before litigation; and raising the threshold for frivolous defect claims. Condominium liability reform is housing production policy. They cannot be separated.

Proposal 8: One Baseline Labor Standard Statewide

Today, Los Angeles, Long Beach, Santa Monica, Culver City, Glendale, San Diego, San Francisco, San Jose, and Sacramento each operate under different prevailing wage and project labor agreement (PLA) requirements. A [2024 RAND study of Proposition HHH](#) projects found that PLA requirements, as currently structured, resulted in a 21 percent increase in total development costs — driven primarily by longer timelines and carrying costs. (A competing UC Berkeley Labor Center study found no statistically significant cost impact; this remains an active scholarly debate.)

A related structural flaw: the prevailing wage tier system triggers Commercial Prevailing Wage at five stories, adding a 10 to 15 percent cost premium at precisely the building height that SB 79 is trying to encourage. AIA California recommends raising this threshold to eight stories — aligning with the code limit for a conventional three-level concrete podium with five levels of Type IIIA wood construction. California should establish one statewide prevailing wage and PLA baseline, paired with a Green Equity Workforce Pipeline: publicly funded trade school programs including pathways calibrated for factory-based construction environments.

Proposal 9: Streamline CEQA for Public Benefit Projects

The CEQA exemption principles [piloted](#) for the Olympics represent evidence-based, outcome-oriented regulatory logic the city should codify permanently. Environmental review must remain rigorous. But CEQA cannot continue to function as a procedural weapon against the housing and climate investments the region desperately needs. The city should adapt the Olympic exemption framework into a general pathway for projects demonstrating clear public benefits: affordable housing, sustainable infrastructure, transit connectivity, and community facilities.

III. BUILD DIFFERENTLY: HOUSING SUPPLY REFORMS

Los Angeles has the raw materials for a housing surge: underutilized office buildings, new transit-oriented zoning, and a factory-built construction industry that can deliver homes faster and at lower cost — if the policy environment supports it. The following four proposals unlock those materials.

Proposal 10: Adaptive Reuse at Scale

Downtown Los Angeles now exceeds 33 percent office vacancy. The broader LA market hovers near 23 percent as of early 2026. [Citywide Adaptive Reuse Ordinance 188793](#) takes the right structural step — replacing the fixed 1974 eligibility date with a rolling 15-year clock, eliminating minimum unit size requirements, and exempting conversions from new parking mandates — but two barriers remain.

First, code: a developer seeking to convert 15 floors of a 40-story tower currently triggers a full building change-of-use determination, requiring seismic retrofits and new gurney elevator shafts for the entire structure. The city must adopt alternative standards treating partial conversions like tenant improvements. The original 1999 ARO created over 12,000 units in Downtown LA precisely because it solved analogous code barriers with rational risk-equivalency approaches.

Second, financing: a BAE Urban Economics study for Downtown Works documents that without intervention, the DTLA office market alone could lose \$69.5 billion in assessed property value over the next decade, costing the city and county \$353 million in lost tax revenue. Los Angeles must deploy the full toolbox that New York, Chicago, and Calgary have used successfully: property tax abatements, direct city grants, transfer tax exemptions, and Tax-Increment Financing. As the National Trust for Historic Preservation’s Preservation Green Lab has documented, even the most energy-efficient new construction takes 10 to 80 years to recover the embodied energy of demolition — making adaptive reuse simultaneously a housing strategy, a climate strategy, and a fiscal strategy.

Proposal 11: SB 79 as a Floor, Not a Ceiling

Senate Bill 79, signed into law in October 2025 and effective July 1, 2026, allows up to nine-story residential buildings immediately adjacent to heavy rail stations — with allowances stepping down by distance and transit tier across California’s eight urban transit counties, including Los Angeles. This must be treated as the minimum standard for transit-oriented development, not the aspirational ceiling. The city should layer financial incentives — density bonuses, expedited review, reduced fees — calibrated to construction typology, to steer the market toward higher-performing buildings: non-combustible steel and concrete for the greatest density and durability; mass timber for sustainability and construction speed.

Proposal 12: Eliminate Impact Fees for Missing Middle Housing

California’s municipal impact and development fees average \$29,000 per unit statewide — 10 to 40 times higher than in Texas — making small-scale infill projects financially impossible before a shovel enters the ground. Eliminating all impact fees for missing middle typologies (duplexes, triplexes, courtyard apartments, and small-lot subdivisions) would unlock an efficiency dividend of approximately \$75,000 per unit. The model of layering density incentives with community

preservation benefits — as in the Legacy Small Business FAR bonus under Ordinance 188793 — should become the template for missing middle policy citywide.

Proposal 13: Treat Factory-Built Housing as a Strategic State Priority

Industrialized construction (IC) — including prefabricated panelized elements, volumetric modular units, mass timber assemblies, and on-site 3D printing — is perhaps the most underleveraged tool in California’s housing arsenal. The Turner Center’s March 2026 research, drawing on more than 65 interviews with developers, manufacturers, architects, lenders, investors, union representatives, and state officials, documents both the compelling potential and the stubborn barriers.

Up to 20%

Cost savings on 3–4 story wood-frame multifamily

40–50%

Timeline reduction for projects with substantial off-site components

< 5%

Factory-built housing as share of new residential construction in California

The gap between technical potential and market reality is not a technology problem. It is a policy problem. The Turner Center’s research identified three cross-cutting barriers — risk, certainty, and liability — and consolidated 75 proposed policy levers into seven actionable themes:

- **Building code reform:** Have the statewide code preempt local codes for factory-built projects; authorize third-party inspectors for on-site work; establish a statewide certification process so certified FBH components bypass redundant local review.
- **Pre-approved plan sets:** Allow factories to get a plan approved once and reuse it across multiple projects without full re-review. State-level pre-approved plans are especially appropriate for permanent supportive housing and emergency shelters, where requirements vary little across jurisdictions.
- **APN sequencing reform:** Remove the requirement that factory-built units cannot be inspected until a site has an assigned Assessor’s Parcel Number. Allowing inventory-based production would unlock the factory economy in the same way car dealership inventory unlocks auto sales. As one manufacturer told Turner researchers: “I think it’s the first domino that sets everything in motion.”
- **State derisking mechanisms:** Create a state bonding program for IC factories, guaranteeing performance and compensating developers if a factory fails mid-project. Establish a state loan guarantee program absorbing a portion of project-level risk. As one investor told Turner researchers: “Money is the Achilles’ heel of the modular industry.”
- **Demand aggregation:** Direct UC and CSU housing dollars toward factory-built projects; require IC for a proportion of housing built on state excess land; establish regional coalitions to aggregate demand and reduce high transportation costs.

- **Funding stream alignment:** Modify LIHTC and TCAC requirements to reflect FBH realities: allow state funds to cover factory deposits and early off-site costs; extend the shovel-ready requirement from six to twelve months; allow pre-assembled developer-factory-contractor teams to apply together.
- **Workforce development:** Integrate IC training into existing apprenticeship curricula; ensure IC producers qualify for Employment Training Panel grants; establish a university-housed R&D facility for neutral industry research and workforce education.

The state should also extend density bonuses to factory-built infill projects and award additional RHNA credits for IC-delivered units — incentivizing local jurisdictions to actively support these projects. The 2028 Olympic program’s IT investments and the Charter Reform process both create openings to embed IC-supportive policy permanently into city and state systems.

IV. FIX THE MONEY: FINANCIAL AND INFRASTRUCTURE REFORMS

Even with reformed processes and rules, housing production stalls without capital and functional infrastructure. The following two proposals address the financing structures and physical systems that determine whether development projects can complete.

Proposal 14: A Well-Governed Gap Financing Fund for 100% Affordable Housing

One hundred percent affordable housing projects cannot be financed by the market. They require public subsidy — and the structure of that subsidy determines whether projects get built. Measure ULA was intended to generate that subsidy by taxing high-value real estate transactions. The data now shows it is suppressing the market it was meant to tax. UCLA Lewis Center and RAND research attributes an 18 percent decline in new housing production — approximately 1,910 fewer units per year — to ULA’s impact on market feasibility. Because most market-rate developments bundle affordable units through density bonuses, a suppressed market-rate pipeline directly reduces affordable production. The city is losing an estimated 168 low-income apartments annually to this dynamic. The tax has also fallen short of upper-range revenue projections, generating over \$1 billion in its first two and a half years against initial projections of \$600 million to \$1.1 billion annually.

The solution is not repeal but precision. Implement an exemption for multifamily buildings constructed within the last 15 years — a change that Councilmember Raman’s own motion estimates would cause only a 9 to 13 percent reduction in ULA revenues while removing the financial penalty deterring new construction. Then direct remaining revenue toward a well-governed gap financing fund with clear eligibility criteria, performance metrics, and independent oversight. Prioritize “Opportunity Hubs” — projects co-locating housing with childcare, health services, and transit access. A gap financing fund designed this way is not a subsidy; it is infrastructure.

Proposal 15: Connect Every Home — Digital Transformation and Infrastructure Bonds

A housing unit that cannot connect to utilities is not a housing unit. Infrastructure bottlenecks — particularly LADWP service planner reviews and late-stage transformer placement disputes — are a critical path problem that routinely derails projects after financing is locked and timelines committed. The city must mandate that all LADWP Service Planner and ESR field team reviews occur concurrently with the standard plan check period. California should pair the proposed \$10 billion statewide housing bond with locally organized Enhanced Infrastructure Finance Districts (EIFDs) to fund utility upgrades, microgrid connectivity, and backbone infrastructure. This infrastructure readiness must extend to factory-built housing: Turner Center research identifies shifting utility and infrastructure requirements as one of the most costly barriers IC projects face, because factory construction requires earlier design commitments and is far less able to pivot in response to late-stage changes.

Equally urgent is the digital transformation of the permitting process itself. The current system — where a project must navigate ten or more separate departmental interfaces with no shared data layer — is a structural guarantee of error, delay, and inequity. Singapore’s Building and Construction Authority offers a proven model: a cloud-based BIM submission portal allowing simultaneous concurrent departmental reviews, with AI evaluating site fit, code compliance, and

embodied carbon in real-time. Los Angeles should use the IT infrastructure being built for 2028 Olympic permitting as the foundation for this kind of integrated, AI-enabled e-permitting platform — compressing permitting timelines from months to weeks.

CONCLUSION: THE ARCHITECTURE OF CHANGE

Los Angeles does not lack ambition. It lacks the operational infrastructure to execute on its ambitions. Every policy goal the city has set — for housing, for climate, for economic equity — flows through the development services process. A broken process is not a neutral backdrop; it is an active accelerant of the crises we are trying to solve.

The fifteen proposals above address that process at every layer: governance, regulation, finance, infrastructure, and the physical technology of construction itself. None requires inventing something new. Each has a precedent in another jurisdiction, a research basis in the peer literature, or a proof of concept already operating inside our own system. What they require is the political will to treat housing production as the emergency it is — and to build the institutional machinery capable of responding to an emergency at scale.

The Turner Center’s 2026 research puts it plainly: the State has made real progress on land use and entitlement, but overall housing production has not meaningfully increased, because construction costs have become a binding constraint on whether projects move forward at all. Regulatory reform and construction innovation are not separate agendas. They are two halves of the same answer.

Optimism in a city facing a \$1 billion deficit is not a gift. It is a resource we manufacture ourselves — through rigorous advocacy and better system design.

The 2028 Games give us a laboratory and a deadline. The question is not whether Los Angeles is capable of a City of Yes. The question is whether we are willing to build one.

That choice is structural. And it is ours to make.

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- **PLEASE NOTE:** *The above editorial is his opinion and not meant to represent the official view of AIA Los Angeles, its membership, or its Board of Directors.*

APPENDIX: FIFTEEN PROPOSALS AT A GLANCE

#	Proposal	Priority Area	Jurisdiction
1	Development Services Concierge Model	Rewire the Machine	City of LA
2	Zoning Certainty + Architect Self-Certification	Rewire the Machine	City of LA
3	Charter Reform: CDO + Five-Year CIP	Rewire the Machine	City of LA
4	One Baseline Resilient Building Code	Reset the Rules	State of CA
5	Functioning Code Appeals Process	Reset the Rules	State of CA
6	Expand California Residential Code	Reset the Rules	State of CA
7	Condominium Liability Reform	Reset the Rules	State of CA
8	One Baseline Labor Standard Statewide	Reset the Rules	State of CA
9	CEQA Streamlining for Public Benefit Projects	Reset the Rules	City / State
10	Adaptive Reuse: Code + Financing Reforms	Build Differently	City of LA
11	SB 79 as a Floor: Incentivize All Types	Build Differently	City of LA
12	Eliminate Impact Fees for Missing Middle	Build Differently	City of LA
13	Factory-Built Housing as Strategic Priority	Build Differently	State of CA
14	Well-Governed Gap Financing Fund (ULA Reform)	Fix the Money	City of LA
15	Digital Transformation + Infrastructure Bonds	Fix the Money	City / State

Key Sources

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- **RAND Corporation:** Costs of Building Housing in California Compared to Other States; Proposition HHH Project Labor Agreement Impact Study (2024).
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- **AIA California:** Housing Delivery Streamlining Policy Agenda (2025–2026).
- **BAE Urban Economics / Downtown Works:** DTLA Office Vacancy and Fiscal Impact Study (2025).

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- **SPUR / Turner Center:** Why So Few Condos? Examining California's For-Sale Housing Market (2023).